University of Colorado Hospital Authority

Financial Report

June 30, 2026

University of Colorado Hospital Authority

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Independent Auditor's Report

To the Board of Directors
University of Colorado Hospital Authority

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the University of Colorado Hospital Authority (UCHA), a component unit of University of Colorado Health, as of and for the years ended June 30, 2026 and 2025 and the related notes to the basic financial statements, which collectively comprise UCHA'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 UCHA 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 UCHA 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, UCHA 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 UCHA'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.

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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 UCHA'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 UCHA'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 Hospital Authority

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 UCHA'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 UCHA'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 UCHA's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 22, 2026

Management's Discussion and Analysis

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

Effective July 1, 2012, University of Colorado Health (UCHealth or the "Health System") was created through a joint operating agreement with Poudre Valley Health Care Inc. (PVHS) and 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.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to UCHA's basic financial statements, which consist of the enterprise fund, including the University of Colorado Hospital Foundation (the "Foundation," a blended component unit); 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.

UCHA has two types of funds: an enterprise fund, which accounts for all transactions related to UCHA's and the Foundation's business, and a fiduciary fund for UCHA's employee pension plan trust.

The statement of net position; statement of revenue, expenses, and changes in net position; and statement of 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 UCHA's financial health. The statement of net position includes all of UCHA'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.

UCHA 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 for 2024. The adoption of Statement No. 104 resulted in relatively insignificant changes to the capital assets note 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	$ 2,139,575	$ 2,011,614	$ 1,887,569
Capital assets - Net	1,239,260	1,246,381	1,264,028
Other noncurrent assets	5,464,321	4,819,579	4,187,221
Total assets	8,843,156	8,077,574	7,338,818
Deferred Outflows of Resources	22,306	18,925	30,381
Total assets and deferred outflows	8,865,462	8,096,499	7,369,199
Liabilities			
Current liabilities	922,999	731,409	702,258
Long-term liabilities	824,792	1,141,429	1,048,643
Total liabilities	1,747,791	1,872,838	1,750,901
Deferred Inflows of Resources	75,245	25,973	18,819
Total liabilities and deferred inflows	1,823,036	1,898,811	1,769,720
Net Position			
Invested in capital assets - Net of related debt	708,393	715,229	888,279
Restricted	44,031	39,813	32,686
Unrestricted	6,290,002	5,442,646	4,678,514
Total net position	**$ 7,042,426**	**$ 6,197,688**	**$ 5,599,479**

UCHA classifies net position as invested in capital assets, net of related debt; restricted; and unrestricted. At June 30, 2026, UCHA's total net position was $7,042,426, which is an increase of $844,738, or 13.6 percent, from June 30, 2025. At June 30, 2025, UCHA's total net position was $6,197,688, which is an increase of $598,209, or 10.7 percent, from June 30, 2024. Net position invested in capital assets, net of related debt, decreased during the fiscal years ended June 30, 2026 and 2025 due to UCHA's capital spend being outpaced by the pay down of related debt obligations. The unrestricted net position increase in both fiscal years was also driven primarily by investment and operating income.

At June 30, 2026, UCHA's cash and investment position, including assets designated for long-term purposes, was $5,003,179, which is an increase of $702,288, or 16.3 percent, from June 30, 2025. At June 30, 2025, UCHA's cash and investment position, including assets designated for long-term purposes, was $4,300,891, which is an increase of $600,635, or 16.2 percent, from June 30, 2024. Similar to the increases in unrestricted net position discussed above, in both fiscal years, the increases in UCHA'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	$ 3,907,119	$ 3,285,847	$ 3,092,373
Other operating revenue	33,923	31,665	33,218
Total operating revenue	3,941,042	3,317,512	3,125,591
Operating Expenses			
Wages, contract labor, and benefits	1,171,655	1,075,717	1,001,114
Supplies	1,351,194	1,064,851	943,684
Purchased services and other expenses	920,998	810,959	735,019
Depreciation and amortization	166,367	154,282	150,823
Total operating expenses	3,610,214	3,105,809	2,830,640
Operating Income	330,828	211,703	294,951
Noncapital Subsidies	(50,971)	(28,288)	-
Operating Income and Noncapital Subsidies	279,857	183,415	294,951
Other Nonoperating Revenue (Expense)			
Investment income	586,454	442,139	433,763
Other - Net	(21,573)	(27,345)	(49,901)
Total other nonoperating revenue	564,881	414,794	383,862
Income before Contributions Restricted	844,738	598,209	678,813
Contributions Restricted - Other	-	-	10,074
Increase in Net Position	844,738	598,209	688,887
Net Position - Beginning of year	6,197,688	5,599,479	4,910,592
Net Position - End of year	**$ 7,042,426**	**$ 6,197,688**	**$ 5,599,479**

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

Total operating revenue in 2026 was $3,941,042, which is primarily composed of net patient service revenue. Net patient service revenue of $3,907,119 increased from 2025 by $621,272, or 18.9 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 UCHA, excluding the Center for Dependency, Addiction, and Rehabilitation (CeDAR) and normal newborn activity. Admissions totaled 41,865, which was a 7.95 percent increase over 2025. Patient days totaled 257,455, a 3.6 percent increase over the prior year. Outpatient volumes, measured by clinic, procedural, and ancillary visits, were 2,274,605 in 2026, which was a 5.6 percent increase over 2025.

UCHA 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 $93,090 in 2026, an increase of $8,345, or 9.8 percent, from 2025. The increase is due to the growth of the Hospital Discounted Care program required in the state of Colorado.

