University of Colorado Health

Financial Report

June 30, 2026

University of Colorado Health

Contents

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-9
Basic Financial Statements	
Statement of Net Position	10-11
Statement of Revenue, Expenses, and Changes in Net Position	12
Statement of Cash Flows	13-14
Statement of Fiduciary Net Position - Pension Trust	15
Statement of Changes in Fiduciary Net Position - Pension Trust	16
Notes to Basic Financial Statements	17-60
Required Supplementary Information	61
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	62
Notes to Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios	63
Schedule of Contributions	64
Schedule of Pension Plan Investment Returns	65
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*	66-67

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

Independent Auditor's Report

To the Board of Directors
University of Colorado Health

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of University of Colorado Health (UCHealth) as of and for the years ended June 30, 2026 and 2025 and the related notes to the basic financial statements, which collectively comprise UCHealth's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of UCHealth as of June 30, 2026 and 2025 and the respective changes in its financial position and, where applicable, its 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 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 *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of UCHealth and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 2 to the basic financial statements, UCHealth adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, as of July 1, 2024. 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 UCHealth's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits 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 audits 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 audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 UCHealth'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 UCHealth'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information, as identified in the table of contents, 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, which 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 audits 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.

To the Board of Directors
University of Colorado Health

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026 on our consideration of UCHealth's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 UCHealth'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 UCHealth's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 22, 2026

Management's Discussion and Analysis

Our discussion and analysis of University of Colorado Health's (UCHealth or the "Health System") financial performance provides an overview of UCHealth's financial activities for the years ended June 30, 2026, 2025, and 2024. Please read it in conjunction with UCHealth's financial statements. Unless otherwise indicated, amounts are in thousands.

Effective July 1, 2012, UCHealth was created through a joint operating agreement with Poudre Valley Health Care Inc. (PVHS) and the University of Colorado Hospital Authority (UCHA). Together, UCHA and PVHS are member organizations in UCHealth. The joint venture enhances the capacity of the members to protect, sustain, and expand their respective missions. The initial term of the joint operating agreement is 50 years, with renewals or extensions anticipated. The agreement includes significant hurdles for termination other than by mutual agreement. Under the joint operating agreement, the members of the joint venture are members of the obligated group under UCHA's master trust indenture and, thereby, pledge their gross revenue to secure each member's obligations.

Effective October 1, 2012, an Integration and Affiliation Agreement and Health System Operating Lease Agreement with the City of Colorado Springs, Colorado (the "City") was executed with the purpose of leasing Memorial Health System (MHS). Effective October 1, 2012, a sublease agreement was executed with Children's Hospital Colorado to operate the pediatric units located at MHS and was valued at 15 percent of the organization. Children's Hospital Colorado paid the corresponding amount of the upfront payment and is responsible for its percentage of the ongoing lease payments to the City.

Through new builds and acquisitions in years past, as of 2026, UCHealth now also includes Longs Peak Hospital, Highlands Ranch Hospital, Greeley Hospital, Yampa Valley Medical Center, Broomfield Hospital, Grandview Hospital, Pikes Peak Regional Hospital, Parkview Medical Center, Estes Valley Medical Center, and additional ambulatory care settings.

UCHealth entities pool their respective revenue and expenses for a single bottom line. The UCHealth board of directors approves the operating and capital budgets of each entity throughout the Health System. Entity-specific boards remain to oversee medical staff and credentialing, quality, joint commission, and oversight of other day-to-day operating activities.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to UCHealth's basic financial statements, which consist of the enterprise fund, including its blended component units; the pension trust fund; and the notes to the basic financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

UCHealth has two types of funds: an enterprise fund that accounts for all transactions related to UCHealth hospitals, physician groups, ambulatory care operations, and the foundations' business and a fiduciary fund for UCHA's employee pension plan.

The statements of net position; revenue, expenses, and changes in net position; and cash flows are presented on an accrual basis in accordance with accounting principles generally accepted in the United States of America. This information provides an indication of UCHealth's financial health. The statement of net position includes all of UCHealth's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, as well as an indication about which assets can be utilized for general purposes and which are restricted as a result of bond covenants or other agreements. The statement of revenue, expenses, and changes in net position reports all of the revenue and expenses during the periods indicated. The statement of cash flows reports the cash provided and used by operating activities, as well as other cash sources, such as investment income, and other cash uses, such as repayment of debt and purchase of capital.

The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the basic financial statements. Required supplementary information relates to UCHA's progress in funding its obligation to provide pension benefits to its employees.

UCHealth adopted Governmental Accounting Standards Board (GASB) Statement No. 103, *Financial Reporting Model Improvements*, and Statement No. 104, *Disclosure of Certain Capital Assets*, in 2026. Statement No. 103 was implemented as of July 1, 2024. Table 2 below incorporates the provisions of the statement into fiscal years 2026 and 2025 but not 2024. The adoption of Statement No. 104 resulted in relatively insignificant changes to the capital assets note disclosure within the basic financial statements.

Financial Summary and Detailed Analysis

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30 are summarized in Table 1 and are discussed below:

Table 1: Statement of Net Position

	2026	2025	2024
Assets			
Current assets	$ 2,002,364	$ 1,754,912	$ 1,876,002
Capital assets - Net	4,889,041	4,582,453	4,391,508
Other noncurrent assets	8,768,267	7,460,764	6,572,473
Total assets	15,659,672	13,798,129	12,839,983
Deferred Outflows of Resources	151,532	131,160	158,075
Total assets and deferred outflows	15,811,204	13,929,289	12,998,058
Liabilities			
Current liabilities	1,912,502	1,578,977	1,602,075
Long-term liabilities	1,340,645	1,573,171	1,746,637
Total liabilities	3,253,147	3,152,148	3,348,712
Deferred Inflows of Resources	304,199	124,172	93,707
Total liabilities and deferred inflows	3,557,346	3,276,320	3,442,419
Net Position			
Invested in capital assets - Net of related debt	3,005,018	2,774,327	2,473,210
Restricted	91,191	78,411	71,033
Unrestricted	9,157,649	7,800,231	7,011,396
Total net position	**$ 12,253,858**	**$ 10,652,969**	**$ 9,555,639**

UCHealth classifies net position as invested in capital assets, net of related debt; restricted; and unrestricted. At June 30, 2026, UCHealth's total net position was $12,253,858, which is an increase of $1,600,889, or 15.0 percent, from June 30, 2025. At June 30, 2025, UCHealth's total net position was $10,652,969, which is an increase of $1,097,330, or 11.5 percent, from June 30, 2024. Net position invested in capital assets, net of related debt increased during the fiscal years ended June 30, 2026 and 2025 due to UCHealth's capital spend being outpaced by the pay down of related debt obligations. The unrestricted net position increase in both fiscal years was driven primarily by investment and operating income.

At June 30, 2026, UCHealth's cash and investment position, including assets designated for long-term purposes, was $8,852,493, which is an increase of $1,218,177, or 16.0 percent, from June 30, 2025. At June 30, 2025, UCHealth's cash and investment position, including assets designated for long-term purposes, was $7,634,316, which is an increase of $686,653, or 9.9 percent, from June 30, 2024. Similar to the increases in unrestricted net position discussed above, in both fiscal years, the increases in UCHealth's cash and investment position are attributable to investment income and strong operational results.

Revenue, expenses, and changes in net position are summarized in Table 2 and are discussed below.

Table 2: Revenue, Expenses, and Changes in Net Position

	2026	2025	2024
Operating Revenue			
Net patient service revenue	$ 10,061,253	$ 8,652,717	$ 8,033,218
Other operating revenue	99,292	83,188	97,563
Total operating revenue	10,160,545	8,735,905	8,130,781
Operating Expenses			
Wages, contract labor, and benefits	4,246,738	3,853,282	3,595,264
Supplies	2,649,630	2,211,932	1,959,345
Purchased services and other expenses	2,044,915	1,736,943	1,586,880
Depreciation and amortization	540,720	482,387	466,248
Total operating expenses	9,482,003	8,284,544	7,607,737
Operating Income	678,542	451,361	523,044
Noncapital Subsidies	(95,110)	(60,071)	-
Operating Income and Noncapital Subsidies	583,432	391,290	523,044
Other Nonoperating Revenue (Expense)			
Investment income	992,931	750,234	791,312
Other - Net	(15,912)	(44,194)	(100,742)
Total other nonoperating revenue	977,019	706,040	690,570
Income before Acquisition of Interest in Component Unit and Other	1,560,451	1,097,330	1,213,614
Acquisition of Interest in Component Unit	40,438	-	-
Other	-	-	(30,263)
Increase in Net Position	1,600,889	1,097,330	1,183,351
Net Position - Beginning of year	10,652,969	9,555,639	8,372,288
Net Position - End of year	**$ 12,253,858**	**$ 10,652,969**	**$ 9,555,639**

Year Ended June 30, 2026 Compared with Year Ended June 30, 2025

Total operating revenue in 2026 was $10,160,545, which is primarily composed of net patient service revenue. Net patient service revenue of $10,061,253 increased from 2025 by $1,408,536, or 16.3 percent. The increase in net patient service revenue is primarily attributable to changes in volumes, as well as the other factors described in the following paragraphs.

Inpatient volumes, measured in admissions and patient days, increased over 2025. Volumes include inpatient units at UCHealth hospital facilities, excluding residential and normal newborn activity. Admissions totaled 143,598, which was an 11.5 percent increase over 2025. Patient days totaled 686,992, a 6.6 percent increase over the prior year. Outpatient volumes, measured by clinic, procedural, ancillary, and urgent care visits, were 10,069,085 in 2026, which was a 7.4 percent increase over 2025. This figure includes activity at the hospital locations, various outpatient clinics, and activity performed by the UCHealth Medical Group.

UCHealth provides care to patients who meet certain criteria under its charity care policies and to uninsured patients without charge or at amounts less than established rates. Amounts determined to qualify as charity care are not reported as net patient service revenue. Based on an analysis of direct and indirect costs specific to the procedures performed, the cost of these services was $214,757 in 2026, an increase of $8,050, or 3.9 percent, from 2025. The increase is due to the growth of the Hospital Discounted Care program required in the state of Colorado.

UCHealth maintains a self-pay discount program in which self-pay patients automatically receive a discount on total charges, which varies by facility. This program reduces uninsured patients' liabilities to a level more equivalent to insured patients.

In 2010, the State of Colorado modified the CICP Safety Net Provider Program with the Colorado Health Care Affordability Act (the "Act") authorizing the Department of Health Care Policy & Financing to collect a fee from hospital providers to increase Medicaid payments to hospitals and expand coverage under public health care programs. In 2017, the State of Colorado created the Colorado Healthcare Affordability and Sustainability Enterprise (CHASE), which moved the program into a government-owned enterprise. For the year ended June 30, 2026, UCHealth was charged $443,877 in hospital provider fees, an increase of $63,178, or 16.6 percent, over 2025, and received $613,958 in disproportionate share (DSH) and Medicaid supplemental revenue as compensation for indigent and uninsured care services, an increase of $148,065, or 31.8 percent, over 2025. Annual changes in hospital provider fees and related DSH and Medicaid supplemental revenue is driven primarily by state-established assessment formulas, Medicaid utilization, federal matching funds, and program funding levels. Although UCHealth's Medicaid and uncompensated care volumes may affect its relative share of these programs, the assessment and payment methodologies are largely determined by state and federal regulations and are not directly controlled by UCHealth. Beginning in 2026, Colorado expanded the use of a Medicaid State Directed Payment program within the CHASE model. This program allows the state to use hospital provider fee funding to draw additional federal Medicaid matching funds and increase hospital reimbursement through managed care payment arrangements. As a result, CHASE supplemental payments increased significantly compared to 2025.

UCHealth provides programs, including those listed above, for uninsured and underinsured patients. The total benefit to UCHealth's uninsured and underinsured patients for these programs was $725,639 in 2026, which is an increase of $125,552, or 20.9 percent, over 2025, and is determined by applying an adjusted cost-to-charge ratio to the charges under these programs and reducing the benefit amount by any actual reimbursement received for these programs.

Operating expenses were $9,482,003 in 2026. This was an increase of $1,197,459, or 14.5 percent, compared to 2025. Wages, contract labor, and benefits expense of $4,246,738 was an increase of $393,456, or 10.2 percent, over the 2025 expense. This includes a 10.0 percent increase in salaries, a 5.8 percent increase in contract labor, and an 11.4 percent increase in benefits. Medical and nonmedical supplies expense of $2,649,630 increased by $437,698, or 19.8 percent, in 2026. Purchased services and other expenses of $2,044,915 increased over 2025 by $307,972, or 17.7 percent. The expense increases are primarily attributable to higher utilization of labor, supplies, and services related to clinical volume growth, as well as inflationary increases in these resources. Supplies increased at a higher rate than other expense categories due to higher utilization of pharmaceuticals. Purchased services and other expenses increased at a slightly higher rate than other expenses due to higher utilization of certain services and a one-time impairment of right-to-use assets.

According to Governmental Accounting Standards Board Statement No. 103, *Financial Reporting Model Improvements*, interest expense is defined as a nonoperating expense and is classified as such in UCHealth's basic financial statements. Operating income would be $640,787 in 2026, compared to $416,496 in 2025, if interest expense were included as an operating expense.

Noncapital subsidies include primarily academic support donations to the University of Colorado School of Medicine and the University of Colorado Foundation for the benefit of the University of Colorado School of Medicine. Noncapital subsidies in 2026 of $95,110 were an increase of $35,039 from 2025. A portion of the noncapital subsidies provided is variable based on UCHealth's financial performance. The increase from 2025 to 2026 is attributable to an increase in one of the variable support donations that fluctuates somewhat with UCHealth financial performance, as well as an overall increase in the level and types of donations provided in 2026.

The most significant change within nonoperating revenue and expense from 2025 was primarily the result of investment gains during the year being higher than in the prior year. Nonoperating income from UCHealth's equity, fixed income, and cash investments was $992,931 in 2026, compared to $750,234 in 2025.

Year Ended June 30, 2025 Compared with Year Ended June 30, 2024

Total operating revenue in 2025 was $8,735,905, which is primarily composed of net patient service revenue. Net patient service revenue of $8,652,717 increased from 2024 by $619,499, or 7.7 percent. The increase in net patient service revenue is primarily attributable to changes in volumes, as well as the other factors described in the following paragraphs.

Inpatient volumes, measured in admissions and patient days, increased over 2024. Volumes include inpatient units at UCHealth hospital facilities, excluding residential and normal newborn activity. Admissions totaled 128,826, which was a 5.1 percent increase over 2024. Patient days totaled 644,748, a 1.8 percent increase over the prior year. Outpatient volumes, measured by clinic, procedural, ancillary, and urgent care visits, were 9,373,996 in 2025, which was a 5.9 percent increase over 2024. This figure includes activity at the hospital locations, various outpatient clinics, and activity performed by the UCHealth Medical Group.

Based on an analysis of direct and indirect costs specific to the procedures performed, the cost of services provided to uninsured patients without charge or at amounts less than established rates was $206,707 in 2025, an increase of $3,829, or 1.9 percent, from 2024. The increase is due to the growth of the Hospital Discounted Care program required in the state of Colorado.

For the year ended June 30, 2025, UCHealth was charged $380,699 in hospital provider fees, an increase of $37,199, or 10.8 percent, over 2024, and received $465,893 in disproportionate share and Medicaid supplemental revenue as compensation for indigent and uninsured care services, an increase of $32,286, or 7.4 percent, over 2024. Annual changes in hospital provider fees and related DSH and Medicaid supplemental revenue is driven primarily by state-established assessment formulas, Medicaid utilization, federal matching funds, and program funding levels. Although UCHealth's Medicaid and uncompensated care volumes may affect its relative share of these programs, the assessment and payment methodologies are largely determined by state and federal regulations and are not directly controlled by UCHealth.

UCHealth provides programs, including those listed above, for uninsured and underinsured patients. The total benefit to UCHealth's uninsured and underinsured patients for these programs was $600,087 in 2025, which is an increase of $29,306, or 5.1 percent, over 2024, and is determined by applying an adjusted cost-to-charge ratio to the charges under these programs and reducing the benefit amount by any actual reimbursement received for these programs.

Operating expenses were $8,284,544 in 2025. This was an increase of $676,807, or 8.9 percent, compared to 2024. Wages, contract labor, and benefits expense of $3,853,282 was an increase of $258,018, or 7.2 percent, over the 2024 expense. This includes a 7.7 percent increase in salaries, a 7.1 percent decrease in contract labor, and a 6.4 percent increase in benefits. Medical and nonmedical supplies expense of $2,211,932 increased by $252,587, or 12.9 percent, in 2025. Purchased services and other expenses of $1,736,943 increased over 2024 by $150,063, or 9.5 percent. The expense increases are primarily attributable to higher utilization of labor, supplies, and services related to clinical volume growth, as well as inflationary increases in these resources. Supplies increased at a slightly higher rate than other expense categories due to higher utilization of pharmaceuticals.

Operating income would be $416,496 in 2025, compared to $483,512 in 2024, if interest expense were included as an operating expense.

Noncapital subsidies include primarily academic support donations to the University of Colorado School of Medicine and the University of Colorado Foundation for the benefit of the University of Colorado School of Medicine. Noncapital subsidies in 2025 of $60,071 were a decrease of $1,425 from the same costs in 2024, which were presented in other - net within nonoperating revenue (expense).

The most significant change within nonoperating revenue and expense from 2024 was primarily the result of investment gains during the year being slightly less than in the prior year. Nonoperating income from UCHealth's equity, fixed income, and cash investments was $750,234 in 2025, compared to $791,312 in 2024.