UCHA 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, UCHA was charged $115,942 in hospital provider fees, a decrease of $13,895, or 10.7 percent, from 2025 and received $215,278 in disproportionate share (DSH) and Medicaid supplemental revenue as compensation for indigent and uninsured care services, an increase of $17,469, or 8.8 percent, over 2025. Annual changes in hospital provider fees and related DSH and Medicaid supplemental revenue are driven primarily by state-established assessment formulas, Medicaid utilization, federal matching funds, and program funding levels. Although UCHA'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 UCHA. 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.

UCHA provides programs, including those listed above, for uninsured and underinsured patients. The total benefit to UCHA's uninsured and underinsured patients for these programs was $312,280 in 2026, which is an increase of $67,286, or 27.5 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 $3,610,214 in 2026. This was an increase of $504,405, or 16.2 percent, compared to 2025. Wages, contract labor, and benefits expense of $1,171,655 was an increase of $95,938, or 8.9 percent, over the 2025 expense. This includes an 8.1 percent increase in salaries, a 17.4 percent increase in contract labor, and an 11.1 percent increase in benefits. Medical and nonmedical supplies expense of $1,351,194 increased by $286,343, or 26.9 percent, in 2026. Purchased services and other expenses of $920,998 increased over 2025 by $110,039, or 13.6 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.

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 UCHA's basic financial statements. Operating income would be $303,554 in 2026, compared to $184,851 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 $50,971 were an increase of $22,683 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's 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 UCHA's equity, fixed income, and cash investments was $586,454 in 2026, compared to $442,139 in 2025.

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

Total operating revenue in 2025 was $3,317,512, which is primarily composed of net patient service revenue. Net patient service revenue of $3,285,847 increased from 2024 by $193,474, or 6.3 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 2024. Volumes include inpatient units at UCHA, excluding CeDAR and normal newborn activity. Admissions totaled 38,789, which was a 5.4 percent increase over 2024. Patient days totaled 248,555, a 3.3 percent increase over the prior year. Outpatient volumes, measured by clinic, procedural, and ancillary care visits, were 2,154,215 in 2025, which was a 4.9 percent increase over 2024. This figure includes activity at the hospital locations, various outpatient clinics, and activity performed by the UCHA Medical Group.

Based on 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 $84,745 in 2025, a decrease of $4,969, or 5.5 percent, from 2024.

For the year ended June 30, 2025, UCHA was charged $129,837 in hospital provider fees, an increase of $10,473, or 8.8 percent, over 2024 and received $197,809 in disproportionate share and Medicaid supplemental revenue as compensation for indigent and uninsured care services, an increase of $4,366, or 2.3 percent, over 2024. Annual changes in hospital provider fees and related DSH and Medicaid supplemental revenue are driven primarily by state-established assessment formulas, Medicaid utilization, federal matching funds, and program funding levels. Although UCHA'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 UCHA.

UCHA provides programs, including those listed above, for uninsured and underinsured patients. The total benefit to UCHA’s uninsured and underinsured patients was $244,994 in 2025, which is an increase of $17,240, or 7.6 percent, from 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 $3,105,809 in 2025. This was an increase of $275,169, or 9.7 percent, compared to 2024. Wages, contract labor, and benefits expense of $1,075,717 was an increase of $74,603, or 7.5 percent, over the 2024 expense. This includes an 8.0 percent increase in salaries, a 7.1 percent increase in contract labor, and a 5.5 percent increase in benefits. Medical and nonmedical supplies expense of $1,064,851 increased by $121,167, or 12.8 percent, in 2025. Purchased services and other expenses of $810,959 increased over 2024 by $75,940, or 10.3 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 $184,851 in 2025 and $267,251 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 $28,288 were a decrease of $8 from the same costs in 2024, which were presented in other - net in 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 more than in the prior year. Nonoperating income from UCHA's equity, fixed income, and cash investments was $442,139 in 2025, compared to $433,763 in 2024.

Significant Capital Asset and Long-term Financing Activity

At June 30, 2026, 2025, and 2024, UCHA had $1,239,260, $1,246,381, and $1,264,028, respectively, invested in capital assets, including lease and SBITA right-to-use assets and net of accumulated depreciation and amortization, as detailed in Note 7 to the financial statements. Ongoing capital requirements are funded from a combination of operating cash, debt proceeds, and contributions. In 2026, UCHA acquired new capital assets of approximately $109 million, including approximately $8.6 million of leased assets and $1.3 million of SBITA assets; in 2025, UCHA acquired new capital assets of approximately $107 million, including approximately $8.0 million of leased assets.

At June 30, 2026, 2025, and 2024, UCHA had $1,346,203, $1,392,798, and $1,278,520, respectively, of long-term debt, including lease and SBITA obligations, as detailed in Note 9 to the financial statements. During 2026, UCHA 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, UCHA also issued Series 2025A, 2024A, and 2024B bonds to refinance prior bond issuances and to fund capital projects.

UCHA utilizes interest rate swaps to manage interest rate risk exposure on certain bond series. UCHA is party to two swap agreements to hedge underlying floating-rate debt tied to the Series 2012B, 2012C, 2017A, and 2017B-1 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 UCHA in the upcoming year is anticipated to generally exceed 2026 volumes. UCHA expects to maintain a stable payor mix. UCHA expects to remain in network with all major payors in 2027. UCHA 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 UCHA’s financial results for all those with an interest in UCHA’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the UCHA Chief Financial Officer, Mail Stop F-417, P.O. Box 6510, Aurora, CO 80045.