Significant Capital Asset and Long-term Financing Activity

At June 30, 2026, 2025, and 2024, UCHealth had $4,889,041, $4,582,453, and $4,391,508, respectively, invested in capital assets, including lease and SBITA right-to-use assets and net of accumulated depreciation and amortization, as detailed in Note 9 to the financial statements. Ongoing capital requirements are funded from a combination of operating cash, debt proceeds, and contributions. In 2026, UCHealth acquired new capital assets of approximately $913 million, including approximately $78 million of leased assets and $184 million of SBITA assets; in 2025, UCHealth acquired new capital assets of approximately $734 million, including approximately $33 million of leased assets and $64 million of SBITA assets. During 2026, UCHealth impaired one SBITA asset by approximately $31 million but recorded no other significant impairments of its capital assets and recorded no significant asset impairments during 2025. At June 30, 2026 and 2025, UCHealth had planned future capital spending of $1,337,908 and $1,372,146, respectively, for ongoing significant strategic IT and facility expansion projects.

At June 30, 2026, 2025, and 2024, UCHealth had $1,862,043, $1,773,528, and $1,875,423, respectively, of long-term debt, including lease and SBITA obligations, as detailed in Note 11 to the financial statements. During 2026, UCHealth issued no new bonds or other debt obligations but did incur new lease and SBITA liabilities for the assets discussed in the preceding paragraph. During 2025, in addition to incurring new lease and SBITA liabilities, UCHealth also issued Series 2025A, 2024A, and 2024B bonds to refinance prior bond issuances and to fund capital projects.

UCHealth utilizes interest rate swaps to manage interest rate risk exposure on certain bond series. UCHealth is party to three floating-to-fixed swap agreements to hedge underlying floating-rate debt and is also party to a total return fixed-to-floating swap agreement tied to the Series 2012B, 2012C, 2017A, 2017B-1, 2018A, 2018B, 2018C, and 2019A revenue bonds. These agreements are used to create synthetic fixed-rate bonds by converting the variable rates on those series to a fixed rate, reducing interest rate risk, or reducing the overall cost of capital. Cash flows on these agreements are recorded as interest expense.

Currently Known Facts, Decisions, or Conditions

Demand for services at UCHealth facilities in the upcoming year is anticipated to generally exceed 2026 volumes. UCHealth expects to maintain a stable payor mix. UCHealth expects to remain in network with all major payors in 2027. UCHealth expects inflation in excess of reimbursement increases and competition for clinical talent to continue to impact performance.

Requests for Information

This financial report is designed to provide a general overview of UCHealth's financial results for all those with an interest in the Health System's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the UCHealth Chief Financial Officer, Mail Stop F-417, P.O. Box 6510, Aurora, CO 80045.

UCHA, a component unit of UCHealth, issues a separate financial report. That report may be obtained by writing to UCHA Chief Financial Officer, Mail Stop F-417, P.O. Box 6510, Aurora, CO 80045.

Statement of Net Position

June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	$ 213,252	$ 165,677
Patient accounts receivable - Less allowances for uncollectible accounts of $1,001,221 and $975,872 in 2026 and 2025, respectively	939,821	846,988
Other receivables	191,909	123,731
Inventories	175,474	164,016
Prepaid expenses	190,663	163,255
Investments designated for liquidity support	291,245	291,245
Total current assets	2,002,364	1,754,912
Investments		
Restricted investments and donor pledges	108,202	87,544
Assets designated for long-term purposes	3,315,728	3,674,793
Long-term investments	5,032,268	3,502,601
Other investments	124,416	115,224
Net Pension Asset	109,251	-
Capital Assets - Net	4,889,041	4,582,453
Other Assets	78,402	80,602
Total assets	15,659,672	13,798,129
Deferred Outflows of Resources	151,532	131,160
Total assets and deferred outflows of resources	**$ 15,811,204**	**$ 13,929,289**

See notes to financial statements.

Statement of Net Position (Continued)

June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Accounts payable and accrued expenses	$ 915,734	$ 784,247
Accounts payable - Construction	53,421	64,875
Current portion of long-term debt	357,568	115,042
Long-term debt subject to short-term remarketing arrangements	291,245	291,245
Estimated third-party payor settlements	110,818	157,581
Accrued liabilities and other:		
Accrued interest	4,493	4,317
Accrued compensated absences	179,223	161,670
Total current liabilities	1,912,502	1,578,977
Long-term Debt - Net of current portion	1,213,230	1,367,241
Net Pension Liability	-	75,773
Other Long-term Liabilities	127,415	130,157
Total liabilities	3,253,147	3,152,148
Deferred Inflows of Resources	304,199	124,172
Total liabilities and deferred inflows of resources	3,557,346	3,276,320
Net Position		
Invested in capital assets - Net of related debt	3,005,018	2,774,327
Restricted:		
Restricted by donors - Expendable	61,595	49,915
Permanent endowments - Nonexpendable	29,596	28,496
Unrestricted	9,157,649	7,800,231
Total net position	12,253,858	10,652,969
Total liabilities, deferred inflows of resources, and net position	**$ 15,811,204**	**$ 13,929,289**

See notes to financial statements.

University of Colorado Health

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Operating Revenue		
Net patient service revenue	$ 10,061,253	$ 8,652,717
Other operating revenue	99,292	83,188
Total operating revenue	10,160,545	8,735,905
Operating Expenses		
Wages, contract labor, and benefits	4,246,738	3,853,282
Supplies	2,649,630	2,211,932
Purchased services and other expenses	2,044,915	1,736,943
Depreciation and amortization	540,720	482,387
Total operating expenses	9,482,003	8,284,544
Operating Income	678,542	451,361
Noncapital Subsidies	(95,110)	(60,071)
Operating Income and Noncapital Subsidies	583,432	391,290
Other Nonoperating Revenue (Expense)		
Investment income	992,931	750,234
Gain on disposal of capital assets	523	982
Unrealized gain (loss) on derivative instruments	17,326	(15,124)
Interest expense	(37,755)	(34,865)
Other - Net	3,994	4,813
Total other nonoperating revenue	977,019	706,040
Income before Acquisition of Interest in Component Unit	1,560,451	1,097,330
Acquisition of Interest in Component Unit	40,438	-
Change in Net Position	1,600,889	1,097,330
Net Position - Beginning of year	10,652,969	9,555,639
Net Position - End of year	**$ 12,253,858**	**$ 10,652,969**

See notes to financial statements.

University of Colorado Health

Statement of Cash Flows

Years Ended June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Cash Flows from Operating Activities		
Cash received from patients and third-party payors	$ 9,846,373	$ 8,598,854
Cash payments to suppliers for services and goods	(4,701,589)	(4,051,763)
Cash payments to employees/other on behalf of employees	(4,107,853)	(3,782,915)
Other cash payments	(626)	(15,425)
Other cash received	94,657	76,239
Net cash and cash equivalents provided by operating activities	1,130,962	824,990
Cash Flows from Noncapital Financing Activities		
Noncapital subsidies provided	(89,079)	(52,794)
Cash acquired from acquisition of interest in component unit	5,560	-
Net cash and cash equivalents used in noncapital financing activities	(83,519)	(52,794)
Cash Flows from Capital and Related Financing Activities		
Principal payments under lease and right-to-use obligations	(118,644)	(86,062)
Principal repayments of long-term debt	(42,651)	(209,618)
Payments of interest and issuance costs on long-term debt	(43,424)	(40,374)
Capital expenditures	(602,681)	(644,244)
Receipt of contributions	4,805	1,979
Proceeds from sale of capital assets	889	413
Proceeds from long-term debt	-	169,317
Net cash and cash equivalents used in capital and related financing activities	(801,706)	(808,589)
Cash Flows from Investing Activities		
Investment income	222,324	193,195
Distributions from joint ventures	16,686	13,967
Net change in loans made to third parties	1,534	1,449
Proceeds from sale and maturities of investments	7,434,011	7,471,477
Purchases of investments	(7,872,717)	(7,923,708)
Net cash and cash equivalents used in investing activities	(198,162)	(243,620)
Net Increase (Decrease) in Cash and Cash Equivalents	47,575	(280,013)
Cash and Cash Equivalents - Beginning of year	165,677	445,690
Cash and Cash Equivalents - End of year	**$ 213,252**	**$ 165,677**

See notes to financial statements.

Statement of Cash Flows (Continued)

Years Ended June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
A reconciliation of operating income to net cash and cash equivalents from operating activities is as follows:		
Cash Flows from Operating Activities		
Operating income	$ 678,542	$ 451,361
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:		
Depreciation and amortization	540,720	482,387
Provision for bad debts	206,844	172,713
Equity income from joint ventures	5,494	12,458
Other cash payments	3,825	(20,187)
Changes in assets and liabilities:		
Patient accounts receivable	(299,677)	(188,989)
Estimated third-party payor settlements	(46,764)	(28,084)
Other receivables	(68,178)	(17,384)
Inventories	(11,458)	(3,086)
Net pension asset or liability and pension-related deferred inflows and outflows of resources	(11,382)	(19,087)
Prepaid expenses	(27,408)	(34,532)
Other assets	4,425	5,171
Accounts payable and accrued expenses	131,487	(6,151)
Accrued compensated absences and other long-term liabilities	24,492	18,400
Total adjustments	452,420	373,629
Net cash and cash equivalents provided by operating activities	**$ 1,130,962**	**$ 824,990**
Significant Noncash Transactions		
Donated pharmaceuticals	$ 14,420	$ 9,503
Construction in progress accrued	53,421	64,875
Unrealized gain on investments	477,052	360,597
Noncash change in right-to-use assets	255,567	96,040
Unrealized gain (loss) on derivative instruments	17,326	(15,124)
Noncash refunding of debt	-	212,890
Capital assets acquired from transfer of operations	31,133	-

University of Colorado Health

Statement of Fiduciary Net Position - Pension Trust

June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Assets - Investments	**$ 2,558,252**	**$ 2,112,838**
Net Position - Restricted for pension benefits	**$ 2,558,252**	**$ 2,112,838**

See notes to financial statements.

Statement of Changes in Fiduciary Net Position - Pension Trust

Years Ended June 30, 2026 and 2025
(Dollars in Thousands)

	2026	2025
Additions		
Investment income:		
Increase in fair value of investments	$ 265,934	$ 131,517
Interest	29,755	27,290
Dividends and other	74,844	41,785
Net investment income	370,533	200,592
Contributions	143,708	150,854
Total additions	514,241	351,446
Deductions		
Benefit payments	63,116	76,300
Administrative expenses	5,711	7,053
Total deductions	68,827	83,353
Change in Fiduciary Net Position	445,414	268,093
Net Position - Beginning of year	2,112,838	1,844,745
Net Position - End of year	**$ 2,558,252**	**$ 2,112,838**

See notes to financial statements.

Note 1 - Organization and Mission

Effective July 1, 2012, University of Colorado Health (UCHealth or the “Health System”), a newly formed nonprofit corporation, entered into a joint operating agreement with the University of Colorado Hospital Authority and Poudre Valley Health Care Inc. (collectively, the “members”), resulting in a joint venture among the members. The Health System's mission is to improve lives in big ways through learning, healing, and discovery; in small, personal ways through human connection; but in all ways, we improve lives. The joint venture enhances the capacity of the members to protect, sustain, and expand their respective missions. As a joint venture, all future operations of the members are combined, and, together, these combined operations will be the basis for possible future expansion and diversification of the Health System. Under the joint operating agreement, the members of the joint venture are members of the obligated group under UCHA’s master trust indenture and, thereby, pledge their gross revenue to secure each member's obligations. UCHealth’s component units are considered blended component units because UCHealth is financially accountable and their activities are significantly intertwined with UCHealth. UCHealth’s component units are as follows:

University of Colorado Hospital Authority (UCHA)

UCHA was created pursuant to Section 23-21-503 of the Colorado Revised Statutes and is a political subdivision and body corporate of the State of Colorado. UCHA owns and operates a nonsectarian, general acute-care hospital, the Anschutz Centers for Advanced Medicine, which includes a variety of inpatient and outpatient pavilions; the Anschutz Cancer Pavilion; the Center for Dependency, Addiction, and Rehabilitation (CeDAR); the Rocky Mountain Lions Eye Institute; outlying outpatient primary care and specialty clinics; and the University of Colorado Hospital Foundation (the "UCHA Foundation"). These combined entities are collectively known as UCHA. UCHA is the primary teaching hospital for the University of Colorado Denver (UCD), which is composed of the Schools of Medicine, Nursing, Pharmacy, and Dentistry; the Graduate School; and the School of Public Health. UCHA issues a separate financial report. That report may be obtained by writing to UCHA, Chief Financial Officer, Mail Stop F-417, P.O. Box 6510, Aurora, CO 80045.

The UCHA Foundation serves as the primary fundraising arm for UCHA and manages restricted and unrestricted donations received for future use by UCHA. Although UCHA does not control the timing or amount of receipts from the UCHA Foundation, the majority of the resources, or income thereon, is restricted to the activities of UCHA by the donors. Because these restricted resources held by the UCHA Foundation can be used only by or for the benefit of UCHA and because the UCHA Foundation exists for the sole benefit of UCHA, the UCHA Foundation is considered a blended component unit of UCHA.

Poudre Valley Health Care Inc. (PVHS)

PVHS operates two hospital facilities, Poudre Valley Hospital (PVH) and Medical Center of the Rockies (MCR), which are both nonsectarian, general acute-care hospitals. PVH includes Mountain Crest Behavioral Health Services, a behavioral health facility in Fort Collins, Colorado. PVHS' component units also include a physician group named UCHealth Medical Group (North); UCHealth Northern Colorado Foundation (the "UCHNC Foundation"); Lakota Lake, LLC; Heron Lake, LLC; and Innovation Enterprises, LLC. The UCHNC Foundation was formed to receive, invest, and distribute funds primarily for the benefit of PVH, MCR, and affiliated organizations. PVHS’ component units are considered blended component units of PVHS because their activities are significantly intertwined with PVHS.

Note 1 - Organization and Mission (Continued)

Memorial Health System (MHS)

Effective October 1, 2012, an Integration and Affiliation Agreement and Health System Operating Lease Agreement with the City of Colorado Springs, Colorado was executed with the purpose of leasing MHS. UCHA created the UCH-MHS entity to assume operations of MHS. During the year ended June 30, 2021, UCHA transferred its membership interest in UCH-MHS to UCHealth. The original lease is for a 40-year term, with renewals or extensions anticipated. UCHealth guarantees MHS' obligations under the lease, and the gross revenue of MHS is pledged to secure the obligations under UCHA's master trust indenture. MHS' component units include two nonsectarian, general acute-care hospitals named Memorial Hospital Central and Memorial Hospital North; a physician group named UCHealth Medical Group (South); and a nonprofit corporation controlled by MHS (Memorial Hospital Corporation). MHS' component units are considered blended component units of MHS because their activities are significantly intertwined with MHS.

Other Hospital Entities

UCHealth's component units also include the following hospitals: Longs Peak Hospital (LPH), UCHealth Highlands Ranch Hospital (HRH), UCHealth Greeley Hospital (GH), Yampa Valley Medical Center (YVMC), UCHealth Broomfield Hospital (BFH), UCHealth Grandview Hospital (GVH), UCHealth Pikes Peak Regional Hospital (PPRH), UCHealth Parkview Medical Center (PMC or Parkview), and UCHealth Estes Valley Medical Center (EVMC). UCHealth acquired the health care operations, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of EVMC as of December 1, 2025 through a transfer of operations. As a result, as of that date, UCHealth recognized an increase to net position of $40,438.

Other Entities

UCHealth's component units also include the following entities, which provide a variety of health care services in the ambulatory setting or other support or fundraising activities: UCHealth Ambulatory Surgery Centers (UCHASC); UCHealth Medical Group (Longmont and Metro Denver); UCHealth Community Services (UCHCS); UCHealth Emergency Physician Services (UCHEPS); UCHealth Imaging Services, LLC (UCHIS); UCHealth Laboratory Services, LLC (UCHLS); UCHealth Centralized Pharmacy, LLC (UCHCP); Longs Peak Hospital Foundation (the "LPH Foundation"); Yampa Valley Medical Center Foundation (the "YVMC Foundation"); and UCHealth Risk Management Solutions, LLC (RMS).

The accompanying basic financial statements reflect the operations and financial position of the Health System, its component units, and its pension trust fiduciary fund. All inter-entity transactions have been eliminated in the basic financial statements. The Health System is not an agency of the state government and is not subject to administrative direction or control by the Regents of the University of Colorado (the "Regents") or any department, commission, board, or agency of the State. The Health System is not financially accountable to the Regents. Of the Health System's board of directors (the "Board"), 2 of the 11 members are appointed by the president of the University of Colorado and an additional 4 members are appointed by the Regents subject to the final approval of the Board.

Note 2 - Significant Accounting Policies

Basis of Presentation

The accompanying basic financial statements have been prepared on the accrual basis of accounting and economic resource measurement focus in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Significant Accounting Policies (Continued)

The accounts of the Health System are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that are composed of its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, and revenue and expenses, as appropriate.

The enterprise fund is used to account for the Health System's ongoing activities. The statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows do not include the pension trust fund.

The pension trust fund is used to account for assets held in trust for the benefit of employees of the Health System that are employed by UCHA for the noncontributory defined benefit pension plan (the "Basic Pension Plan"). In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the assets and net position of the pension trust fund are presented separately from the enterprise fund. The basic financial statements of the pension trust fund are prepared using the accrual basis of accounting. Employer contributions to the Basic Pension Plan are recognized when due. Benefits are recognized when due and payable in accordance with the terms of the Basic Pension Plan.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources; disclosure of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Net Position

The Health System's net position is classified as follows:

- Invested in capital assets - Net of related debt - Consists of capital assets net of accumulated depreciation and amortization reduced by the amount of outstanding debt issued to finance the purchase or construction of those assets
- Restricted - Consists of net position subject to stipulations imposed by external parties, such as creditors (through debt covenants) and donors. The nonexpendable portion includes net position required through agreement with donors to be retained in perpetuity.
- Unrestricted - Consists of the remaining net position that is available for unrestricted use

When the Health System has both restricted and unrestricted resources available to finance a particular program, it is the Health System's practice to use restricted resources before unrestricted resources.

Cash and Cash Equivalents

Cash and cash equivalents include cash and investments in highly liquid investments with an original maturity of three months or less when purchased, excluding amounts restricted under trust agreements.

Note 2 - Significant Accounting Policies (Continued)

Accounts Receivable

Patient accounts receivable are stated at net realizable value. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off factors applied to unpaid amounts based on aging and other factors. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting UCHealth's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for uncollectible accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments is based on expected payment rates from payors based on current reimbursement methodologies.

Investments, Assets Designated for Long-term Purposes, and Restricted Investments

Investments include undesignated investments.

Assets designated for long-term purposes consist of assets designated by the board of directors for purchases of long-term assets and funding of long-term liabilities and commitments. The Board retains complete control over these assets and may, at its discretion, subsequently use these assets for other purposes.

Restricted investments include assets restricted by donors and assets held by trustees under bond indenture and insurance agreements.

The Health System records all debt and equity investment securities at fair value. Fair values are based on quoted market prices, if available, or are estimated using quoted market prices for similar securities. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates. Interest, dividends, and realized and unrealized gains and losses, based on the specific identification method, are included in nonoperating revenue and expenses when earned.

The Health System's enterprise fund and the Basic Pension Plan hold assets that include alternative investments, which are not readily marketable and are carried at fair value, as provided by the investment managers. The UCHA board of directors (the "UCHA Board") is the fiduciary of the Basic Pension Plan. The Health System reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. Those estimated fair values may differ significantly from the values that would have been used had a ready market for these securities existed.

Inventories

Inventories, which consist primarily of pharmaceutical and medical supplies, are valued under a combination of the lower of cost (first in, first out) or market and a weighted average.

Capital Assets

Capital assets are recorded at cost or, if donated, at acquisition value at the date of receipt. All capital assets are depreciated or amortized over the estimated useful life of each class of assets using the straight-line method. Useful lives for buildings and improvements are 20 to 40 years, equipment is 3 to 15 years, and leasehold improvements are 3 to 20 years. Capital assets are defined by UCHealth as assets with an initial cost of $5 or more and an estimated useful life in excess of one year.

The Health System's long-lived assets consist primarily of buildings and building improvements, equipment, and leasehold improvements, which are subject to the provisions of GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*.

Note 2 - Significant Accounting Policies (Continued)

Leases, SBITAs, and PPPs

UCHealth obtains the right to use vendors' equipment and real estate through various long-term contracts. UCHealth recognizes a lease liability and an intangible right-to-use asset in the basic financial statements.

UCHealth obtains the right to use vendors' information technology software through various long-term contracts referred to as subscription-based information technology agreements (SBITAs). UCHealth recognizes a subscription liability and an intangible right-to-use asset in the basic financial statements.

UCHealth obtains the right to provide public services by conveying control of the right to operate or use nonfinancial assets for a period of time in an exchange or exchange-like transaction through long-term contracts. UCHealth recognizes a public-private partnership (PPP) liability and an intangible right-to-use asset in the basic financial statements.

At the commencement of an agreement, UCHealth initially measures the liability at the present value of payments expected to be made during the agreement term. The agreement term includes the noncancelable period of the agreement. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the agreement commencement date, plus initial implementation costs. Subsequently, the assets are amortized on a straight-line basis over the shorter of the useful life of the underlying assets or the agreement terms.

UCHealth uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, UCHealth generally uses its estimated incremental borrowing rate as the discount rate for the agreements.

UCHealth monitors changes in circumstances that would require a remeasurement of its right-to-use assets and will remeasure the right-to-use asset and related liability if certain changes occur that are expected to significantly affect the amount of the related liability.

Right-to-use assets are reported within capital assets, net of accumulated amortization, and related liabilities are reported within long-term debt in the accompanying statement of net position.

Deferred Amortization on Refundings

For bond refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow or inflow of resources and amortized using the effective interest rate method over the shorter of the life of the old debt or the life of the new debt.

Deferred Amortization on Acquisitions

The Health System recognizes a deferred outflow of resources when the consideration provided in a government acquisition exceeds the net position acquired. This deferred amortization on acquisition is amortized to future periods in a systematic and rational manner, considering the relevant circumstances of the acquisition.

Note 2 - Significant Accounting Policies (Continued)

Compensated Absences

The Health System records liabilities related to compensated absences for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is 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 for time off or otherwise paid in cash or settled through noncash means. Employees of the Health System use paid time off (PTO) for vacation, holidays, personal short-term illness, family member illness, and personal absences. Health system employees generally earn PTO based on length of service and actual hours worked. The Health System records PTO expense as it is earned. The current portion of PTO is based on employee tenure, rate of pay, and accrued hours. Amounts in excess of an employee's annual accrual are classified as other long-term liabilities.

Financial Instruments

Financial instruments consist of cash and cash equivalents, accounts receivable, restricted investments, long-term investments, assets designated for long-term purposes, interest rate swap agreements, current liabilities, and long-term debt obligations. The carrying amounts reported in the statement of net position for cash and cash equivalents, accounts receivable, and current liabilities approximate fair value. Management's estimate of the fair value of the other financial instruments is described in Notes 5, 6, 7, and 11.

The Health System utilizes interest rate swaps to cover exposure to changes in interest rates. The fair value of these derivative instruments is required to be recognized as either an asset or liability on the statement of net position. Changes in fair values of derivative instruments that are determined to be ineffective hedges, as is the case with the Health System's interest rate swaps, are reported within nonoperating revenue and expenses in the period in which the change in fair value occurs.

Restricted and Unrestricted Pledges

The Health System records pledges as restricted or unrestricted receivables based on the donors' specifications and the Health System's satisfaction of the donors' restrictions. All long-term receivables are discounted to reflect the net present value of the pledge and amortized over the life of the pledge. In the accompanying statement of net position, the current portion of contributions receivable is reported within other receivables and the long-term portion within restricted investments and donor pledges.

Endowments

The Health System's endowments consist of individual funds restricted by donors for a variety of purposes. The State of Colorado's Uniform Prudent Management of Institutional Funds Act requires preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result, the Health System classifies as nonexpendable restricted net position the original value of the gifts donated to the permanent endowment. The appreciation on donor-restricted endowment funds is classified as expendable restricted net position until those amounts are appropriated for expenditure by the Health System. The Health System may spend the net appreciation on the endowment funds based on the individual endowment fund agreements and considers factors such as duration and preservation of the fund, purposes of the fund, general economic conditions, possible effects of inflation and deflation, expected total return from investment income, and other resources of the Health System when determining the amounts to authorize and spend in an individual year. The amount of net appreciation on endowments available for expenditure at June 30, 2026 and 2025 was $7,663 and $5,965, respectively.

Note 2 - Significant Accounting Policies (Continued)

Revenue and Expenses

The Health System's statement of revenue, expenses, and changes in net position distinguishes operating revenue and expenses from noncapital subsidies and other nonoperating revenue and expenses. Nonoperating revenue and expenses include contributions to permanent and term endowments, finance-related revenue and expenses, gains and losses from disposals of capital assets and inventory, investment income and expenses, and subsidies received and provided. A subsidy represents amounts received from or provided to another party. Amounts received from another party are considered a subsidy if they are unrelated to the services provided by the Health System and the fees remain charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party are considered a subsidy if they are unrelated to the goods or services provided by that party and will generally result in the Health System charging higher fees in the future. All revenue and expenses not meeting the definitions of nonoperating revenue and expenses, and all transactions associated with the Health System's principal ongoing operations, are reported as operating revenue and expenses.

Costs of Shared Services

The costs of shared services provided by UCHealth to the individual component units are combined to determine the full costs of shared services. These costs are then allocated to the individual component units based on a set of drivers, which are used to estimate the relative usage of such shared services by each component unit.

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered.

Amounts reimbursed for services rendered to patients covered under the Medicare and Medicaid programs are generally less than established billing rates. The Health System also provides services to beneficiaries of certain other third-party payor programs at amounts less than its established rates based on contractual arrangement. Differences between established billing rates and amounts reimbursed are recognized as contractual adjustments.

Risk Management

The Health System is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; fiduciary liability; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Health System has obtained commercial insurance for certain types of losses and is self-insured for others, as discussed in Notes 12 and 13. The Health System records a provision for estimated claims, including estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes

UCHealth has a determination letter from the IRS, which states that it is exempt under Section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Code"). UCHA, PVHS, MCR, UCH-MHS, YVMC, HRH, GH, LPH, BFH, GVH, PPRH, PMC, EVMC, UCHASC, UCHCS, Memorial Hospital Corporation, UCHealth Medical Group, UCHLS, UCHIS, the LPH Foundation, the YVMC Foundation, the UCHNC Foundation, and the UCHA Foundation are also exempt under Section 501(a) as organizations described in Section 501(c)(3) of the Code. UCHA is a political subdivision and body corporate of the State of Colorado and, as such, the income generated by UCHA in the exercise of its essential government function is exempt from federal income tax under Section 115 of the Code. Lakota Lake, LLC and Heron Lake, LLC act as tax flow-through entities to PVHS, which, as noted, is tax exempt under Section 501(c)(3) of the Code. UCHEPS acts as a tax flow-through entity to UCHealth, which, as noted, is tax exempt under Section 501(a) of the Code. UCHCP acts as a tax flow-through entity to HRH. Innovation Enterprises, LLC is a corporation subject to state and federal income tax. The Health System recognizes unrelated business income tax for activities that are outside of the Health System's tax-exempt mission. The tax liabilities and associated expense recognized for unrelated business income is insignificant to the basic financial statements.

Pension Trust

UCHealth accounts for its pension plan under GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25*, and GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. GASB Statement No. 67 establishes standards of financial reporting for separately issued financial reports of defined benefit pension plans and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan, about which information is required to be presented. GASB Statement No. 68 establishes new financial reporting requirements for most governmental entities that provide their employees with pension benefits.

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

Adoption of New Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which includes improved reporting requirements for several components included in a government's financial statements, including the MD&A, unusual or infrequent items, and major component unit information, among others. UCHealth adopted the provisions of this statement during the year ended June 30, 2026 on a retrospective basis. The most significant impacts were to update the MD&A to conform to the requirements in the new statement and to reclassify certain transactions in the statement of revenue, expenses, and changes in net position. As a result of the implementation, for the year ended June 30, 2025, $5,715 of restricted contributions was reclassified into other nonoperating revenue, and $60,071 of other nonoperating expenses was reclassified into noncapital subsidies provided in the statement of revenue, expenses, and changes in net position. Additionally, $52,794 of noncapital subsidies provided to others was reclassified from net cash provided by operating activities into net cash used in noncapital financing activities for the year ended June 30, 2025 in the statement of cash flows.

Note 2 - Significant Accounting Policies (Continued)

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, intangible right-to-use assets, subscription assets, and other intangible assets to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. UCHealth adopted the provisions of this statement during the year ended June 30, 2026 on a retrospective basis, which resulted in no significant changes to the financial statements.

Upcoming Accounting Pronouncement

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for UCHealth's financial statements for the year ending June 30, 2027.

Note 3 - Condensed Combining Information

Condensed combining financial information of each major blended component unit as of and for the year ended June 30, 2026 is summarized below:

Table 1
Condensed Combining Information
Statement of Net Position
June 30, 2026

	UCHA	PVHS	MHS	Other Operations and Eliminations	Combined
Assets					
Current receivables from affiliates	$ 1,145,583	$ 786,329	$ 149,567	$ (2,081,479)	$ -
Other current assets	993,992	340,536	236,580	431,256	2,002,364
Capital assets - Net	1,239,260	844,255	510,019	2,295,507	4,889,041
Noncurrent receivables from affiliates	790,642	-	-	(790,642)	-
Noncurrent assets and other assets	4,663,911	3,526,996	253,394	323,966	8,768,267
Total assets	8,833,388	5,498,116	1,149,560	178,608	15,659,672
Deferred Outflows of Resources	22,306	61,019	12,907	55,300	151,532
Total assets and deferred outflows of resources	$ 8,855,694	$ 5,559,135	$ 1,162,467	$ 233,908	$ 15,811,204
Liabilities					
Current payables to affiliates	$ -	$ 5,165	$ 41,719	$ (46,884)	$ -
Other current liabilities	923,000	237,355	174,452	577,695	1,912,502
Noncurrent payables to affiliates	-	334,010	151,146	(485,156)	-
Other long-term liabilities	815,023	147,754	119,360	258,508	1,340,645
Total liabilities	1,738,023	724,284	486,677	304,163	3,253,147
Deferred Inflows of Resources	75,245	71,572	60,802	96,580	304,199
Net Position					
Invested in capital assets - Net of related debt	708,393	393,726	184,492	1,718,407	3,005,018
Restricted	44,031	15,138	5,589	26,433	91,191
Unrestricted	6,290,002	4,354,415	424,907	(1,911,675)	9,157,649
Total net position	7,042,426	4,763,279	614,988	(166,835)	12,253,858
Total liabilities, deferred inflows of resources, and net position	$ 8,855,694	$ 5,559,135	$ 1,162,467	$ 233,908	$ 15,811,204

Note 3 - Condensed Combining Information (Continued)

Table 2
Condensed Combining Information
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2026

	UCHA	PVHS	MHS	Other Operations and Eliminations	Combined
Operating Revenue					
Net patient service revenue	$ 3,907,119	$ 1,997,004	$ 1,816,864	$ 2,340,266	$ 10,061,253
Other operating revenue	33,923	38,766	18,478	8,125	99,292
Total operating revenue	3,941,042	2,035,770	1,835,342	2,348,391	10,160,545
Operating Expenses					
Wages, contract labor, and benefits	1,171,655	950,971	953,133	1,170,979	4,246,738
Supplies	1,351,194	447,910	375,599	474,927	2,649,630
Purchased services and other expenses	920,998	332,417	304,692	486,808	2,044,915
Depreciation and amortization	166,367	96,950	85,900	191,503	540,720
Total operating expenses	3,610,214	1,828,248	1,719,324	2,324,217	9,482,003
Operating Income	330,828	207,522	116,018	24,174	678,542
Noncapital Subsidies	(50,971)	(10,909)	(15,129)	(18,101)	(95,110)
Operating Income and Noncapital Subsidies	279,857	196,613	100,889	6,073	583,432
Other Nonoperating Revenue (Expense)					
Investment income	586,454	400,935	22,130	(16,588)	992,931
Gain on disposal of capital assets	239	270	273	(259)	523
Unrealized gain on derivative instruments	5,863	6,338	3,406	1,719	17,326
Interest expense	(27,274)	(11,228)	(6,922)	7,669	(37,755)
Other - Net	(401)	(419)	(1,216)	6,030	3,994
Total other nonoperating revenue	564,881	395,896	17,671	(1,429)	977,019
Income before Acquisition of Interest in Component Unit	844,738	592,509	118,560	4,644	1,560,451
Acquisition of Interest in Component Unit	-	-	-	40,438	40,438
Change in Net Position	844,738	592,509	118,560	45,082	1,600,889
Net Position - Beginning of year	6,197,688	4,170,770	496,428	(211,917)	10,652,969
Net Position - End of year	$ 7,042,426	$ 4,763,279	$ 614,988	$ (166,835)	$ 12,253,858

Note 3 - Condensed Combining Information (Continued)

Table 3
Condensed Combining Information
Statement of Cash Flows
Year Ended June 30, 2026

	UCHA	PVHS	MHS	Other Operations and Eliminations	Combined
Cash Flows Provided by Operating Activities	$ 303,913	$ 256,258	$ 132,096	$ 438,695	$ 1,130,962
Cash Flows Used in Noncapital Activities	(50,971)	(10,909)	(15,129)	(6,510)	(83,519)
Cash Flows Used in Capital and Related Financing Activities	(133,485)	(197,585)	(99,418)	(371,218)	(801,706)
Cash Flows Used in Investing Activities	(94,727)	(31,764)	(16,661)	(55,010)	(198,162)
Net Increase in Cash and Cash Equivalents	24,730	16,000	888	5,957	47,575
Cash and Cash Equivalents - Beginning of year	86,620	62,695	3,203	13,159	165,677
Cash and Cash Equivalents - End of year	$ 111,350	$ 78,695	$ 4,091	$ 19,116	$ 213,252

Note 3 - Condensed Combining Information (Continued)

Condensed combining financial information of each major blended component unit as of and for the year ended June 30, 2025 is summarized below:

Table 4
Condensed Combining Information
Statement of Net Position
June 30, 2025

	UCHA	PVHS	MHS	Other Operations and Eliminations	Combined
Assets					
Current receivables from affiliates	$ 1,123,194	$ 772,646	$ 132,193	$ (2,028,033)	$ -
Other current assets	888,420	291,286	208,792	366,414	1,754,912
Capital assets - Net	1,246,381	731,624	523,057	2,081,391	4,582,453
Noncurrent receivables from affiliates	835,172	-	-	(835,172)	-
Noncurrent assets and other assets	3,984,407	3,037,376	174,056	264,925	7,460,764
Total assets	8,077,574	4,832,932	1,038,098	(150,475)	13,798,129
Deferred Outflows of Resources	18,925	58,489	9,629	44,117	131,160
Total assets and deferred outflows of resources	$ 8,096,499	$ 4,891,421	$ 1,047,727	$ (106,358)	$ 13,929,289
Liabilities					
Current payables to affiliates	$ -	$ 4,352	$ 41,074	$ (45,426)	$ -
Other current liabilities	731,409	217,214	178,937	451,417	1,578,977
Noncurrent payables to affiliates	-	334,085	192,284	(526,369)	-
Other long-term liabilities	1,141,429	138,447	116,206	177,089	1,573,171
Total liabilities	1,872,838	694,098	528,501	56,711	3,152,148
Deferred Inflows of Resources	25,973	26,553	22,798	48,848	124,172
Net Position					
Invested in capital assets - Net of related debt	715,229	278,433	157,168	1,623,497	2,774,327
Restricted	39,813	15,447	-	23,151	78,411
Unrestricted	5,442,646	3,876,890	339,260	(1,858,565)	7,800,231
Total net position	6,197,688	4,170,770	496,428	(211,917)	10,652,969
Total liabilities, deferred inflows of resources, and net position	$ 8,096,499	$ 4,891,421	$ 1,047,727	$ (106,358)	$ 13,929,289