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

University of Colorado Hospital Authority

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	$ 111,349	$ 86,620
Patient accounts receivable - Less allowances for uncollectible accounts of $346,283 and $344,053 in 2026 and 2025, respectively	360,923	338,449
Inventories	60,065	56,772
Other receivables	91,147	52,544
Investments designated for liquidity support	291,245	291,245
Prepaid expenses	79,263	62,790
Receivables from related parties and affiliates	1,145,583	1,123,194
Total current assets	2,139,575	2,011,614
Investments		
Restricted investments and donor pledges	57,761	50,058
Assets designated for long-term purposes	1,783,723	1,920,333
Long-term investments	2,816,862	2,002,693
Other investments	8,413	8,413
Capital Assets - Net	1,239,260	1,246,381
Long-term Receivables from Affiliates	790,642	835,173
Other Assets	6,920	2,909
Total assets	8,843,156	8,077,574
Deferred Outflows of Resources	22,306	18,925
Total assets and deferred outflows of resources	**$ 8,865,462**	**$ 8,096,499**

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	$ 299,110	$ 257,167
Accounts payable - Construction	13,079	8,655
Current portion of long-term debt	245,694	47,450
Long-term debt subject to short-term remarketing arrangements	291,245	291,245
Estimated third-party payor settlements	30,983	87,690
Accrued liabilities and other:		
Accrued compensated absences	38,513	34,991
Accrued interest	4,375	4,211
Total current liabilities	922,999	731,409
Long-term Debt - Net of current portion	809,264	1,054,103
Net Pension Liability	9,768	72,020
Other Long-term Liabilities	5,760	15,306
Total liabilities	1,747,791	1,872,838
Deferred Inflows of Resources	75,245	25,973
Total liabilities and deferred inflows of resources	1,823,036	1,898,811
Net Position		
Invested in capital assets - Net of related debt	708,393	715,229
Restricted:		
Restricted by donors - Expendable	22,587	18,369
Permanent endowments - Nonexpendable	21,444	21,444
Unrestricted	6,290,002	5,442,646
Total net position	7,042,426	6,197,688
Total liabilities, deferred inflows of resources, and net position	**$ 8,865,462**	**$ 8,096,499**

See notes to financial statements.

University of Colorado Hospital Authority

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	$ 3,907,119	$ 3,285,847
Other operating revenue	33,923	31,665
Total operating revenue	3,941,042	3,317,512
Operating Expenses		
Wages, contract labor, and benefits	1,171,655	1,075,717
Supplies	1,351,194	1,064,851
Purchased services and other expenses	920,998	810,959
Depreciation and amortization	166,367	154,282
Total operating expenses	3,610,214	3,105,809
Operating Income	330,828	211,703
Noncapital Subsidies	(50,971)	(28,288)
Operating Income and Noncapital Subsidies	279,857	183,415
Other Nonoperating Revenue (Expense)		
Investment income	586,454	442,139
Gain on disposal of capital assets	239	483
Unrealized gain (loss) on derivative instruments	5,863	(4,043)
Interest expense	(27,274)	(26,852)
Other - Net	(401)	3,067
Total other nonoperating revenue	564,881	414,794
Change in Net Position	844,738	598,209
Net Position - Beginning of year	6,197,688	5,599,479
Net Position - End of year	**$ 7,042,426**	**$ 6,197,688**

See notes to financial statements.

University of Colorado Hospital Authority

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	$ 3,769,507	$ 3,275,135
Cash payments to suppliers for services and goods	(2,297,939)	(1,898,754)
Cash payments to employees/UCDHSC/other on behalf of employees	(1,146,498)	(1,055,379)
Cash payments to affiliates	(38,601)	(153,246)
Other receipts (payments)	15,153	(12,441)
Net cash and cash equivalents provided by operating activities	301,622	155,315
Cash Flows Used in Noncapital Financing Activities - Noncapital subsidies provided	(48,679)	(25,523)
Cash Flows from Capital and Related Financing Activities		
Distributions for intercompany bonds	43,806	43,139
Principal payments under lease and right-to-use obligations	(9,038)	(7,138)
Principal payments of long-term debt	(42,651)	(39,860)
Payments of interest on long-term debt	(32,862)	(28,320)
Capital expenditures	(94,989)	(99,201)
Receipt of contributions	1,634	3,694
Proceeds from long-term debt	-	169,317
Proceeds from sale of capital assets	613	576
Payment of debt issuance costs	-	(1,858)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(133,487)	40,349
Cash Flows from Investing Activities		
Investment income	317,611	231,285
Proceeds from sale and maturities of investments	3,812,072	3,953,503
Purchase of investments	(4,224,410)	(4,506,732)
Net cash and cash equivalents used in investing activities	(94,727)	(321,944)
Net Increase (Decrease) in Cash and Cash Equivalents	24,729	(151,803)
Cash and Cash Equivalents - Beginning of year	86,620	238,423
Cash and Cash Equivalents - End of year	**$ 111,349**	**$ 86,620**

See notes to financial statements.

Statement of Cash Flows (Continued)

Years Ended June 30, 2026 and 2025

(Dollars in Thousands)

	2026	2025
Reconciliation of operating income to net cash and cash equivalents from operating activities is as follows:		
Cash Flows from Operating Activities		
Operating income	$ 330,828	$ 211,703
Adjustments to reconcile operating income to net cash and cash equivalents from operating activities:		
Depreciation and amortization	166,367	154,282
Provision for bad debts	70,548	47,460
Changes in assets and liabilities:		
Patient accounts receivable	(93,022)	(66,584)
Estimated third-party payor settlements	(56,707)	17,915
Other receivables and receivables from related parties	(97,044)	(223,260)
Inventories	(3,293)	3,221
Net pension liability and pension-related deferred inflows and outflows of resources	(15,061)	(11,597)
Prepaid expenses and other assets	(20,484)	(4,154)
Accounts payable and accrued expenses	15,833	20,695
Accrued compensated absences and other long-term liabilities	3,657	5,634
Total adjustments	(29,206)	(56,388)
Net cash and cash equivalents provided by operating activities	**$ 301,622**	**$ 155,315**
Significant Noncash Transactions		
Donated pharmaceuticals	$ 14,420	$ 9,503
Noncash change in right-to-use assets	9,892	8,005
Construction in progress accrued	13,079	8,655
Unrealized gain on investments	268,843	199,834
Unrealized gain (loss) on derivative instruments	5,863	(4,043)
Noncash refunding of debt	-	212,890

See notes to financial statements.

University of Colorado Hospital Authority

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.

University of Colorado Hospital Authority

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

The University of Colorado Hospital Authority (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), and the Rocky Mountain Lions Eye Institute; outlying outpatient primary care and specialty clinics; and the University of Colorado Hospital Foundation (the "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's mission is to advance health care for its patients and their families through healing, discovery, and education.

Effective July 1, 2012, UCHA entered into a joint operating agreement with Poudre Valley Health Care Inc. (PVHS) and University of Colorado Health (UCHealth or the "Health System"), a newly formed nonprofit corporation (collectively, the "members"), resulting in a joint venture among the organizations. 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 UCHA will be combined with PVHS, 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. UCHA and PVHS are reported as component units of UCHealth in UCHealth's separately issued basic financial statements.

Subsequent to the formation of the joint venture, UCHealth formed UCH-MHS, a nonprofit corporation, for the purpose of acquiring the assets of Memorial Health System. Collectively, PVHS, UCH-MHS, and the Health System are referred to as affiliates of UCHA.

The Foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Foundation is considered a blended component unit of UCHA. The 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 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 Foundation can be used only by or for the benefit of UCHA and because the Foundation exists for the sole benefit of UCHA, the Foundation is considered a blended component unit of UCHA. All interentity transactions have been eliminated in the basic financial statements.

The accompanying basic financial statements reflect the operations and financial position of UCHA, its component unit, and its pension trust fiduciary fund. UCHA 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. Members of UCHA's board of directors (the "Board") are appointed by the Regents.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies (Continued)

The accounts of UCHA 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 comprise 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 UCHA'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 the employees of 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

UCHA'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 UCHA has both restricted and unrestricted resources available to finance a particular program, it is UCHA'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 - Summary of 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 UCHA'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 insurance agreements.

UCHA 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.

UCHA’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. UCHA 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 pharmaceuticals 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. Depreciation expense includes depreciation on assets held and used solely by UCHA in addition to allocated depreciation expense on assets held by the Health System. Capital assets are defined by UCHA as assets with an initial cost of $5 or more and an estimated useful life in excess of one year.

UCHA’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 - Summary of Significant Accounting Policies (Continued)

Leases and SBITAs

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

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

At the commencement of an agreement, UCHA 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.

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

UCHA 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.

Compensated Absences

UCHA 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 UCHA use paid time off (PTO) for vacation, holidays, personal short-term illness, family member illness, and personal absences. UCHA employees generally earn PTO based on length of service and actual hours worked. UCHA 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 4, 5, 6, and 9.

Note 2 - Summary of Significant Accounting Policies (Continued)

UCHA 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 UCHA'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

UCHA records pledges as restricted or unrestricted receivables based on the donors' specifications and UCHA's satisfaction of the donors' restrictions. The current balance of contributions receivable, all of which is unrestricted, is included in other receivables in the accompanying statement of net position. At June 30, 2026 and 2025, none of UCHA's pledge receivables were long term in nature. When long-term receivables are recorded, they are discounted to reflect the net present value of the pledge and amortized over the life of the pledge and included in restricted investments and donor pledges in the accompanying statement of net position.

Endowments

UCHA'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, UCHA 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 UCHA. UCHA 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 Foundation when determining the amounts to authorize and spend in an individual year. The amount of net appreciation on endowments that was available for expenditure at June 30, 2026 and 2025 was $4,580 and $3,496, respectively.

Revenue and Expenses

UCHA'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 UCHA 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 UCHA charging higher fees in the future. All revenue and expenses not meeting the definitions of nonoperating revenue and expenses, and all transactions associated with UCHA's principal ongoing operations, are reported as operating revenue and expenses.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Risk Management

UCHA 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. UCHA has obtained commercial insurance for certain types of losses and is self-insured for others, as discussed in Note 10.

Income Taxes

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. UCHA also has a determination letter from the IRS, which states that it is exempt under 501(a) as an organization described in Section 501(c)(3) of the Code. The tax liabilities and associated expense recognized for unrelated business income is insignificant to the basic financial statements.

Pension Trust

UCHA 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 financial reporting requirements for most governmental entities that provide their employees with pension benefits.

For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the 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. UCHA 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, $3,694 of restricted contributions was reclassified into other nonoperating revenue, and $28,288 of other nonoperating expenses was reclassified into noncapital subsidies provided. Additionally, $25,523 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 - Summary of 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. UCHA 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 UCHA's financial statements for the year ending June 30, 2027.