Note 3 - Condensed Combining Information (Continued)

Table 5
Condensed Combining Information
Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2025

	UCHA	PVHS	MHS	Other Operations and Eliminations	Combined
Operating Revenue					
Net patient service revenue	$ 3,285,847	$ 1,686,515	$ 1,575,155	$ 2,105,200	$ 8,652,717
Other operating revenue	31,665	36,735	18,110	(3,322)	83,188
Total operating revenue	3,317,512	1,723,250	1,593,265	2,101,878	8,735,905
Operating Expenses					
Wages, contract labor, and benefits	1,075,717	850,002	871,498	1,056,065	3,853,282
Supplies	1,064,851	388,609	343,306	415,166	2,211,932
Purchased services and other expenses	810,959	254,417	247,766	423,801	1,736,943
Depreciation and amortization	154,282	81,485	75,379	171,241	482,387
Total operating expenses	3,105,809	1,574,513	1,537,949	2,066,273	8,284,544
Operating Income	211,703	148,737	55,316	35,605	451,361
Noncapital Subsidies	(28,288)	(7,516)	(10,454)	(13,813)	(60,071)
Operating Income and Noncapital Subsidies	183,415	141,221	44,862	21,792	391,290
Nonoperating Revenue (Expense)					
Investment income	442,139	308,462	17,289	(17,656)	750,234
Gain on disposal of capital assets	483	267	890	(658)	982
Unrealized loss on derivative instruments	(4,043)	(7,657)	(3,232)	(192)	(15,124)
Interest expense	(26,852)	(11,225)	(6,865)	10,077	(34,865)
Other - Net	3,067	393	(1,013)	2,366	4,813
Total nonoperating revenue	414,794	290,240	7,069	(6,063)	706,040
Change in Net Position	598,209	431,461	51,931	15,729	1,097,330
Net Position - Beginning of year	5,599,479	3,739,309	444,497	(227,646)	9,555,639
Net Position - End of year	$ 6,197,688	$ 4,170,770	$ 496,428	$ (211,917)	$ 10,652,969

Table 6
Condensed Combining Information
Statement of Cash Flows
Year Ended June 30, 2025

	UCHA	PVHS	MHS	Other Operations and Eliminations	Combined
Cash Flows Provided by Operating Activities	$ 158,080	$ 94,069	$ 79,073	$ 493,768	$ 824,990
Cash Flows Used in Noncapital Activities	(28,288)	(7,516)	(10,454)	(6,536)	(52,794)
Cash Flows Provided by (Used in) Capital and Related Financing Activities	40,349	(210,661)	(98,518)	(539,759)	(808,589)
Cash Flows (Used in) Provided by Investing Activities	(321,944)	2,118	22,154	54,052	(243,620)
Net Decrease in Cash and Cash Equivalents	(151,803)	(121,990)	(7,745)	1,525	(280,013)
Cash and Cash Equivalents - Beginning of year	238,423	184,685	10,948	11,634	445,690
Cash and Cash Equivalents - End of year	$ 86,620	$ 62,695	$ 3,203	$ 13,159	$ 165,677

Note 4 - Net Patient Service Revenue

The following summary details the composition of net patient service revenue:

	2026	2025
Gross charges	$ 45,803,857	$ 40,661,367
Contractual allowances	(34,983,527)	(31,289,174)
Indigent/charity care	(1,292,093)	(1,050,257)
Provision for bad debt	(206,844)	(172,713)
Provider fee program	739,860	503,494
Net patient service revenue	$ 10,061,253	$ 8,652,717

The Health System has programs that receive add-on payments to the established rate or that are paid at a reasonable cost by third-party payors. Amounts received for these additional payments from Medicare, Medicaid, and TriCare programs are subject to audit and retroactive adjustment. Generally, provisions for estimated retroactive adjustments under such programs are provided in the period the related services are rendered and adjusted in future periods as final settlements are determined. Net patient service revenue under the Medicare and Medicaid programs was $3,355,855 and $2,992,337 in 2026 and 2025, respectively.

Medicare

Inpatient acute-care services rendered at most of the Health System's hospitals to Medicare beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a diagnosis-related group patient classification system that is based on clinical, diagnostic, and other factors. PPRH and EVMC are designated as critical access hospitals under the Medicare program and are reimbursed based on their costs to serve Medicare patients. Outpatient services related to Medicare beneficiaries are paid based upon the Ambulatory Payment Classification system. The Health System is reimbursed for cost-reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the Health System and audits thereof by the Medicare Administrative Contractor (the “MAC”). The Health System's classifications of patients under the Medicare program and medical necessity of procedures performed are subject to an independent audit by a peer review organization under contract with the Health System. UCHA's Medicare cost reports have been audited and settled by the MAC through June 30, 2021. PVH's Medicare cost reports have been audited and settled by the MAC through June 30, 2022. EVMC's Medicare cost reports have been audited and settled by the MAC through December 31, 2022. BFH's, HRH's, and LPH's Medicare cost reports have been audited and settled by the MAC through June 30, 2023. MCR's, GH's, GVH's, MHS', YVMC's, PPRH's, and PMC's Medicare cost reports have been audited and settled by the MAC through June 30, 2024.

Medicaid

Inpatient services rendered to Medicaid beneficiaries are reimbursed under a prospectively determined system similar to Medicare. Outpatient services are reimbursed based on the product of a hospital-specific base rate and the Enhanced Ambulatory Patient Groups' adjusted relative weight. The Health System's classification of patients under the Medicaid program and medical necessity of procedures performed are subject to an independent audit by a peer review organization under contract with the Health System.

Other Payors

The Health System has also entered into payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Health System under these agreements generally includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Note 4 - Net Patient Service Revenue (Continued)

Self-pay

The Health System maintains a self-pay discount program in which self-pay patients automatically receive a discount on total charges, which differs by facility. This program reduces uninsured patients' liabilities to a level more equivalent to insured patients.

Disproportionate Share Health System and Charity Care Policy

In 2010, the State of Colorado modified the CICP Safety Net Provider Program with the Colorado Health Care Affordability Act (the "Act"). The Act authorizes the Department of Health Care Policy & Financing to collect a fee from hospital providers to generate additional federal Medicaid matching funds to increase payments to hospitals and expand coverage under public health care programs. For the years ended June 30, 2026 and 2025, the Health System was charged $443,877 and $380,699, respectively, in Hospital provider fees and received $613,958 and $465,893, respectively, in disproportionate share (DSH) and Medicaid supplemental revenue as compensation for indigent and underinsured care services provided.

Based on an analysis of the direct and indirect costs specific to the procedures performed, the cost of charity care services provided, including those provided under the State of Colorado's Hospital Discounted Care program, was $214,757 and $206,707 for the years ended June 30, 2026 and 2025, respectively.

Note 5 - Deposits and Investments

At June 30, 2026 and 2025, UCHealth's unrestricted cash deposits had a book balance of $213,252 and $165,677, respectively, and a bank balance of $340,797 and $255,303, respectively. UCHealth's restricted investments and donor pledges included cash deposits that had a book and bank balance of $107,584 and $86,610 at June 30, 2026 and 2025, respectively. The difference between the bank balance and the book balance is related to outstanding reconciling items. These balances are held in UCHealth participating entity names, and all accounts, with the exception of the overnight investments account, are covered by federal depository insurance up to the applicable maximum. Effectively all of UCHealth's bank balances exceed the federal depository insurance.

	2026		
	Deposits	Investments	Total
Enterprise fund:			
Cash and cash equivalents	$ 213,252	$ -	$ 213,252
Restricted investments - Other	-	416	416
Restricted by donor	-	107,786	107,786
Unrestricted investments designated for liquidity support	-	291,245	291,245
Assets designated for long-term purposes	-	3,315,728	3,315,728
Unrestricted long-term investments	-	5,032,268	5,032,268
Total	$ 213,252	$ 8,747,443	$ 8,960,695

Note 5 - Deposits and Investments (Continued)

	2025		
	Deposits	Investments	Total
Enterprise fund:			
Cash and cash equivalents	$ 165,677	$ -	$ 165,677
Restricted by trustee under bond agreement	-	3	3
Restricted investments - Other	-	544	544
Restricted by donor	-	86,997	86,997
Unrestricted investments designated for liquidity support	-	291,245	291,245
Assets designated for long-term purposes	-	3,674,793	3,674,793
Unrestricted long-term investments	-	3,502,601	3,502,601
Total	$ 165,677	$ 7,556,183	$ 7,721,860

The following is a summary of enterprise fund investments at fair value as of June 30:

	2026	2025
Cash equivalents	$ 113,865	$ 129,264
U.S. Treasury bills	665,078	508,235
U.S. government agency, pool, and mortgage-backed securities	527,897	526,448
Asset-backed securities	656,341	557,431
Mutual bond funds	909,941	862,468
Treasury inflation-protected securities (TIPS)	335,657	322,797
Corporate bonds	758,841	745,486
Equity securities	4,479,867	3,723,828
Alternative investments	258,878	140,033
Interest and dividends receivable	837	1,023
Interest rate swaps	65,085	57,439
Miscellaneous investment payable	(24,844)	(18,269)
Total investments	$ 8,747,443	$ 7,556,183

The following is a summary of pension trust fund investments at fair value as of June 30:

	2026	2025
Cash equivalents	$ 24,609	$ 31,031
U.S. Treasury bills	136,590	78,459
U.S. government agency, pool, and mortgage-backed securities	78,602	111,295
Asset-backed securities	135,687	99,882
Mutual bond funds	162,127	123,828
TIPS	67,349	57,259
Corporate bonds	152,454	146,017
Alternative investments	246,161	209,809
Private real estate	156,601	156,976
Other mutual funds	1,401,754	1,100,227
Interest and dividend payable	(413)	(25)
Miscellaneous investment payable	(3,269)	(1,920)
Total	$ 2,558,252	$ 2,112,838

Note 5 - Deposits and Investments (Continued)

Credit Risk

UCHealth's investment policy statements for the enterprise and pension trust funds apply the prudent person rule. Investment responsibilities shall be undertaken with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use.

UCHealth's enterprise and pension trust fund investments in U.S. agency, pool, and mortgage-backed securities are limited to investments rated AAA or AA. UCHealth's enterprise and pension trust funds' asset-backed securities, corporate bonds, and private placements are limited to securities rated Baa3 or BBB- or higher. Under certain circumstances, UCHealth's equity investment managers are allowed to purchase fixed-income securities that are convertible into equities. In these circumstances, the guidelines set forth for the specific equity manager supersede the fixed-income quality guidelines. The quality ratings mentioned above are required by at least one major credit rating agency at the time of purchase.

The following is a summary of enterprise fund investments at June 30, 2026 and 2025. The ratings are presented as the lower of Standard & Poor's or Moody's rating using the S&P scale:

	2026		2025	
	Fair Value	Average Rating	Fair Value	Average Rating
U.S. government agency, pool, and mortgage-backed securities	$ 527,897	AA+	$ 526,448	AA+
Asset-backed securities	656,341	AA+	557,431	AA+
Mutual bond funds	909,941	BBB+	862,468	AA+
TIPS	335,657	AA+	322,797	AA+
Corporate bonds	758,841	A-	745,486	A-

The following is a summary of pension trust fund investments at June 30, 2026 and 2025, with average credit ratings based on the lower of Standard & Poor's or Moody's ratings using the S&P scale:

	2026		2025	
	Fair Value	Average Rating	Fair Value	Average Rating
U.S. government agency, pool, and mortgage-backed securities	$ 78,602	AA+	$ 111,295	AA+
Asset-backed securities	135,687	AA+	99,882	AA+
Mutual bond funds	162,127	BB+	123,828	A
TIPS	67,349	AA+	57,259	AA+
Corporate bonds	152,454	BBB+	146,017	BBB+

Interest Rate Risk

UCHealth's enterprise and pension trust fund investment policies manage its exposure to fair value losses arising from rising interest rates by investment manager-specific guidelines that benchmark and limit the duration of its investment portfolio.

Note 5 - Deposits and Investments (Continued)

As of June 30, 2026 and 2025, the enterprise fund held the following investments. Modified duration is in years.

	2026		2025	
	Fair Value	Modified Duration	Fair Value	Modified Duration
U.S. Treasury bills	$ 665,078	7.96	$ 508,235	8.62
U.S. government agency, pool, and mortgage-backed securities	527,897	5.73	526,448	6.02
Asset-backed securities	656,341	1.21	557,431	2.42
Mutual bond funds	909,941	4.17	862,468	4.22
TIPS	335,657	6.61	322,797	5.96
Corporate bonds	758,841	3.88	745,486	3.96

As of June 30, 2026 and 2025, the pension trust fund held the following investments. Modified duration is in years.

	2026		2025	
	Fair Value	Modified Duration	Fair Value	Modified Duration
U.S. Treasury bills	$ 136,590	9.76	$ 78,459	11.71
U.S. government agency, pool, and mortgage-backed securities	78,602	4.98	111,295	5.89
Asset-backed securities	135,687	1.66	99,882	3.63
Mutual bond funds	162,127	4.23	123,828	4.96
TIPS	67,349	6.30	57,259	5.00
Corporate bonds	152,454	5.20	146,017	5.35

Foreign Currency Risk

UCHealth's enterprise and pension trust fund investment policies manage exposure to foreign currency risk by limiting the allocation percentage of international mutual funds to 5 percent to 15 percent of the total fair value for the enterprise fund and 10 percent to 30 percent of the total fair value for the pension trust fund. All of UCHealth's investments exposed to foreign currency risk are held in international equities and international mutual funds.

UCHealth's enterprise and pension trust fund investments are exposed to foreign currency risk, as illustrated in the following table as of June 30, 2026 and 2025:

	Enterprise Fund Fair Value		Pension Trust Fund Fair Value	
	2026	2025	2026	2025
Argentinian peso	$ -	$ 43	$ -	$ -
Australian dollar	28,695	21,512	9,915	8,919
Brazilian real	37,854	30,624	17,702	11,531
Canadian dollar	54,438	49,727	44,170	41,157
Chilean peso	282	592	409	675
China offshore renminbi	(2,437)	(2,202)	(1,201)	(1,044)
Chinese renminbi	65,518	47,986	42,792	30,585
Colombian peso	982	733	578	148
Czech koruna	(1,742)	(885)	(804)	(338)
Danish krone	24,587	16,474	12,019	5,930
Egyptian pound	2,079	1,166	1,081	583
Euro	253,626	218,939	140,383	119,260
Hong Kong dollar	47,911	44,162	22,121	21,571
Hungarian forint	2,520	1,384	1,196	586

Note 5 - Deposits and Investments (Continued)

	Enterprise Fund Fair Value		Pension Trust Fund Fair Value	
	2026	2025	2026	2025
Iceland krona	$ 6	$ 432	$ -	$ -
Indian rupee	15,140	20,212	9,697	11,750
Indonesian rupiah	1,853	5,280	171	2,023
Israel new shekel	4,825	7,444	1,866	3,144
Japanese yen	196,643	135,806	116,280	54,824
Korean won	81,099	50,761	50,006	25,827
Kuwaiti dinar	78	52	359	-
Malaysian ringgit	239	682	715	883
Mexican peso	7,097	9,786	2,784	1,978
Moroccan dirham	-	-	-	345
New Taiwan dollar	74,236	33,631	41,892	20,211
New Turkish lira	2,914	3,498	1,480	2,363
New Zealand dollar	511	454	282	190
Nigerian Naira	1,927	-	967	-
Norwegian krone	22,612	18,043	2,687	1,240
Pakistani rupee	-	-	77	148
Peru new sol	(140)	1,382	(1)	687
Philippine peso	182	1,843	307	1,075
Polish zloty	690	2,222	1,388	1,754
Qatari riyal	40	43	337	333
Romanian leu	8	-	-	-
Russian ruble	-	-	-	16
Saudi riyal	1,055	646	2,067	1,845
Singapore dollar	5,351	6,658	4,394	4,345
South African rand	6,690	6,971	4,215	3,194
Swedish krona	14,305	12,953	8,381	8,934
Swiss franc	52,218	41,076	28,502	19,431
Thailand baht	(434)	1,357	1,186	1,602
Ugandan Shilling	497	-	249	-
United Arab Emirates dirham	1,736	607	1,296	994
United Kingdom pound sterling	129,381	105,410	52,096	42,879
Vietnam dong	313	205	-	-
Total	$ 1,135,385	$ 897,709	$ 624,041	$ 451,578

UCHealth's enterprise and pension trust fund investment policies state that the equity and fixed-income portfolio should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. UCHealth has evaluated all investments at June 30, 2026 and confirmed that no more than 5 percent of total investments are held in any one issuer except for securities issued by the U.S. government and its agencies.

Additionally, UCHealth's enterprise and pension trust fund investment policies state that, within each equity investment manager, portfolio exposure is generally limited to 5 percent to 7.5 percent of assets for any single issuer, subject to exceptions for the most heavily weighted securities in the index. Within each fixed-income portfolio investment manager, except for securities issued by the U.S. government and its agencies, no more than 5 percent of the fixed-income portfolio, based on market value, shall be invested in securities of any one issuing entity at the time of purchase. At June 30, 2026, the fixed-income and equity investment managers were in compliance with the stated diversification policy.