Note 3 - Net Patient Service Revenue

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

	2026	2025
Gross charges	$ 18,353,240	$ 16,088,569
Contractual allowance	(13,988,855)	(12,441,940)
Indigent/charity care	(658,244)	(534,193)
Provision for bad debt	(70,548)	(47,460)
Provider fee program	271,526	220,871
Total	$ 3,907,119	$ 3,285,847

UCHA 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 in 2026 and 2025 was $1,084,906 and $978,674, respectively.

Medicare

Inpatient acute-care services rendered 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. Outpatient services related to Medicare beneficiaries are paid based upon the Ambulatory Payment Classification system. UCHA is reimbursed for cost-reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by UCHA and audits thereof by the Medicare administrative contractor. UCHA’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 UCHA. UCHA's Medicare cost reports have been audited and settled by the Medicare Administrative Contractor (the “MAC”) through June 30, 2021.

Note 3 - Net Patient Service Revenue (Continued)

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. UCHA'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 UCHA.

Other Payors

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

Self-pay

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

Disproportionate Share Hospital 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, UCHA was charged $115,942 and $129,837, respectively, in hospital provider fees and received $215,278 and $197,809, respectively, in disproportionate share and Medicaid supplemental payments as compensation for indigent and underinsured care services provided.

Based on an analysis of the direct and indirect costs of the procedures performed, the cost of charity care services provided, including those provided under the State of Colorado's Hospital Discounted Care program, was $93,090 and $84,745 for the years ended June 30, 2026 and 2025, respectively.

Note 4 - Deposits and Investments

Colorado statutes require that UCHA use eligible public depositories for all cash deposits, as defined by the Public Deposit Protection Act (PDPA). Under the PDPA, the depository is required to pledge eligible collateral having a market value at all times equal to at least 102 percent of the aggregate public deposits held by the depository not insured by the Federal Deposit Insurance Corporation.

Eligible collateral, as defined by the PDPA, primarily includes obligations of, or guarantees by, the U.S. government, the State of Colorado, or any political subdivision thereof and obligations evidenced by notes secured by first lien mortgages or deeds of trust on real property.

At June 30, 2026 and 2025, UCHA's unrestricted cash deposits had a book balance of $111,349 and $86,620, respectively, and a bank balance of $180,870 and $130,746, respectively. UCHA's investments restricted by donors included cash deposits that had a book and bank balance of $57,761 and $50,058 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 covered by federal depository insurance up to the applicable maximum, as applicable. Effectively all of UCHA's bank balances exceed the federal depository insurance.

Note 4 - Deposits and Investments (Continued)

The members effectively pool their cash and investments within UCHealth's investment account structure to ease the cash and investment functions within the Health System. The balances below as of June 30, 2026 and 2025 reflect UCHA's share of the cash and investments held at the Health System level.

	2026		
	Deposits	Investments	Total
Enterprise fund:			
Cash and cash equivalents	$ 111,349	$ -	$ 111,349
Restricted by donor	-	57,761	57,761
Investments designated for liquidity support	-	291,245	291,245
Long-term investments	-	2,816,862	2,816,862
Assets designated for long-term purposes	-	1,783,723	1,783,723
Total	$ 111,349	$ 4,949,591	$ 5,060,940

	2025		
	Deposits	Investments	Total
Enterprise fund:			
Cash and cash equivalents	$ 86,620	$ -	$ 86,620
Restricted by donor	-	50,058	50,058
Investments designated for liquidity support	-	291,245	291,245
Long-term investments	-	2,002,693	2,002,693
Assets designated for long-term purposes	-	1,920,333	1,920,333
Total	$ 86,620	$ 4,264,329	$ 4,350,949

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

	2026	2025
Cash equivalents	$ 65,492	$ 76,234
U.S. Treasury bills	377,981	287,977
U.S. government agency, pool, and mortgage-backed securities	300,018	298,297
Asset-backed securities	373,016	315,853
Mutual bond funds	518,146	490,133
Treasury inflation-protected securities (TIPS)	191,158	183,378
Corporate bonds	431,263	422,403
Equity securities	2,534,694	2,100,037
Alternative investments	147,127	79,346
Interest and dividends receivable	239	579
Interest rate swaps	24,532	20,450
Miscellaneous investment payable	(14,075)	(10,358)
Total investments	$ 4,949,591	$ 4,264,329

Note 4 - Deposits and Investments (Continued)

The following is a summary of pension trust fund investments at fair value at 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 dividends payable	(413)	(25)
Miscellaneous investment payable	(3,269)	(1,920)
Total investments	$ 2,558,252	$ 2,112,838

Credit Risk

UCHA'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."

UCHA's enterprise and pension trust fund investments in U.S. agency, pool, and mortgage-backed securities are limited to investments rated AAA or AA. UCHA'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, UCHA'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	$ 300,018	AA+	$ 298,297	AA+
Asset-backed securities	373,016	AA+	315,853	AA+
Mutual bond funds	518,146	BBB+	490,133	AA+
TIPS	191,158	AA+	183,378	AA+
Corporate bonds	431,263	A-	422,403	A-

Note 4 - Deposits and Investments (Continued)

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 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	$ 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

UCHA'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.

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	$ 377,981	7.96	$ 287,977	8.62
U.S. government agency, pool, and mortgage-backed securities	300,018	5.73	298,297	6.02
Asset-backed securities	373,016	1.21	315,853	2.42
Mutual bond funds	518,146	4.17	490,133	4.22
TIPS	191,158	6.61	183,378	5.96
Corporate bonds	431,263	3.88	422,403	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

Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

UCHA'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 to 15 percent of the total fair value for the enterprise fund and 10 to 30 percent of the total fair value for the pension trust fund. All of UCHA's investments exposed to foreign currency risk are held in international equities and international mutual funds. UCHA'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
Argentine peso	$ -	$ 24	$ -	$ -
Australian dollar	16,266	12,070	9,915	8,919
Brazilian real	21,427	17,188	17,702	11,531
Canadian dollar	30,629	27,767	44,170	41,157
Chilean peso	159	332	409	675
Chinese offshore renminbi	(1,385)	(1,242)	(1,201)	(1,044)
Chinese renminbi	37,198	27,014	42,792	30,585
Columbian peso	558	413	578	148
Czech koruna	(990)	(499)	(804)	(338)
Danish krone	13,880	9,211	12,019	5,930
Egyptian pound	1,181	657	1,081	583
Euro	142,732	122,080	140,383	119,260
Hong Kong dollar	27,027	24,678	22,121	21,571
Hungarian forint	1,428	780	1,196	586
Iceland Krona	3	220	-	-
Indian rupee	8,447	11,169	9,697	11,750
Indonesian rupiah	1,049	2,967	171	2,023
Israel new shekel	2,735	4,190	1,866	3,144
Japanese yen	111,110	76,072	116,280	54,824
Korean won	45,731	28,518	50,006	25,827
Kuwaiti dinar	43	26	359	-
Malaysian ringgit	132	379	715	883
Mexican peso	3,997	5,480	2,784	1,978
Moroccan dirham	-	-	-	345
New Taiwan dollar	41,802	18,750	41,892	20,211
New Turkish lira	1,653	1,970	1,480	2,363
New Zealand dollar	289	254	282	190
Nigerian Naira	1,095	-	967	-
Norwegian krone	12,844	10,163	2,687	1,240
Pakistani rupee	-	-	77	148
Peru new sol	(79)	779	(1)	687
Philippines peso	102	1,037	307	1,075
Polish zloty	388	1,249	1,388	1,754
Qatari riyal	21	22	337	333
Romanian leu	4	-	-	-
Russian ruble	-	-	-	16
Saudi riyal	588	350	2,067	1,845
Singapore dollar	3,026	3,742	4,394	4,345
South African rand	3,785	3,916	4,215	3,194
Swedish krona	8,093	7,279	8,381	8,934
Swiss franc	29,414	22,848	28,502	19,431
Thailand baht	(255)	756	1,186	1,602
Ugandan shilling	282	-	249	-
United Arab Emirates dirham	977	336	1,296	994

Note 4 - Deposits and Investments (Continued)

	Enterprise Fund Fair Value		Pension Trust Fund Fair Value	
	2026	2025	2026	2025
United Kingdom pound sterling	$ 72,835	$ 58,723	$ 52,096	$ 42,879
Vietnamese dong	178	115	-	-
Total	$ 640,399	$ 501,783	$ 624,041	$ 451,578

UCHA'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. UCHA 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, UCHA'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 the 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 5 - Investments with Fair Values that are Highly Sensitive to Interest Rate Changes

UCHA uses interest rate swap agreements to manage interest costs and risks associated with changing interest rates. Interest rate swaps necessarily involve counterparty credit risk. UCHA 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. UCHA'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, UCHA was party to two swap agreements as follows:

- 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, UCHA 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. UCHA 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 UCHA 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.

Note 5 - Investments with Fair Values that are Highly Sensitive to Interest Rate Changes (Continued)

In 2026 and 2025, the swaps produced annual net cash inflows of $5,819 and $12,008, respectively. The other cash flows associated with the floating-to-fixed swaps are treated as interest expense. According to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, none of UCHA's swap agreements qualify as effective 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 investments on the statement of revenue, expenses, and changes in net position.

Note 6 - 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, UCHA 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 UCHA's own assumptions.

Note 6 - Fair Value Measurements (Continued)

As of June 30, 2026, the enterprise fund held the following financial instruments, 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	$ -	$ 377,981	$ -	$ 377,981
U.S. government agency, pool, and mortgage-backed securities	-	300,018	-	300,018
Asset-backed securities	-	370,283	2,733	373,016
Mutual bond funds	153,713	364,433	-	518,146
TIPS	102,496	88,662	-	191,158
Corporate bonds	-	431,263	-	431,263
Equity securities	1,221,541	1,313,088	65	2,534,694
Alternative investments	-	21,141	125,986	147,127
Interest rate swaps	-	24,532	-	24,532
Total investments by fair value level	$ 1,477,750	$ 3,291,401	$ 128,784	$ 4,897,935

As of June 30, 2025, the enterprise fund held the following financial instruments, by level, within the fair value hierarchy:

	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	$ -	$ 287,977	$ -	$ 287,977
U.S. government agency, pool, and mortgage-backed securities	-	298,297	-	298,297
Asset-backed securities	-	315,853	-	315,853
Mutual bond funds	146,178	343,955	-	490,133
TIPS	97,410	85,968	-	183,378
Corporate bonds	-	422,403	-	422,403
Equity securities	1,089,710	1,010,327	-	2,100,037
Alternative investments	-	20,056	59,290	79,346
Interest rate swaps	-	20,450	-	20,450
Total investments by fair value level	$ 1,333,298	$ 2,805,286	$ 59,290	$ 4,197,874
Liabilities - Interest rate swaps	$ -	$ 9,681	$ -	$ 9,681

Note 6 - Fair Value Measurements (Continued)

As of June 30, 2026, the pension trust fund held the following financial instruments, 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

As of June 30, 2025, the pension trust fund held the following financial instruments, by level, within the fair value hierarchy:

	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 investments	$ 642,134	$ 1,104,315	$ 337,303	$ 2,083,752