Note 6 - Investments with Fair Values that are Highly Sensitive to Interest Rate Changes

UCHealth uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates. Interest rate swaps necessarily involve counterparty credit risk. UCHealth seeks to control this risk by entering into transactions with high quality counterparties and through exposure monitoring. Interest rate swaps are used to manage the interest rate exposure of certain variable-rate bond issuances. The counterparties to the interest rate swap contracts are major financial institutions that are rated Aa3 and A2 by Moody's. The estimated fair value of interest rate swaps, which is the gross unrealized market gain or loss, is based on quotes obtained from the counterparties. UCHealth's credit risk on the swaps is limited to any positive fair value of the financial instruments.

During the years ended June 30, 2026 and 2025, UCHealth was party to four swap agreements as follows:

- A floating-to-fixed swap agreement having an original notional value of $198,805 and a current notional value of $192,950, reducing on the dates and the amounts set forth in the 2018 bond series offering documents describing principal payments. This agreement was entered into in December 2016. The swap agreement includes a fixed payor rate of 1.81 percent, and UCHealth will receive 67 percent of the one-month SOFR for the entire swap term, which expires in March 2040. Settlements are to be made monthly. At June 30, 2026 and 2025, this swap had an approximate positive fair value of $11,869 and $10,024, respectively.

- A fixed-to-floating swap agreement having an original and current notional value of $152,075, reducing on the dates and the amounts set forth in the Series 2017A bond offering documents describing principal payments. This agreement was entered into in February 2017. Under the terms of the total return swap agreement, UCHealth receives an amount equal to the coupon of the bonds (4.625 percent) and makes payments based on the Securities Industry and Financial Markets Association (SIFMA) Index plus 40 basis points. UCHealth settles with the counterparty semiannually each May and November. The swap agreement carries a 10-year term. At June 30, 2026 and 2025, this swap had an approximate positive (negative) fair value of $640 and $(9,681), respectively.

- A floating-to-fixed swap agreement having an original and current notional value of $195,195, reducing on the dates and the amounts set forth in the 2012B, 2012C, and 2017B1 bond series offering documents describing principal payments. The swap agreement includes a fixed payor rate of 1.971 percent, and UCHealth will receive 70 percent of the one-month SOFR for the entire swap term, which expires in November 2046. Settlements are to be made monthly. At June 30, 2026 and 2025, this swap had an approximate positive fair value of $23,892 and $20,450, respectively.

- A floating-to-fixed swap agreement having an original and current notional value of $100,000, reducing on the dates and the amounts set forth in the 2019A bond series offering documents describing principal payments. The swap agreement includes a fixed payor rate of 1.104 percent, and UCHealth will receive 70 percent of the one-month SOFR for the entire swap term, which expires in November 2049. Settlements are to be made monthly. At June 30, 2026 and 2025, this swap had an approximate positive fair value of $28,684 and $26,965, respectively.

In 2026 and 2025, the swaps produced annual net cash inflows of $15,260 and $29,811, respectively. The cash flows associated with the swaps are treated as interest expense. According to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, none of UCHealth's swap agreements qualify as effective cash flow hedging derivative instruments. Swap agreements tied directly to a bond issuance are reported within either long-term investments or other long-term liabilities on the statement of net position, and changes in fair value are reported as unrealized gain (loss) on derivative instruments on the statement of revenue, expenses, and changes in net position.

Note 7 - Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is a market-based measurement, not an entity-specific measurement. As a basis for considering market participant assumptions in fair value measurements, UCHealth utilizes the U.S. GAAP fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The inputs used to measure fair value are classified into the following fair value hierarchy:

Level 1

Quoted market prices in active markets for identical assets or liabilities.

Level 2

Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3

Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting UCHealth's own assumptions.

As of June 30, 2026 and 2025, the enterprise fund held the following investments, by level, within the fair value hierarchy:

	2026			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
U.S. Treasury bills	$ -	$ 665,078	$ -	$ 665,078
U.S. government agency, pool, and mortgage-backed	-	527,897	-	527,897
Asset-backed securities	-	651,531	4,810	656,341
Mutual bond funds	270,465	639,476	-	909,941
TIPS	179,651	156,006	-	335,657
Corporate bonds	-	758,841	-	758,841
Equity securities	2,176,663	2,303,090	114	4,479,867
Alternative investments	-	37,198	221,680	258,878
Interest rate swaps	-	65,085	-	65,085
Total investments by fair value level	$ 2,626,779	$ 5,804,202	$ 226,604	$ 8,657,585

Note 7 - Fair Value Measurements (Continued)

	2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Investments				
U.S. Treasury bills	$ -	$ 508,235	$ -	$ 508,235
U.S. government agency, pool, and mortgage-backed securities	-	526,448	-	526,448
Asset-backed securities	-	557,431	-	557,431
Mutual bond funds	259,279	603,189	-	862,468
TIPS	171,885	150,912	-	322,797
Corporate bonds	-	745,486	-	745,486
Equity securities	1,956,325	1,767,503	-	3,723,828
Alternative investments	-	34,869	105,164	140,033
Interest rate swaps	-	57,439	-	57,439
Total investments by fair value level	$ 2,387,489	$ 4,951,512	$ 105,164	$ 7,444,165
Liabilities - Interest rate swaps	$ -	$ 9,681	$ -	$ 9,681

As of June 30, 2026 and 2025, the pension trust fund held the following investments, by level, within the fair value hierarchy:

	2026			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury bills	$ -	$ 136,590	$ -	$ 136,590
U.S government agency, pool, and mortgage-backed securities	-	78,602	-	78,602
Asset-backed securities	-	135,104	583	135,687
TIPS	-	67,349	-	67,349
Corporate bonds	-	152,454	-	152,454
Alternative investments	-	64	246,097	246,161
Private real estate	-	30,695	125,906	156,601
Mutual bond funds	88,828	73,299	-	162,127
Other mutual funds	739,438	662,316	-	1,401,754
Total investments	$ 828,266	$ 1,336,473	$ 372,586	$ 2,537,325

Note 7 - Fair Value Measurements (Continued)

	2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
U.S. Treasury bills	$ -	$ 78,459	$ -	$ 78,459
U.S. government agency, pool, and mortgage-backed securities	-	111,295	-	111,295
Asset-backed securities	-	99,882	-	99,882
TIPS	-	57,259	-	57,259
Corporate bonds	-	146,017	-	146,017
Alternative investments	-	70	209,739	209,809
Private real estate	-	29,412	127,564	156,976
Mutual bond funds	61,732	62,096	-	123,828
Other mutual funds	580,402	519,825	-	1,100,227
Total	$ 642,134	$ 1,104,315	$ 337,303	$ 2,083,752

Mutual funds, TIPS, and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. U.S. Treasury bills, U.S. government debt securities, asset-backed securities, TIPS, corporate bonds, alternative investments, equity securities, and mutual fund securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Private real estate investments classified in Level 3 of the fair value hierarchy are valued using the income approach based on a discounted cash flow model, with reliance on other metrics used in the marketplace, including the analysis of comparable sales and relationship to replacement cost. Alternative investments and asset-backed securities classified in Level 3 of the fair value hierarchy are valued by developing a range of values using multiple methodologies deemed relevant by market participants, including discounted cash flow models, market multiple models, and recent transaction multiples. Swap agreements classified in Level 2 of the fair value hierarchy are valued using interest rate and forward yield curve inputs.

The tables below reconcile the total fair value disclosures above to the total fair value of enterprise fund and pension trust fund investments at June 30, as disclosed in Note 5:

	2026	2025
Enterprise fund investments:		
Total investments by fair value level	$ 8,657,585	$ 7,444,165
Cash equivalents	113,865	129,264
Interest and dividends receivable	837	1,023
Miscellaneous investment payable	(24,844)	(18,269)
Total enterprise fund investments	$ 8,747,443	$ 7,556,183

	2026	2025
Pension trust fund investments:		
Total investments by fair value level	$ 2,537,325	$ 2,083,752
Cash equivalents	24,609	31,031
Interest and dividends payable	(413)	(25)
Miscellaneous investment payable	(3,269)	(1,920)
Total pension trust fund investments	$ 2,558,252	$ 2,112,838

Note 8 - Other Investments

UCHealth recognizes its interest in the net assets and operations of joint ventures in which UCHealth and its component units have an ownership interest and ongoing financial interests or ongoing financial responsibilities. At June 30, 2026 and 2025, equity interests in joint ventures held by UCHealth and its component units ranged from 5 percent to 60 percent and totaled $85,505 and $75,694, respectively. UCHealth and its component units recognized an aggregate net loss of $23,549 and $382 for the years ended June 30, 2026 and 2025, respectively. UCHealth and its component units received distributions of $16,686 and $13,967 for the years ended June 30, 2026 and 2025, respectively. UCHealth and its component units made contributions of $50,046 and $20,608 for the years ended June 30, 2026 and 2025, respectively.

UCHealth has minority interests in various investments accounted for under the cost method, which total $38,911 and $39,530 at June 30, 2026 and 2025, respectively. UCHealth made contributions to these investments of $2,881 and $6,499 during the years ended June 30, 2026 and 2025, respectively. UCHealth sold its interests in investments accounted for under the cost method for $3,500 and $7,000 during the years ended June 30, 2026 and 2025, respectively. UCHealth impaired a cost method investment for $4,000 during the year ended June 30, 2025. There were no impairments recorded on cost method investments during the year ended June 30, 2026.

Note 9 - Capital Assets

Capital assets consist of the following for the years ended June 30, 2026 and 2025:

	Balance July 1, 2025	Additions	Transfers	Disposals	Balance June 30, 2026
Capital assets not being depreciated:					
Land	$ 140,701	$ 61,957	$ 9,047	$ -	$ 211,705
Construction in progress	798,358	371,204	(605,412)	-	564,150
Total capital assets not being depreciated	939,059	433,161	(596,365)	-	775,855
Capital assets being depreciated:					
Buildings and improvements	4,708,906	46,323	472,159	(61)	5,227,327
Fixed and movable equipment	2,501,963	171,629	124,206	(39,304)	2,758,494
Lease assets:					
Right-to-use assets - Land	27,661	-	-	-	27,661
Right-to-use assets - Buildings	216,015	53,276	-	(33,387)	235,904
Right-to-use assets - Equipment	60,000	24,868	-	(5,286)	79,582
Right-to-use assets - PPP	60,913	-	-	-	60,913
Right-to-use assets - SBITA	216,837	183,804	-	(82,686)	317,955
Total capital assets being depreciated	7,792,295	479,900	596,365	(160,724)	8,707,836
Accumulated depreciation and amortization:					
Buildings and improvements	1,946,614	213,702	1,345	(61)	2,161,600
Fixed and moveable equipment	1,970,531	242,556	(1,345)	(38,557)	2,173,185
Lease assets:					
Right-to-use assets - Land	7,712	1,053	-	-	8,765
Right-to-use assets - Buildings	103,653	31,434	-	(31,599)	103,488
Right-to-use assets - Equipment	23,663	15,196	-	(4,041)	34,818
Right-to-use assets - PPP	5,967	1,492	-	-	7,459
Right-to-use assets - SBITA	90,761	64,728	-	(50,154)	105,335
Total accumulated depreciation and amortization	4,148,901	570,161	-	(124,412)	4,594,650
Net capital assets	$ 4,582,453	$ 342,900	$ -	$ (36,312)	$ 4,889,041

Within the table above, EVMC's capital assets and accumulated depreciation and amortization obtained as of December 1, 2025 are included within the additions column, amounting to $66,780 and $35,647, respectively. Additionally, included within the disposals column above is an impairment on SBITA assets amounting to $31,820, which is included within purchased services and other expenses on the statement of revenue, expenses, and changes in net position.

Note 9 - Capital Assets (Continued)

	Balance July 1, 2024	Additions	Transfers	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	$ 140,091	$ -	$ 610	$ -	$ 140,701
Construction in progress	633,215	380,953	(215,810)	-	798,358
Total capital assets not being depreciated	773,306	380,953	(215,200)	-	939,059
Capital assets being depreciated:					
Buildings and improvements	4,416,195	86,928	206,316	(533)	4,708,906
Fixed and movable equipment	2,327,287	169,380	8,884	(3,588)	2,501,963
Lease assets:					
Right-to-use assets - Land	27,661	-	-	-	27,661
Right-to-use assets - Buildings	267,662	20,841	-	(72,488)	216,015
Right-to-use assets - Equipment	52,638	11,884	-	(4,522)	60,000
Right-to-use assets - PPP	60,913	-	-	-	60,913
Right-to-use assets - SBITA	231,197	64,194	-	(78,554)	216,837
Total capital assets being depreciated	7,383,553	353,227	215,200	(159,685)	7,792,295
Accumulated depreciation and amortization:					
Buildings and improvements	1,768,907	177,973	-	(266)	1,946,614
Fixed and movable equipment	1,775,635	198,276	-	(3,380)	1,970,531
Lease assets:					
Right-to-use assets - Land	6,667	1,045	-	-	7,712
Right-to-use assets - Buildings	94,526	27,514	-	(18,387)	103,653
Right-to-use assets - Equipment	18,064	10,121	-	(4,522)	23,663
Right-to-use assets - PPP	4,475	1,492	-	-	5,967
Right-to-use assets - SBITA	97,077	60,185	-	(66,501)	90,761
Total accumulated depreciation and amortization	3,765,351	476,606	-	(93,056)	4,148,901
Net capital assets	$ 4,391,508	$ 257,574	$ -	$ (66,629)	$ 4,582,453

Note 10 - Accounts Receivable

The Health System provides care to patients covered by various third-party payors, such as Medicare, Medicaid, private insurance companies, and health maintenance organizations. The composition of receivables from patients and third-party payors at June 30 is as follows:

	2026	2025
Medicare	29 %	29 %
Medicaid	11	12
Managed care	35	36
Commercial	4	3
Self-pay and medically indigent	16	15
Military and other governmental	1	1
Other	4	4

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities

Long-term debt activity for the years ended June 30, 2026 and 2025 can be summarized as follows:

	2026				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:					
City of Colorado Springs, Colorado agreement	$ 75,111	$ -	$ (3,355)	$ 71,756	$ 3,459
Series 2015D - UCHA	195,450	-	(470)	194,980	480
Series 2017A - UCHA	152,075	-	-	152,075	-
Series 2019B - UCHA	50,000	-	-	50,000	-
Series 2019D - UCHA	50,000	-	-	50,000	-
Series 2022A - UCHA	86,835	-	(20,148)	66,687	20,510
Series 2022B - UCHA	86,835	-	(20,148)	66,687	20,510
Note payable - Parkview	1,350	-	-	1,350	-
Total direct borrowings and direct placements	697,656	-	(44,121)	653,535	44,959
Other bonds:					
Series 2017B-1 - UCHA	57,685	-	-	57,685	-
Series 2018A - UCHA	45,915	-	-	45,915	-
Series 2018B - UCHA	76,170	-	-	76,170	-
Series 2018C - UCHA	75,265	-	-	75,265	-
Series 2019A - UCHA	100,000	-	-	100,000	-
Series 2024A - UCHA	112,000	-	-	112,000	-
Series 2024B - UCHA	150,300	-	(1,885)	148,415	3,210
Series 2024 issuance premium	28,032	-	(4,780)	23,252	-
Series 2025A - UCHA	87,645	-	-	87,645	-
Total other bonds	733,012	-	(6,665)	726,347	3,210
Other debt:					
Lease liabilities - Combined	176,152	76,997	(48,619)	204,530	37,713
SBITA liabilities - Combined	107,369	178,570	(67,397)	218,542	76,889
PPP liabilities - Combined	59,339	-	(250)	59,089	297
Total	$ 1,773,528	$ 255,567	$ (167,052)	$ 1,862,043	$ 163,068

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities (Continued)

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:					
City of Colorado Springs, Colorado agreement	$ 78,366	$ -	$ (3,255)	$ 75,111	$ 3,355
Series 2012C - UCHA	87,510	-	(87,510)	-	-
Series 2015D - UCHA	195,925	-	(475)	195,450	470
Series 2017A - UCHA	152,075	-	-	152,075	-
Series 2019B - UCHA	50,000	-	-	50,000	-
Series 2019D - UCHA	50,000	-	-	50,000	-
Series 2022A - UCHA	102,400	-	(15,565)	86,835	20,148
Series 2022B - UCHA	102,400	-	(15,565)	86,835	20,148
Note payable - Parkview	1,350	-	-	1,350	-
Total direct borrowings and direct placements	820,026	-	(122,370)	697,656	44,121
Other bonds:					
Series 2017B-1 - UCHA	57,685	-	-	57,685	-
Series 2017B-2 - UCHA	8,255	-	(8,255)	-	-
Series 2018A - UCHA	45,915	-	-	45,915	-
Series 2018B - UCHA	76,170	-	-	76,170	-
Series 2018C - UCHA	75,265	-	-	75,265	-
Series 2019A - UCHA	100,000	-	-	100,000	-
Series 2019C - UCHA	122,785	-	(122,785)	-	-
Series 2019C issuance premium	1,289	-	(1,289)	-	-
Series 2024A - UCHA	-	112,000	-	112,000	-
Series 2024B - UCHA	-	150,300	-	150,300	1,884
Series 2024 issuance premium	-	32,262	(4,230)	28,032	-
Series 2025A - UCHA	-	87,645	-	87,645	-
Series 2016 - Parkview	70,590	-	(70,590)	-	-
Series 2017 - Parkview	10,965	-	(10,965)	-	-
Series 2020 - Parkview	79,860	-	(79,860)	-	-
Other series - Parkview	460	-	(460)	-	-
Parkview issuance premium	7,884	-	(7,884)	-	-
Total other bonds outstanding	657,123	382,207	(306,318)	733,012	1,884
Other debt:					
Lease liabilities - Combined	235,675	32,721	(92,244)	176,152	32,359
SBITA liabilities - Combined	103,054	63,319	(59,004)	107,369	36,428
PPP liabilities - Combined	59,545	-	(206)	59,339	250
Total	$ 1,875,423	$ 478,247	$ (580,142)	$ 1,773,528	$ 115,042

During the years ended June 30, 2026 and 2025, the Health System disposed of $2,924 and $55,193, respectively, of lease liabilities and $552 and $13,453, respectively, of SBITA liabilities. These disposals are included in the reductions amount in the above table.