Note 6 - Fair Value Measurements (Continued)

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 as of June 30, 2026 and 2025, as disclosed in Note 4:

	2026	2025
Enterprise fund investments:		
Total investments by fair value level	$ 4,897,935	$ 4,197,874
Cash equivalents	65,492	76,234
Interest and dividends receivable	239	579
Miscellaneous investment payable	(14,075)	(10,358)
Total enterprise fund investments	$ 4,949,591	$ 4,264,329

	2026	2025
Pension trust fund statements:		
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 7 - Capital Assets

Capital assets consist of the following for the year ended June 30, 2026:

	Balance June 30, 2025	Additions	Transfers	Disposals	Balance June 30, 2026
Capital assets not being depreciated:					
Land	$ 3,155	$ -	$ -	$ -	$ 3,155
Construction in progress	124,043	69,127	(52,305)	-	140,865
Total capital assets not being depreciated	127,198	69,127	(52,305)	-	144,020
Capital assets being depreciated:					
Buildings and improvements	1,433,891	6	28,427	(6)	1,462,318
Fixed and movable equipment	638,158	30,109	24,030	(11,028)	681,269
Lease assets:					
Right-to-use assets - Land	7,290	-	-	-	7,290
Right-to-use assets - Buildings	43,101	5,916	-	(948)	48,069
Right-to-use assets - Equipment	12,634	2,656	-	(437)	14,853
Right-to-use assets - SBITA	830	1,320	-	(108)	2,042
Total capital assets being depreciated	2,135,904	40,007	52,457	(12,527)	2,215,841
Accumulated depreciation and amortization:					
Buildings and improvements	518,045	47,789	-	(6)	565,828
Fixed and movable equipment	473,392	59,493	-	(10,652)	522,233
Lease assets:					
Right-to-use assets - Land	4,120	409	-	-	4,529
Right-to-use assets - Buildings	18,322	6,181	(646)	(948)	22,909
Right-to-use assets - Equipment	2,408	2,080	-	(437)	4,051
Right-to-use assets - SBITA	434	538	187	(108)	1,051
Total accumulated depreciation and amortization	1,016,721	116,490	(459)	(12,151)	1,120,601
Net capital assets	$ 1,246,381	$ (7,356)	$ 611	$ (376)	$ 1,239,260

Note 7 - Capital Assets (Continued)

Capital assets consist of the following for the year ended June 30, 2025:

	Balance June 30, 2024	Additions	Transfers	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	$ 2,545	$ -	$ 610	$ -	$ 3,155
Construction in progress	102,228	79,700	(57,885)	-	124,043
Total capital assets not being depreciated	104,773	79,700	(57,275)	-	127,198
Capital assets being depreciated:					
Buildings and improvements	1,412,782	-	21,641	(532)	1,433,891
Fixed and movable equipment	583,752	19,751	35,771	(1,116)	638,158
Lease assets:					
Right-to-use assets - Land	7,290	-	-	-	7,290
Right-to-use assets - Buildings	56,265	2,613	-	(15,777)	43,101
Right-to-use assets - Equipment	7,559	5,393	-	(318)	12,634
Right-to-use assets - SBITA	3,121	-	-	(2,291)	830
Total capital assets being depreciated	2,070,769	27,757	57,412	(20,034)	2,135,904
Accumulated depreciation and amortization:					
Buildings and improvements	470,760	47,594	(43)	(266)	518,045
Fixed and movable equipment	417,417	57,113	(32)	(1,106)	473,392
Lease assets:					
Right-to-use assets - Land	3,712	408	-	-	4,120
Right-to-use assets - Buildings	16,168	4,991	-	(2,837)	18,322
Right-to-use assets - Equipment	1,255	1,471	-	(318)	2,408
Right-to-use assets - SBITA	2,202	523	-	(2,291)	434
Total accumulated depreciation and amortization	911,514	112,100	(75)	(6,818)	1,016,721
Net capital assets	$ 1,264,028	$ (4,643)	$ 212	$ (13,216)	$ 1,246,381

Transfers in the above table include assets transferred between UCHA and other entities within the Health System.

For the years ended June 30, 2026 and 2025, depreciation and amortization expense on the statement of revenue, expenses, and changes in net position includes expense of $49,877 and $42,182, respectively, which is allocated to UCHA by the Health System for assets owned by the Health System. The assets are not included in the above table because they are not owned by UCHA.

Note 8 - Accounts Receivable

UCHA 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	28 %	28 %
Medicaid	12	14
Managed care	40	39
Commercial	4	2
Self-pay and medically indigent	11	11
Other	5	6
Total	100 %	100 %

Note 9 - Long-term Debt, Leases, and SBITA 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:					
Series 2015D	$ 195,450	$ -	$ (470)	$ 194,980	$ 480
Series 2017A	152,075	-	-	152,075	-
Series 2019B	50,000	-	-	50,000	-
Series 2019D	50,000	-	-	50,000	-
Series 2022A	86,835	-	(20,148)	66,687	20,510
Series 2022B	86,835	-	(20,148)	66,687	20,510
Total direct borrowings and direct placements	621,195	-	(40,766)	580,429	41,500
Other bonds:					
Series 2017B-1	57,685	-	-	57,685	-
Series 2018A	45,915	-	-	45,915	-
Series 2018B	76,170	-	-	76,170	-
Series 2018C	75,265	-	-	75,265	-
Series 2019A	100,000	-	-	100,000	-
Series 2024A	112,000	-	-	112,000	-
Series 2024B	150,300	-	(1,885)	148,415	3,210
Series 2024 issuance premium	28,032	-	(4,780)	23,252	-
Series 2025A	87,645	-	-	87,645	-
Total other bonds	733,012	-	(6,665)	726,347	3,210
Other debt:					
Lease liabilities	38,205	8,572	(8,015)	38,762	5,953
SBITA liabilities	386	1,302	(1,023)	665	531
Total	$ 1,392,798	$ 9,874	$ (56,469)	$ 1,346,203	$ 51,194