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities (Continued)

Contractual annual debt service requirements to maturity for direct borrowings, direct placements, and other bonds are shown in the following table. As discussed in the paragraphs following the tables, Series 2015D, 2017B-1, 2018A, 2019A, and 2025A have been classified as current liabilities in the statement of net position despite having long-term amortization periods remaining under the debt agreements; these series have been presented in the table below under their long-term amortization periods.

Years Ending June 30	Direct Borrowing and Direct Placement		Other Bonds		
	Principal	Interest	Principal	Interest	Total
2027	$ 44,959	$ 10,909	$ 3,210	$ 15,021	$ 74,099
2028	33,689	10,186	16,245	14,773	74,893
2029	31,771	9,539	19,050	14,400	74,760
2030	34,204	8,865	128,115	12,007	183,191
2031	17,106	8,434	15,250	10,464	51,254
2032-2036	51,474	38,772	206,790	30,229	327,265
2037-2041	155,494	29,562	126,790	16,427	328,273
2042-2046	166,519	15,851	87,645	9,429	279,444
2047-2050	118,319	3,213	100,000	3,797	225,329
Total	$ 653,535	$ 135,331	$ 703,095	$ 126,547	$ 1,618,508

UCHealth leases certain assets from various third parties. The assets leased include land, buildings, and equipment. Payments are generally fixed monthly. UCHealth also leases certain assets that are subsequently subleased by UCHealth to a third party. The noncancelable terms of these leasing arrangements mature between 2027 and 2116. The discount rates applicable to these leasing arrangements range from 0.51 percent to 6.04 percent. Lease right-to-use asset activity of UCHealth is included in Note 9.

Future principal and interest payment requirements related to UCHealth's lease liabilities at June 30, 2026 are as follows:

Years Ending June 30	Principal	Interest	Total
2027	$ 37,713	$ 5,443	$ 43,156
2028	37,731	4,311	42,042
2029	31,212	3,321	34,533
2030	22,478	2,550	25,028
2031	16,781	1,977	18,758
2032-2036	42,205	4,656	46,861
2037-2041	5,517	1,715	7,232
2042-2046	286	1,401	1,687
2047-2051	326	1,360	1,686
2052-2056	332	1,316	1,648
Thereafter	9,949	9,695	19,644
Total	$ 204,530	$ 37,745	$ 242,275

UCHealth obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed monthly, quarterly, or annually. Subscription asset activity of UCHealth is included in Note 9.

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities (Continued)

Future principal and interest payment requirements related to UCHealth's SBITA liabilities at June 30, 2026 are as follows:

Years Ending June 30	Principal	Interest	Total
2027	$ 76,889	$ 4,148	$ 81,037
2028	62,548	3,026	65,574
2029	10,873	2,343	13,216
2030	8,698	2,033	10,731
2031	12,426	1,819	14,245
2032-2036	47,108	4,150	51,258
Total	$ 218,542	$ 17,519	$ 236,061

In 1994, PVHS entered into an agreement with Poudre Valley Hospital District (the "District"), which was subsequently amended and extended in 2012, under which PVHS operates Poudre Valley Hospital and related health care operations through April 30, 2062. UCHealth has recognized a PPP liability for future installment payments using a discount rate of 1.9 percent. UCHealth has recognized an other long-term liability of $55,106 at June 30, 2026 and 2025, representing the expected carrying value of assets to be transferred back to the District upon termination of the lease, if it is not extended. UCHealth has recognized a deferred outflow for PPP of $48,358 and $49,707 at June 30, 2026 and 2025, respectively. PPP asset activity of UCHealth is included in Note 9.

Future principal and interest payment requirements related to UCHealth's PPP liabilities at June 30, 2026 are as follows:

Years Ending June 30	Principal	Interest	Total
2027	$ 297	$ 1,130	$ 1,427
2028	345	1,124	1,469
2029	396	1,118	1,514
2030	449	1,110	1,559
2031	505	1,101	1,606
2032-2036	3,445	5,338	8,783
2037-2041	5,242	4,940	10,182
2042-2046	7,451	4,353	11,804
2047-2051	10,147	3,537	13,684
2052-2056	13,423	2,440	15,863
Thereafter	17,389	1,003	18,392
Total	$ 59,089	$ 27,194	$ 86,283

Effective October 1, 2012, an Integration and Affiliation Agreement and Health System Operating Lease Agreement with the City of Colorado Springs, Colorado (the "City") was executed with the purpose of leasing MHS. The original agreement is for a 40-year term, with renewals or extensions anticipated. The installment payments totaled $110,000 and will be paid down in monthly payments through 2042. Effective May 1, 2017, MHS entered into a ground sublease with Children's Hospital Colorado (the "Ground Sublease") for 15 percent of the original agreement amount under the Health System Operating Lease Agreement with the City. Future minimum payments under the Ground Sublease are $12,650 and $13,097 at June 30, 2026 and 2025, respectively.

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities (Continued)

In March 2025, UCHA issued Series 2025A Refunding Revenue Bonds in the amount of $87,645 to refinance the Series 2012C bonds. Series 2025A was issued as variable-rate bonds, with interest paid monthly and principal paid according to a mandatory sinking fund redemption schedule beginning in fiscal year 2044 through fiscal year 2046. The bonds, while subject to long-term amortization periods, may be put at the option of the bondholders in connection with weekly remarketing dates. To the extent that bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2026 and 2025, the principal amount of such bonds has been classified as a current liability in the accompanying statement of net position. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including maintaining unrestricted assets as a source of self-liquidity.

In August 2024, UCHA issued Series 2024A and Series 2024B Revenue and Revenue Refunding Bonds in the amount of $262,300 to refinance the Series 2019C bonds and to finance various capital projects. The Series 2024A and Series 2024B bonds are fixed-rate issuances, with interest paid semiannually and principal paid according to a mandatory sinking fund redemption schedule beginning in fiscal year 2025 through maturity in fiscal year 2040.

In March 2021, UCHA issued forward-starting 2022A (Series 2022A) and 2022B (Series 2022B) direct purchase bonds in the amount of $230,565 to refinance the 2012A bonds effective November 2022. Series 2022A and Series 2022B are fixed-rate issuances, with interest paid semiannually and principal paid according to a mandatory sinking fund redemption schedule beginning in fiscal year 2024. The interest rate for the Series 2022A and Series 2022B bonds is 1.58 percent. The Series 2022A and Series 2022B bonds have a maturity date of November 2030.

In July 2020, Parkview issued Series 2020A Revenue Bonds (Series 2020A) in the amount of $67,465 and Series 2020B Revenue Bonds in the amount of $13,305 (Series 2020B) to fund construction projects. Series 2020A was issued as fixed-rate bonds, with interest paid semiannually at 4 percent and principal paid according to a mandatory sinking fund redemption schedule through 2040. Series 2020B was issued as fixed-rate bonds, with interest paid semiannually at rates ranging from 2.176 percent to 4.274 percent and principal paid according to a mandatory sinking fund redemption schedule through 2039. The Parkview Series 2020A bonds were defeased in full in July 2024.

In October 2019, UCHA issued Series 2019A Revenue Bonds (Series 2019A) in the amount of $100,000 to finance the construction of Highlands Ranch Hospital. Series 2019A was issued as variable-rate bonds, with interest paid monthly and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2050. The bonds, while subject to long-term amortization periods, may be put at the option of the bondholders in connection with weekly remarketing dates. To the extent the bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2026 and 2025, the principal amount of such bonds has been classified as a current liability in the accompanying statement of net position. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including maintaining unrestricted assets as a source of self-liquidity.

In October 2019, UCHA issued Series 2019B Revenue Bonds (Series 2019B) in the amount of $50,000 to finance the construction of Greeley Hospital. Series 2019B was issued as fixed-rate bonds, with interest paid semiannually and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2049. Wells Fargo Bank, N.A. is the holder of the bonds at a fixed interest rate of 1.67 percent. The direct purchase bonds were issued with a 10-year term that will expire in October 2029.

In October 2019, UCHA issued Series 2019C Revenue Bonds (Series 2019C) in the amount of $122,785 to fully refinance the Series 2017C-1 Bonds. Series 2019C was issued as 5-year put bonds at a premium. Series 2019C was refunded in August 2024 in conjunction with the issuance of the Series 2024A and Series 2024B bonds discussed above. Prior to refunding, interest was paid semiannually and principal was paid according to a mandatory sinking fund redemption schedule through fiscal year 2048.

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities (Continued)

In October 2019, UCHA issued Series 2019D Revenue Bonds (Series 2019D) in the amount of $50,000 to finance the construction of Greeley Hospital. Series 2019D was issued as fixed-rate bonds, with interest paid semiannually and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2049. JPMorgan Chase Bank, N.A. is the holder of the bonds at a fixed interest rate of 1.67 percent. The direct purchase bonds were issued with a 10-year term that will expire in October 2029.

In July 2018, UCHA issued Series 2018A Revenue Bonds (Series 2018A) in the amount of $45,915 to fully refund PVHS Series 2005A bonds. Series 2018A was issued as variable-rate bonds, with interest paid monthly and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2031. The bonds, while subject to long-term amortization periods, may be put at the option of the bondholders in connection with weekly remarketing dates. To the extent the bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2026 and 2025, the principal amount of such bonds has been classified as a current liability in the accompanying statement of net position. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including maintaining unrestricted assets as a source of self-liquidity.

In July 2018, UCHA issued Series 2018B Revenue Bonds (Series 2018B) in the amount of $76,170 to fully refund PVHS Series 2005B and Series 2005C bonds. Series 2018B was issued as variable-rate bonds that bear interest as determined by the remarketing agent each week, and principal is paid according to a mandatory sinking fund redemption schedule through fiscal year 2036. UCHealth has a Standby Bond Purchase Agreement with TD Bank to provide liquidity support for Series 2018B. The Standby Bond Purchase Agreement expires on February 8, 2028 unless extended by the bank.

In July 2018, UCHA issued Series 2018C Revenue Bonds (Series 2018C) in the amount of $75,265 to fully refund PVHS Series 2005B and Series 2005C bonds. Series 2018C was issued as variable-rate bonds that bear interest as determined by the remarketing agent each week, and principal is paid according to a mandatory sinking fund redemption schedule through fiscal year 2040. UCHealth has a Standby Bond Purchase Agreement with TD Bank to provide liquidity support for Series 2018C. The Standby Bond Purchase Agreement expires on February 8, 2028 unless extended by the bank.

In October 2017, Parkview issued Series 2017 Revenue Refunding Bonds (Series 2017) in the amount of $23,090 to refund the Parkview Series 2007B Bonds. Series 2017 was issued as fixed-rate bonds, with interest paid semiannually at rates ranging from 3 percent to 5 percent and principal paid according to a mandatory sinking fund redemption schedule through 2029. The Parkview Series 2017 bonds were refunded in full in July 2024.

In February 2017, UCHA issued Series 2017A Revenue Bonds (Series 2017A) in the amount of $152,075 to fully refund UCHA Series 2015A Revenue Bonds. Series 2017A was issued as fixed-rate bonds at a rate of 4.625 percent, with interest paid semiannually and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2047. Concurrently, UCHealth entered into a total return, fixed-to-floating swap agreement having a notional amount of $152,075. Under the terms of the swap agreement, UCHealth receives an amount equal to the coupon of the bonds (4.625 percent) and makes payments based on the Securities Industry and Financial Markets Association Index plus 40 basis points. UCHealth settles with the counterparty semiannually, each May and November. The swap agreement expires in March 2027.

Note 11 - Long-term Debt, Leases, and SBITA and PPP Liabilities (Continued)

In February 2017, UCHA issued Series 2017B-1 and Series 2017B-2 Revenue Bonds (Series 2017B) in the amounts of $57,685 and $57,125, respectively, to fully refund UCHA Series 2015B and 2015C Revenue Bonds. Series 2017B was issued as variable-rate bonds, with interest paid monthly and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2040 (Series 2017B-1) and fiscal year 2025 (Series 2017B-2). The bonds, while subject to long-term amortization periods, may be put at the option of the bondholders in connection with weekly remarketing dates. To the extent the bondholders may, under the terms of the debt, put their bonds within 12 months after June 30, 2026 and 2025, the principal amount of such bonds has been classified as a current liability in the accompanying statement of net position. However, to address this possibility, management has taken steps to provide various sources of liquidity in the event any bonds would be put, including maintaining unrestricted assets as a source of self-liquidity.

In September 2016, Parkview issued Series 2016 Revenue Bonds (Series 2016) in the amount of $70,590 to fund construction projects. Series 2016 was issued as fixed-rate bonds, with interest paid semiannually at rates ranging from 3.125 percent to 5 percent and principal paid according to a mandatory sinking fund redemption schedule from 2037 through 2046. The Parkview Series 2016 bonds were refunded in full in July 2024.

In September 2015, UCHA issued Series 2015D Revenue Bonds (Series 2015D) in the amount of $200,180 to fully refund UCHA Series 2011A Revenue Bonds. Series 2015D was issued as variable-rate bonds, with interest paid monthly and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2042. In April 2020, the terms of the bonds were updated to a fixed-rate mode of 1.48 percent, with interest paid semiannually. UCHA also extended the original direct purchase agreement with Wells Fargo Bank, N.A. on Series 2015D, which will expire in April 2027. As a result of the direct purchase agreement expiring less than 12 months from June 30, 2026, Series 2015D has been classified within the current portion of long-term debt in the statement of net position.

In October 2012, UCHA issued Series 2012C Revenue Bonds (Series 2012C) in the amount of $87,510 to fully refund PVHS Series 2005D and 2005E Revenue Bonds. Series 2012C was issued as variable-rate bonds, with interest paid monthly and principal paid according to a mandatory sinking fund redemption schedule through fiscal year 2046. In April 2020, the terms of the bonds were updated to a fixed-rate mode of 1.35 percent, with interest paid semiannually. Series 2012C was refunded in March 2025 in conjunction with the issuance of the Series 2025A bonds discussed above.

All bonds are secured by a security interest with respect to all gross revenue of the Health System. The UCHA 1997A Master Indenture, as supplemented, requires the Health System to maintain certain financial ratios. Under the UCHA 1997A Master Indenture and various bond agreements, events of default include failure to pay interest or principal payments, declaration of bankruptcy and failure to comply with financial and nonfinancial covenants. Key covenants include maintaining tax-exemption status within the obligated group, keeping property free of liens, maintaining proper and accurate accounting records, complying with disclosure reporting requirements, and meeting financial ratio requirements.

Cash paid for interest was $43,424 and $38,516 for the years ended June 30, 2026 and 2025, respectively. UCHealth paid in debt issuance costs of $1,858 during the year ended June 30, 2025. No debt issuance costs were paid during the year ended June 30, 2026.

The fair value of the Health System's long-term debt is based on the most recent trading price as of June 30, 2026. The fair value of the revenue bonds at June 30, 2026 and 2025 was $1,307,938 and $1,350,133, respectively.

Note 12 - Self-insurance Trust

UCD sponsors a self-insurance trust, the University of Colorado Self-Insurance and Risk Management Trust (the “Trust”), in which UCHA participates. The Trust was authorized by a resolution of the Regents dated June 23, 1985 and may be amended, altered, or revoked by UCD, but only if such amendment, alteration, or revocation is consistent with and in furtherance of the purpose of the Trust. The participants in the Trust are the University of Colorado (the “University”), including UCD and its agencies, administrators, faculty, and employees, and other affiliates of the University, including UCHA. As UCHA has transferred risk associated with this insurance into the public-entity risk pool of the Trust, the assets and liabilities of the Trust are not included in the accompanying basic financial statements.

The Trust provides coverage to its participants up to statutory limitations relating to malpractice claim immunity for government entities. The coverage is $424 per claimant and $1,195 per occurrence for claims arising from activities of covered persons and entities within the state of Colorado. The Trust also provides coverage of $500 per claimant and $1,500 per occurrence for claims arising outside the state of Colorado. The Trust contracts with a commercial insurance company to provide $15,000 per occurrence or aggregate per year for claims in which the limits of governmental immunity do not apply.

As of June 30, 2026, the Trust had a fund balance of $688, which is net of $10,708 in reserves for losses and loss adjustment expenses. At June 30, 2026, plan assets exceed the actuarially determined liability. Effective October 1, 2024, UCHA no longer participates in the Trust for claims made on or after that date. For 2026 and 2025, UCHA recorded immaterial premium and administrative expenses, and received no refunds during either year.

Note 13 - Self-insurance Program and Captive Insurance Company

UCHealth has a self-insured program (the "SIP") to cover professional and general liability losses that are not covered by the Trust, as well as coverage for the tail liability for professional and general liability commercial claims-made policies. The SIP provides coverage to its participants up to $1,000 per occurrence and $6,000 in the aggregate for claims arising from activities of covered persons and entities for claims made on or before June 30, 2023. The SIP provides coverage to UCHA up to $500 per claimant and $1,500 per occurrence for claims made on or after October 1, 2024. The SIP contracts with commercial insurance companies to provide coverage for claims in excess of the per occurrence and aggregate limits covered by the SIP up to a total of $40,000 in excess coverage. Reserves for claims incurred but not yet paid included within accounts payable and accrued expenses in the statement of net position were $9,902 and $8,050 at June 30, 2026 and 2025, respectively. Reserves for claims incurred but not yet paid are estimated based upon historical claims experience and actuarial development factors. Actual results could differ from those estimates.

RMS covers professional and general liability claims on a claims-made basis effective July 1, 2023. RMS provides coverage to its participants up to $2,000 per occurrence and $8,000 in the aggregate for claims arising from activities of covered persons and entities. UCHealth contracts with commercial insurance companies to provide coverage for claims in excess of the per occurrence and aggregate limits covered by RMS. Reserves for claims incurred but not yet paid included within accounts payable and accrued expenses in the statement of net position were $15,811 and $10,170 at June 30, 2026 and 2025, respectively. Reserves for claims incurred but not yet paid are estimated based upon historical claims experience and actuarial development factors. Actual results could differ from those estimates.

Note 14 - Retirement Plans

UCHealth offers five retirement plans: the University of Colorado Hospital Authority Retirement Plan (the "Basic Pension Plan"), as amended and restated; the University of Colorado Hospital Authority Fixed Contribution Investment Plan (the “Investment Account”); the University of Colorado Hospital Authority Matching Tax Deferred Annuity Plan (the “Matching Account”); the University of Colorado Hospital Deferred Compensation Savings Plan (the “457b Plan”); and the UCHealth 403(b) Plan (the "403(b) Plan"). The UCHA Board is the fiduciary for the Basic Pension Plan and has the ability to amend this plan. The Investment Account, the Matching Account, the 457b Plan, and the 403(b) Plan are administered by independent companies that have entered into trust agreements with UCHA. The investment companies hold all funds contributed under these plans. The UCHA Board has the authority to establish and amend the benefit provisions of the Investment Account, Matching Account, and 457b Plan. The UCHealth Board has the authority to establish and amend the benefit provisions of the 403(b) Plan.

Basic Pension Plan

UCHA participates in the Basic Pension Plan which covers substantially all of its employees. The Basic Pension Plan is a single-employer, noncontributory, defined benefit plan. Eligibility to receive benefits under this plan for UCHA employees starts on the date of hire. Those employees who were employed by UCHA prior to October 1, 1989 and those who elected to become UCHA employees are eligible to participate. MHS employees active as of October 1, 2012 and PVHS employees active as of January 4, 2013 or hired thereafter are eligible for participation in the Basic Pension Plan on that date. Effective September 1, 2012, participants are vested in their accrued benefit at 20 percent per every 12 months of service until they are 100 percent vested after 5 years. This is a change from the prior vesting schedule for UCHA employees, which required 5 years of service to become 100 percent vested. The Basic Pension Plan was closed to new entrants effective December 24, 2023.

The annual accrued benefits, paid monthly, of the Basic Pension Plan are calculated at 1.5 percent times the average annual compensation times years of service (based on hire date). The five most highly compensated calendar years of service after March 26, 1995 are used to calculate the average annual compensation. A small number of UCHA employees are eligible to receive additional benefits based on a combined age and years of credited service equal to or greater than 75 on January 1, 2013 (Rule of 75). The Basic Pension Plan offers reduced benefits for early retirement and adjusted benefits for late retirement (after age 65). Most plan participants, except those falling under the Rule of 75, will receive a monthly benefit with no annual cost of living adjustment factor, which is an amendment to the plan, effective for accruals on or after January 1, 2013. The Basic Pension Plan allows employees who leave with less than 10 years of service to elect a lump-sum distribution upon termination, allows employees with over 10 years of service to elect a partial lump sum to the extent that their balance is above an $18 per year annuity, allows terminated participants to elect these options as well based on the same criteria for active participants, and allows the purchase by the Basic Pension Plan of annuities for retirees periodically when rates are favorable.

Pension plan assets consist of equity securities, fixed-income securities, real estate, alternative investments, money market funds, cash, and receivables. Although the Basic Pension Plan is a governmental plan within the meaning of Section 3(32) of the Employee Retirement Income Security Act of 1974 (ERISA) and is, therefore, exempt from the requirements of Title I of ERISA, the Health System's practice is to contribute amounts at least equal to the minimum funding requirements of ERISA.

The actuarially computed net periodic pension cost for the Basic Pension Plan for 2026 and 2025 was $132,326 and $131,766, respectively. Investment gains for 2026 and 2025, including interest, dividends, and realized and unrealized gains, were $370,533 and $200,592, respectively.

Note 14 - Retirement Plans (Continued)

Membership in the Basic Pension Plan consisted of the following at July 1, 2025 and 2024 (dates of the latest actuarial valuations):

	2025	2024
Retirees and beneficiaries receiving benefits	3,638	3,276
Terminated plan members entitled to but not yet receiving benefits	5,845	8,028
Active plan members, includes all participants within the system	25,027	28,256
Total members	34,510	39,560

Changes in the net pension liability (asset) for the years ended June 30, 2026 and 2025 were as follows:

Changes in Net Pension Liability (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at July 1, 2025	$ 2,188,611	$ 2,112,838	$ 75,773
Changes for the year:			
Service cost	116,173	-	116,173
Interest	155,270	-	155,270
Contributions - Employer	-	143,708	(143,708)
Net investment income	-	370,533	(370,533)
Changes in experience	53,257	-	53,257
Changes in assumptions	(1,194)	-	(1,194)
Benefit payments	(63,116)	(63,116)	-
Administrative expenses	-	(5,711)	5,711
Net changes	260,390	445,414	(185,024)
Balance at June 30, 2026	$ 2,449,001	$ 2,558,252	$ (109,251)

Changes in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at July 1, 2024	$ 2,001,805	$ 1,844,745	$ 157,060
Changes for the year:			
Service cost	120,786	-	120,786
Interest	140,771	-	140,771
Contributions - Employer	-	150,854	(150,854)
Net investment income	-	200,592	(200,592)
Changes in experience	1,549	-	1,549
Benefit payments	(76,300)	(76,300)	-
Administrative expenses	-	(7,053)	7,053
Net changes	186,806	268,093	(81,287)
Balance at June 30, 2025	$ 2,188,611	$ 2,112,838	$ 75,773

The pension plan's fiduciary net position as a percentage of the total pension liability was 104.5 percent and 96.5 percent as of June 30, 2026 and 2025, respectively.

Note 14 - Retirement Plans (Continued)

At June 30, 2026 and 2025, the Health System reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	2026		2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 46,882	$ -	$ 25,063	$ -
Changes in assumptions	-	727	5,033	-
Net difference between projected and actual earnings on pension plan investments	-	255,300	-	65,599
Total	$ 46,882	$ 256,027	$ 30,096	$ 65,599

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

Years Ending June 30	Amount
2027	$ (59,226)
2028	(61,340)
2029	(49,551)
2030	(39,580)
2031	552
Total	$ (209,145)

The Health System has made all required contributions to the pension plan for the year ended June 30, 2026.

As a governmental entity, UCHA has flexibility in determining the amount to contribute to the Basic Pension Plan each year. The actuarially determined contribution calculated as part of this report is intended to provide a systematic method for prefunding the liabilities for retirement benefits payable under the Basic Pension Plan. It is calculated in a manner intended to remain relatively stable, as a percentage of valuation compensation, over time. This stability is intended to facilitate the annual budgeting process and to keep the cost of the Basic Pension Plan manageable. The Health System made contributions to the Basic Pension Plan of $143,708 and $150,854 in 2026 and 2025, respectively, which matched the actuarially determined contributions in both years. For the years ended June 30, 2026 and 2025, the Health System's average contribution rates were 6.12 percent and 6.16 percent, respectively, of annual payroll.

The Health System's net pension (asset) liability was measured as of June 30, 2026 and 2025, and the total pension liability used to calculate the net pension (asset) liability was determined by actuarial valuations as of July 1, 2025 and 2024, respectively. The Health System utilized update procedures to roll valuation amounts forward to the respective measurement dates using the calculated service and interest cost, actual contributions, and return on plan assets.

Note 14 - Retirement Plans (Continued)

Additional information as of the latest actuarial valuation date is as follows:

Valuation date	July 1, 2025 and 2024
Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Straight line
Asset valuation method	Fair value
Actuarial assumptions	
i) Discount rate*	6.75%
ii) Projected salary increases*	3.25% to 8.75%
iii) Cost of living adjustments**	2.25%

*Includes inflation at 2.25 percent
**Cost of living adjustments apply only to those participants who fall under Rule of 75.

Mortality rates were based on the Sex-distinct Pri-2012 Mortality Tables with base year 2012, without collar or amount adjustments, using the base mortality improvement scale MP-2019 with generational projections using a 0.75 percent long-term rate of improvement.

The actuary is required to use assumptions that represent his or her best estimate of future experience under the Basic Pension Plan and are reasonably related to the experience of the Plan. The actuary will monitor the actuarial experience under the Plan in future years in order to judge the continuing appropriateness of these assumptions. The actuarial assumptions used in the valuations were based on the results of an actuarial experience study for the period from July 1, 2018 through July 1, 2022.

The long-term expected rate of return on pension plan investments was determined using a variety of industry-accepted practices to determine 10-year estimated ranges of future expected returns for major asset classes. For public equities, a building-block approach incorporating inflation, real earnings growth, dividend yield, and repricing was used. For fixed income, current yields and credit spreads were used. For the various alternative asset classes, a combination of historical risk premiums, illiquidity premiums, and style-specific premiums were used. The arithmetic average forecast returns for each asset class are combined at target asset allocation weights to provide a forecasted geometric (50th percentile) expected return for the plan and are shown below at July 1, 2025 and 2024. All figures shown are nominal (i.e., inclusive of inflation):

	2026		2025	
Asset Class	Target Allocation	Arithmetic Expected Return (10-year Average)	Target Allocation	Arithmetic Expected Return (10-year Average)
Domestic equity	28 %	6.8 %	28 %	6.8 %
International equity	22	8.5	22	8.5
Fixed income	30	5.2	30	4.9
Real estate	10	7.9	10	7.9
Alternative	10	11.9	10	9.9

The following presents the net pension (asset) liability of the Health System, calculated using the discount rate of 6.75 percent, as well as what the Health System's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current rate:

	1 Percentage Point Decrease (5.75%)	Current Discount Rate (6.75%)	1 Percentage Point Increase (7.75%)
June 30, 2026	$ 251,997	$ (109,251)	$ (405,072)
June 30, 2025	405,762	75,773	(193,833)

Note 14 - Retirement Plans (Continued)

Investment Account

The Investment Account is a qualified, single-employer, defined contribution retirement plan under the provisions of Code Section 401(a). UCHA employees are required to contribute 6.2 percent of their gross compensation (limited to the OASDI wage base), which is equivalent to what their OASDI contributions would be under FICA participation. Employees are always fully vested in this component of the plan. Total employee contributions made under the provisions of this plan were $125,991 and $131,596 for the years ended June 30, 2026 and 2025, respectively. This represents 3.72 percent and 4.27 percent of payroll for the years ended June 30, 2026 and 2025, respectively. In accordance with code regulations, the Heath System is required to provide an additional make-up contribution for certain part-time employees equal to 1.3 percent of their compensation until they are fully vested in the Basic Pension Plan. Make-up contributions made by UCHealth were $429 and $671 in 2026 and 2025, respectively.

Matching Account

The Matching Account is a single-employer, tax-deferred annuity plan under the provisions of Code Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, either on a tax-deferred or post-tax basis, up to legal limitations established under the Code. In addition, UCHealth will match employee contributions 100 percent on the first 3 percent of gross compensation contributed. Employees are always vested 100 percent in their contributions; however, the Health System's matching contributions are subject to a five-year graduated vesting schedule. Certain part-time employees are not eligible for UCHealth matching contributions. UCHealth matching contributions included in wages, contract labor and benefits in the statement of revenue, expenses, and changes in net position for 2026 and 2025 were $52,224 and $52,589, respectively. Employee contributions to the Matching Account for 2026 and 2025 were $140,412 and $151,769, respectively.

457b Plan

The 457b Plan is a single-employer plan under the provisions of Code Section 457, in which employees are eligible to contribute a percentage of their gross compensation, either on a tax-deferred or post-tax basis, up to legal limitations established under the Code. Employees are always vested 100 percent in their contributions, and the Health System does not contribute to this plan. Employees may elect from a broad array of mutual funds with their respective investment companies. Employee contributions to the 457b Plan for 2026 and 2025 were $33,371 and $30,735, respectively.

403(b) Plan

Effective December 24, 2023, UCHealth closed the Basic Pension Plan and the Matching Account to new entrants. Also effective on that date, UCHealth began offering the UCHealth 403(b) Plan for all employees hired on December 24, 2023 and thereafter.

The UCHealth 403(b) Plan is a single-employer annuity plan under the provisions of Code Section 403(b). Employees are eligible to contribute a percentage of their gross compensation, either on a tax-deferred or post-tax basis, up to legal limitations established under the Code. In addition, UCHealth will match employee contributions 100 percent up to the first 4 percent of gross compensation contributed. Employees are always vested in their contributions; however, the Health System’s matching contributions are subject to a five-year graduated vesting schedule. Certain part-time employees are not eligible for UCHealth matching contributions. UCHealth matching contributions included in wages, contract labor, and benefits in the statement of revenue, expenses, and changes in net position for 2026 and 2025 were $31,171 and $18,627, respectively. Employee contributions to the UCHealth 403(b) Plan for 2026 and 2025 were $59,157 and $23,243, respectively.

Note 14 - Retirement Plans (Continued)

Other Postemployment Benefit Plan

In addition to the retirement plans mentioned above, UCHA provides a postretirement medical premium subsidy to employees retiring from UCHA who are covered under the PERA benefit guarantee provision of the State of Colorado legislation creating UCHA. This plan provides a medical premium subsidy of up to $0.112 per month for medical plan coverage (prorated for less than 20 years of service) and an employer-funded life insurance benefit of $3. The employer-funded life insurance benefit is provided to all employees who retired from UCHA on or before July 1, 2015. The accumulated postretirement benefit obligation and actuarial accrued liability, which is unfunded, for the medical and life premiums were $1,168 and $1,198 at June 30, 2026 and 2025, respectively. Total benefit costs related to this plan were immaterial for the years ended June 30, 2026 and 2025. In the calculation of the liability, an assumption that 65 percent of eligible active employees would elect to be covered by the medical premium subsidy plan was used.

Note 15 - Significant Transactions between Component Units

UCHealth entities pool their respective revenue and expenses for a single bottom line. The Board approves the operating and capital budgets of each entity throughout the Health System. Entity-specific boards remain to oversee medical staff and credentialing, quality, joint commission, and oversight of other day-to-day operating activities.

The Health System's statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows include transactions between the Health System and its component units.

Total current assets of UCHA include a receivable from affiliates that is composed of amounts due for the bond proceeds of $41,020 and $40,295 at June 30, 2026 and 2025, respectively; $6,793 and $6,039 related to interest due on intercompany bonds from MHS, PVHS, and other entities at June 30, 2026 and 2025, respectively; and $1,097,770 and $1,076,860 at June 30, 2026 and 2025, respectively, related to transactions between UCHA, the Health System, and other component units. Total current assets of PVHS include $786,329 and $772,646 at June 30, 2026 and 2025, respectively, related to transactions between PVHS, the Health System, and other component units. Total current assets of MHS include $149,567 and $132,193 at June 30, 2026 and 2025, respectively, related to transactions with PVHS, the Health System, and other component units.

Total noncurrent assets of UCHA include a receivable from MHS that is composed of amounts due for the bond proceeds related to the acquisition of MHS and bonds issued for the acquisition of capital assets of $151,146 and $192,284 at June 30, 2026 and 2025, respectively. Total noncurrent assets of UCHA include a receivable from PVHS related to bond proceeds for the refinancing of PVHS Revenue Bonds and bonds issued for the acquisition of capital assets of $334,010 and $334,085 at June 30, 2026 and 2025, respectively. Total noncurrent assets of UCHA include a receivable from other entities related to bonds issued for the acquisition of capital assets of $305,486 and $308,803 at June 30, 2026 and 2025, respectively.

Note 15 - Significant Transactions between Component Units (Continued)

Total current liabilities of MHS at June 30, 2026 and 2025 include $41,020 and $40,295, respectively, due to UCHA for bond proceeds and $699 and $779, respectively, related to accrued interest on bond proceeds. Total current liabilities of PVHS at June 30, 2026 and 2025 include a payable to affiliates of $5,165 and $4,352, respectively, related to accrued interest on bond proceeds. Total current liabilities of other entities at June 30, 2026 and 2025 include a payable to affiliates of $929 and $908, respectively, related to accrued interest on bond proceeds. Other entities have a payable to affiliates that is composed of amounts due to component units of $2,046,028 and $1,950,778 related to transactions between other entities, the Health System, and other component units at June 30, 2026 and 2025, respectively. The Health System has a payable to affiliates that is composed of amounts due to component units of $12,363 and $30,921 related to transactions between the Health System and UCHA, PVHS, MHS, and other entities at June 30, 2026 and 2025, respectively.

Total noncurrent liabilities of MHS at June 30, 2026 and 2025 include a payable to affiliates of $151,146 and $192,284, respectively, which is composed of amounts due for the Series 2012A proceeds related to the acquisition of MHS and bonds issued for the acquisition of capital assets. Total noncurrent liabilities of PVHS at June 30, 2026 and 2025 include a payable to affiliates of $334,010 and $334,085, respectively, which is composed of amounts due to UCHA for the refinancing of PVHS Revenue Bonds and bonds issued for the acquisition of capital assets. Total noncurrent liabilities of other entities at June 30, 2026 and 2025 include a payable to affiliates of $305,486 and $308,803, respectively, which is composed of amounts due to UCHA for bonds issued for the acquisition of capital assets.

The Health System and its component units effectively pool their investments within the Health System's pooled investment account structure, with each component unit of the Health System reflecting its respective portion of cash and investments on their respective statement of net position at June 30, 2026 and 2025. PVHS' portion of pooled cash at June 30, 2026 and 2025 was $78,344 and $61,432, respectively. PVHS' portion of pooled investments at June 30, 2026 and 2025 was $3,403,271 and $2,958,221, respectively. UCHA's portion of pooled cash at June 30, 2026 and 2025 was $111,255 and $86,556, respectively. UCHA's portion of pooled investments at June 30, 2026 and 2025 was $4,832,924 and $4,168,059, respectively. MHS' portion of pooled cash at June 30, 2026 and 2025 was $4,081 and $3,190, respectively. MHS' portion of pooled investments at June 30, 2026 and 2025 was $177,270 and $153,589, respectively. Other entities' portion of pooled cash at June 30, 2026 and 2025 was $2,601 and $1,945, respectively. Other entities' portion of pooled investments at June 30, 2026 and 2025 was $112,982 and $93,679, respectively.

Note 16 - Related Party Transactions

UCHA is affiliated with the State of Colorado; TriWest; University of Colorado Medicine (CU Medicine); Colorado Access; and the University, consisting of UCD, the Trust, and the Adult Clinical Research Center (CRC).

UCD

UCD and UCHA have developed an institutional master plan (the "Master Plan") to create a new academic health sciences center over the next 20 to 50 years on the Anschutz Medical Campus. The Master Plan has been approved by the Regents, UCHA, and the Colorado Commission on Higher Education. The Regents and UCHA entered into a ground lease in 1998 for approximately 18.4 acres of the property acquired by the Regents pursuant to the quitclaim conveyance from the United States Department of Education. Subsequent agreements have been executed between these parties to provide additional land to UCHA, which has been used to continue development of the Anschutz Medical Campus. As a result, UCHA has expanded its facilities with an office tower, parking garage, inpatient towers, and additional staff and patient parking structures.

Note 16 - Related Party Transactions (Continued)

Consistent with the joint planning process reflected in the Master Plan, the Regents and UCHA have agreed in the Fitzsimons ground lease that additional agreements will be necessary for development of the Anschutz Medical Campus. The Regents, Children's Hospital Colorado, and UCHA entered into the Amended and Restated Infrastructure Development and Maintenance Agreement effective July 1, 2004, which sets forth how the three parties will plan and construct infrastructure, share the cost of such planning and construction, and share in the related maintenance expenses of the infrastructure.

Under the operating agreement between the Regents of the University and UCHA dated July 1, 1991, the Regents have entered into contracts with UCHA for the provision of services in support of programs and operations of UCHA, including providing personnel, physical plant maintenance, and other general and administrative services. UCHA paid $82,224 and $76,838 for these services, which is recorded in purchased services and other expenses in 2026 and 2025, respectively.

UCHA has also entered into contracts with the Regents for the provision of services to UCD, including clinic services, research projects, infrastructure expense, and other items. Reimbursements for these services of $1,480 and $1,293 were recognized in other operating revenue during 2026 and 2025, respectively.

UCHA leases certain employees to CRC at full cost and also provides overhead and ancillary services to CRC. Charges of $1,153 and $1,441 were billed to CRC for the cost of these services during 2026 and 2025, respectively, and were recognized in other operating revenue. Amounts due from CRC were $1,024 and $821 at June 30, 2026 and 2025, respectively, and are included in other receivables on the statement of net position. UCHA recorded amounts due to UCD of $1,810 and $2,246 at June 30, 2026 and 2025, respectively, for contract labor costs and School of Pharmacy support expenses.

Effective July 1, 2014, UCHealth entered into a five-year academic support agreement with the University of Colorado School of Medicine, which was subsequently amended to extend it with rolling three-year terms requiring written notice of nonrenewal no later than June 30 of each year if UCHealth is not going to renew 24 months from the date of the notice. The academic support donation for the year ended June 30, 2026 is estimated at $42,461. The amount paid for the academic support donation for the year ended June 30, 2025 was $29,225. In November 2018, the Regents and UCHealth entered into a second amendment to the multiyear academic support agreement, which provides an additional, nonterminable (absent mutual consent) academic missions support donation to the University of Colorado Foundation for the benefit of the School of Medicine for $85,000, as expenses are actually incurred in future years, plus additional amounts based on a formula set forth in the second amendment. Total payments to the University of Colorado Foundation for the benefit of the School of Medicine were $31,528 and $30,611 for the years ended June 30, 2026 and 2025, respectively.

TriWest

UCHA has a minority interest in TriWest, which was formed to deliver health care services to eligible beneficiaries of TriCare within certain specified geographic regions. UCHA carries its investment in TriWest as a cost basis investment, which is valued at $8,413 as of June 30, 2026 and 2025.

CU Medicine

During the years ended June 30, 2026 and 2025, UCHealth recognized $331,263 and $306,287, respectively, in contract expense to CU Medicine for contractual reimbursement of faculty administrative services and recruitment support, reimbursements for hospital programs for services provided by CU Medicine on behalf of UCHealth (e.g., on-call services, joint networking, administrative and other miscellaneous programs), and reimbursements channeled through UCHA by external entities for services provided by CU Medicine on behalf of those external entities (e.g., Ryan White program). This expense is included in purchased services and other expenses in the statement of revenue, expenses, and changes in net position.

Note 16 - Related Party Transactions (Continued)

UCHealth recorded net payables to CU Medicine of $56,043 and $25,959 at June 30, 2026 and 2025, respectively, for various contract labor and provider support expenses and TriWest pass-through balances. UCHealth has also entered into various long-term lease financing agreements, leased employee agreements, and other services agreements with CU Medicine. UCHealth recorded net receivables from CU Medicine of $11,562 and $9,463 at June 30, 2026 and 2025, respectively, related to these agreements.

UCHA participates in a joint operating agreement with CU Medicine to operate an imaging center located in Denver, Colorado. The imaging center provides 3T MRI imaging services to UCHA's patients and is operated on the terms set forth in the agreement. Capital contributions and division of revenue and expenses are split between the two organizations, as defined within the agreement.

Children's Hospital Colorado

In July 2010, UCHA began a joint maternal fetal program in conjunction with Children's Hospital Colorado (CHCO) to establish a center for advanced maternal fetal medicine offering state-of-the-art care for high-risk pregnant women and their babies. The program is defined in an operating agreement that details the cost and revenue sharing between the two hospitals. UCHA has recorded a related party payable to CHCO at June 30, 2026 and 2025 of $36,552 and $34,158, respectively, included in accounts payable and accrued expenses in the statement of net position.

Effective October 1, 2012, a sublease was executed with CHCO to operate the pediatric units located at MHS and was valued at 15 percent of the organization. CHCO paid the corresponding amount of the upfront payment and continues to pay its percentage of the ongoing lease payments to the City. On June 4, 2015, MHS became the licensed operator of the pediatric services, certain provisions of the sublease were temporarily suspended, and MHS and CHCO entered into a pediatric management services agreement and employee lease arrangement, which was subsequently amended and extended. Applicable terms of the sublease were reinstated in fiscal year 2019. Included in other receivables is $671 and $657 at June 30, 2026 and 2025, respectively, for the current portion of the sublease receivable from CHCO and related accrued interest. Included in other noncurrent assets is $12,190 and $12,650 at June 30, 2026 and 2025, respectively, for the long-term portion of the sublease receivable from CHCO. Included in other current liabilities at June 30, 2026 and 2025 is $697 and $944, respectively, due to CHCO for contract labor costs for the work of CHCO employees in MHS units. MHS also provides services for CHCO patients, MHS employees periodically perform contract labor work on the pediatric units on behalf of CHCO, and MHS purchases certain supplies for the pediatric units on behalf of CHCO. MHS has a receivable from CHCO of $1,644 and $1,957 at June 30, 2026 and 2025, respectively.

Other Related Parties

UCHA and two other entities participate as members in Colorado Access, a Colorado not-for-profit corporation that owns and operates a statewide health maintenance organization that serves Medicaid patients. There are no earnings distribution agreements between Colorado Access and UCHA. Requests for financial information for Colorado Access should be addressed to Colorado Access, President and CEO, 11100 East Bethany Drive, Aurora, CO 80014.

Note 17 - Commitments and Contingencies

A substantial portion of the Health System's revenue is received under contractual arrangements with Medicare, Medicaid, and the military and other governmental programs. Payments from these payors are based on a combination of prospectively determined rates and retrospectively settled cost reimbursement. Final settlement of the amounts due to the Health System or payable to the payors is subject to the laws and regulations governing these programs and postpayment audits that may result in further adjustments by the payors. Additionally, these payments are subject to other routine postpayment reviews, audits, and investigations that may result in refunds, repayments, or other financial settlements. Specific accruals related to such contractual arrangements are included in the basic financial statements.

UCHealth is involved in various legal actions occurring in the normal course of activities. While the final outcomes cannot be determined at this time, management is of the opinion that the resolution of these legal actions will not have a material effect on the financial position of UCHealth.

UCHealth has entered into contracts for significant new construction and expansion projects it is currently undertaking. At June 30, 2026, UCHealth has committed contract expenditures for these significant projects of $102,618.

Note 18 - Deferred Outflows and Inflows of Resources

As of June 30, 2026 and 2025, the components of deferred outflows and inflows of resources are as follows:

	2026		2025	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Deferred amortization on refundings	$ 9,483	$ 3,247	$ 10,433	$ 5,169
Deferred amortization related to pension plan	46,882	256,027	30,096	65,599
Deferred amortization on public-private partnership	48,867	-	49,707	-
Deferred amortization on acquisitions	46,300	-	40,924	-
Deferred inflows on leases	-	44,925	-	53,404
Total	$ 151,532	$ 304,199	$ 131,160	$ 124,172

Required Supplementary Information

Required Supplementary Information
Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

Years Ended June 30
(Dollars in Thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability										
Service cost	$ 116,173	$ 120,786	$ 128,739	$ 114,551	$ 100,439	$ 92,812	$ 86,205	$ 82,862	$ 84,811	$ 63,156
Interest	155,270	140,771	127,815	112,454	99,075	86,477	77,822	63,593	56,967	50,527
Plan changes	-	-	-	-	-	-	-	(38,743)	-	-
Difference in expected and actual experience	53,257	1,549	30,670	30,223	9,269	12,337	7,101	42,206	7,291	2,020
Changes in assumptions	(1,194)	-	-	6,444	30,617	25,260	(8,153)	(1,159)	(8,788)	-
Benefit payments	(63,116)	(76,300)	(51,723)	(48,943)	(46,954)	(39,075)	(32,729)	(42,823)	(20,914)	(19,464)
Net Change	260,390	186,806	235,501	214,729	192,446	177,811	130,246	105,936	119,367	96,239
Total Pension Liability - Beginning	2,188,611	2,001,805	1,766,304	1,551,575	1,359,129	1,181,318	1,051,072	945,136	825,769	729,530
Total Pension Liability - Ending	**$ 2,449,001**	**$ 2,188,611**	**$ 2,001,805**	**$ 1,766,304**	**$ 1,551,575**	**$ 1,359,129**	**$ 1,181,318**	**$ 1,051,072**	**$ 945,136**	**$ 825,769**
Plan Fiduciary Net Position - Ending										
Contributions - Employer	$ 143,708	$ 150,854	$ 163,333	$ 145,200	$ 122,900	$ 113,027	$ 101,800	$ 91,812	$ 79,213	$ 74,356
Net investment income (loss)	370,533	200,592	174,394	117,645	(110,006)	310,588	39,464	40,057	56,395	78,610
Benefit payments	(63,116)	(76,300)	(51,723)	(48,943)	(46,954)	(39,075)	(32,729)	(42,823)	(20,914)	(19,464)
Administrative expenses	(5,711)	(7,053)	(5,375)	(4,676)	(4,643)	(3,873)	(3,025)	(4,175)	(2,251)	(1,746)
Net Change in Plan Fiduciary Net Position	445,414	268,093	280,629	209,226	(38,703)	380,667	105,510	84,871	112,443	131,756
Plan Fiduciary Net Position - Beginning	2,112,838	1,844,745	1,564,116	1,354,890	1,393,593	1,012,926	907,416	822,545	710,102	578,346
Plan Fiduciary Net Position - Ending	**$ 2,558,252**	**$ 2,112,838**	**$ 1,844,745**	**$ 1,564,116**	**$ 1,354,890**	**$ 1,393,593**	**$ 1,012,926**	**$ 907,416**	**$ 822,545**	**$ 710,102**
UCHealth's Net Pension (Asset) Liability - Ending	**$ (109,251)**	**$ 75,773**	**$ 157,060**	**$ 202,188**	**$ 196,685**	**$ (34,464)**	**$ 168,392**	**$ 143,656**	**$ 122,591**	**$ 115,667**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	104.46 %	96.50 %	92.20 %	88.60 %	87.30 %	102.50 %	85.70 %	86.30 %	87.00 %	86.00 %
Covered Payroll	$ 2,347,210	$ 2,449,711	$ 2,577,430	$ 2,273,099	$ 1,902,882	$ 1,770,242	$ 1,674,977	$ 1,476,241	$ 1,193,744	$ 1,059,420
UCHealth's Net Pension (Asset) Liability as a Percentage of Covered Payroll	(4.65)%	3.10 %	6.10 %	8.90 %	10.30 %	(1.90)%	10.10 %	9.70 %	10.30 %	10.90 %

See notes to schedule of changes in the net pension liability (asset) and related ratios.

Notes to Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios

June 30, 2026
(Dollars in Thousands)

Changes of Assumptions

Based on the results of an experience study, retirement and termination rates, salary increase rates, and the assumption regarding election of form of payment upon retirement were updated in 2019. These changes increased the present value of projected benefits by $741.

The assumed rates of mortality were updated in 2018 and 2019 by incorporating the RP-2014 Mortality Table, updated MP mortality improvement scale. This change decreased the present value of projected benefits by $1,900 and $8,788 in 2019 and 2018, respectively.

The assumed rates of mortality were updated in 2020 by incorporating the Pri-2012 Mortality Tables with base year 2012 using the base mortality improvement scale MP-2019 with generational projections using a 0.75 percent long-term rate of improvement. This change decreased the present value of projected benefits by $8,153 in 2020.

The discount rate was reduced from 7.0 percent to 6.75 percent in 2021. The projected salary increases were changed to a range of 3.05 percent to 7.25 percent in 2021. The cost of living adjustment rate was reduced to 2.25 percent in 2021. These changes increased the present value of projected benefits by $25,260 in 2021.

Based on the results of an experience study, retirement and termination rates, salary increase rates, and the assumption regarding election of form of payment upon retirement were updated in 2023. These changes increased the present value of projected benefits by $6,444.

Required Supplementary Information
Schedule of Contributions

Last Ten Fiscal Years
Years Ended June 30
(Dollars in Thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 143,708	$ 150,854	$ 163,333	$ 145,195	$ 119,905	$ 113,027	$ 101,598	$ 91,812	$ 79,213	$ 74,356
Contributions in relation to the actuarially determined contribution	143,708	150,854	163,333	145,200	122,900	113,027	101,800	91,812	79,213	74,356
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ 5**	**$ 2,995**	**$ -**	**$ 202**	**$ -**	**$ -**	**$ -**
Covered Payroll	$ 2,347,210	$ 2,449,711	$ 2,577,430	$ 2,273,099	$ 1,902,882	$ 1,770,242	$ 1,674,977	$ 1,476,241	$ 1,193,744	$ 1,059,420
Contributions as a Percentage of Covered Payroll	6.12 %	6.16 %	6.34 %	6.39 %	6.46 %	6.38 %	6.08 %	6.22 %	6.64 %	7.02 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal, level percent of pay
Amortization method	Straight line
Asset valuation method	Fair value
Projected salary increases	In the 2022 through 2025 valuations, 3.25 percent to 8.75 percent, with a one-time load for FY 2023 of (2.10) percent. In the 2021 and 2020 valuations, 3.05 percent to 7.25 percent, with one-time loads for FY 2022 and 2023 of 4.44 percent and (2.10) percent, respectively. In the 2019 and prior valuations, 3.3 percent to 7.5 percent
Investment rate of return	In the 2020 and later valuations, 6.75 percent, includes inflation at 2.25 percent. In the 2019 and prior valuations, 7.0 percent, includes inflation at 2.5 percent
Mortality	In the 2019 and later valuations, mortality rates are based on the Pri-2012 Mortality Table adjusted for the MP-2019 mortality improvement scale. In the 2018 actuarial valuation, mortality rates are based on the RP-2014 Mortality Table adjusted for the MP-2018 mortality improvement scale. In the 2017 actuarial valuation, mortality rates were based on the RP-2014 Mortality Table adjusted for the MP-2017 mortality improvement scale. In the 2016 and 2015 actuarial valuation, mortality rates were based on the RP-2014 Mortality Table. In prior years, those assumptions were based on the RP-2000 Mortality Table.
Cost of living adjustments	In the 2020 and later valuations, 2.25 percent. In the 2019 and prior valuations, 2.5 percent

See notes to schedule of changes in the net pension liability (asset) and related ratios.

Required Supplementary Information
Schedule of Pension Plan Investment Returns

Last Ten Fiscal Years
Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return - Net of investment expense	16.70 %	11.10 %	10.50 %	8.70 %	(8.30)%	28.50 %	4.70 %	5.10 %	7.80 %	13.10 %

See notes to schedule of changes in the net pension liability (asset) and related ratios.

Plante & Moran, PLLC
Suite 600
8181 E. Tufts Avenue
Denver, CO 80237
Tel: 303.740.9400
Fax: 303.740.9009
plantemoran.com

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*

Independent Auditor's Report

To Management and the Board of Directors
University of Colorado Health

We have audited, in accordance with 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 business-type activities and fiduciary activities of University of Colorado Health (UCHealth) as of and for the year ended June 30, 2026 and the related notes to the basic financial statements, which collectively comprise UCHealth's basic financial statements, and have issued our report thereon dated September 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UCHealth'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 UCHealth's internal control. Accordingly, we do not express an opinion on the effectiveness of UCHealth'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 UCHealth'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether UCHealth'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*.

PRAXITY™
Empowering Business Globally

To Management and the Board of Directors
University of Colorado Health

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

Plante & Moran, PLLC

September 22, 2026