Note 9 - Long-term Debt, Leases, and SBITA Liabilities (Continued)

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Direct borrowings and direct placements:					
Series 2012C	$ 87,510	$ -	$ (87,510)	$ -	$ -
Series 2015D	195,925	-	(475)	195,450	470
Series 2017A	152,075	-	-	152,075	-
Series 2019B	50,000	-	-	50,000	-
Series 2019D	50,000	-	-	50,000	-
Series 2022A	102,400	-	(15,565)	86,835	20,148
Series 2022B	102,400	-	(15,565)	86,835	20,148
Total direct borrowings and direct placements	740,310	-	(119,115)	621,195	40,766
Other bonds:					
Series 2017B-1	57,685	-	-	57,685	-
Series 2017B-2	8,255	-	(8,255)	-	-
Series 2018A	45,915	-	-	45,915	-
Series 2018B	76,170	-	-	76,170	-
Series 2018C	75,265	-	-	75,265	-
Series 2019A	100,000	-	-	100,000	-
Series 2019C	122,785	-	(122,785)	-	-
Series 2019C issuance premium	1,289	-	(1,289)	-	-
Series 2024A	-	112,000	-	112,000	-
Series 2024B	-	150,300	-	150,300	1,884
Series 2024 issuance premium	-	32,262	(4,230)	28,032	-
Series 2025A	-	87,645	-	87,645	-
Total other bonds	487,364	382,207	(136,559)	733,012	1,884
Other debt:					
Lease liabilities	50,221	8,005	(20,021)	38,205	4,592
SBITA liabilities	625	-	(239)	386	208
Total	$ 1,278,520	$ 390,212	$ (275,934)	$ 1,392,798	$ 47,450

Note 9 - Long-term Debt, Leases, and SBITA Liabilities (Continued)

During the year ended June 30, 2025, UCHA disposed of $13,122 of lease liabilities. These disposals are included in the reductions amount in the above table. There were no significant disposals during the year ended June 30, 2026.

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 Placements		Other Bonds		
	Principal	Interest	Principal	Interest	Total
2027	$ 41,500	$ 8,546	$ 3,210	$ 15,021	$ 68,277
2028	29,320	8,011	16,245	14,773	68,349
2029	27,335	7,568	19,050	14,400	68,353
2030	30,410	7,047	128,115	12,007	177,579
2031	13,195	6,733	15,250	10,464	45,642
2032-2036	30,015	32,171	206,790	30,229	299,205
2037-2041	130,485	26,510	126,790	16,427	300,212
2042-2046	159,645	15,709	87,645	9,429	272,428
2047-2050	118,524	3,213	100,000	3,797	225,534
Total	$ 580,429	$ 115,508	$ 703,095	$ 126,547	$ 1,525,579

UCHA leases certain assets from various third parties. The assets leased include land, buildings, and equipment. Payments are generally fixed monthly. UCHA also leases certain assets that are subsequently subleased by UCHA to a third party. The noncancelable terms of these leasing agreements mature between 2027 and 2038. The discount rates applicable to these leasing arrangements range from 1.29 percent to 3.86 percent.

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

Years Ending June 30	Principal	Interest	Total
2027	$ 5,953	$ 987	$ 6,940
2028	8,165	752	8,917
2029	7,660	529	8,189
2030	5,109	346	5,455
2031	3,764	239	4,003
2032-2036	8,111	402	8,513
Total	$ 38,762	$ 3,255	$ 42,017

UCHA 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 UCHA is included in Note 7.

Note 9 - Long-term Debt, Leases, and SBITA Liabilities (Continued)

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

Years Ending June 30	Principal	Interest	Total
2027	$ 531	$ 11	$ 542
2028	134	2	136
Total	$ 665	$ 13	$ 678

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 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.

Note 9 - Long-term Debt, Leases, and SBITA Liabilities (Continued)

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.

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. UCHA 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. UCHA 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 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, UCHA entered into a total return, fixed-to-floating swap agreement having a notional amount of $152,075. Under the terms of the swap agreement, UCHA 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. UCHA settles with the counterparty semiannually, each May and November. The swap agreement expires in March 2027. Within the accompanying statement of net position, receivables from affiliates include a balance for a portion of amounts associated with Series 2017A.

Note 9 - Long-term Debt, Leases, and SBITA 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. Within the accompanying statement of net position, receivables from affiliates include a balance for a portion of amounts associated with Series 2017B.

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 $32,862 and $28,320 for the years ended June 30, 2026 and 2025, respectively.

The fair value of UCHA's long-term debt is based on the most recent trading price as of June 30, 2026 and 2025. The fair value of the revenue bonds at June 30, 2026 and 2025 was $1,306,588 and $1,350,133, respectively.

Note 10 - Self-insurance Trust and Self-Insurance Program

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.

UCHealth has a self-insured program (the "SIP") to cover professional and general liability losses that are not covered by other programs and cover the tail liability for professional and general liability commercial claims-made policies. Effective October 1, 2024, the SIP provides coverage to UCHA up to $500 per claimant and $1,500 in the aggregate for claims made on or after that date.

Note 11 - 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 of the Basic Pension Plan and has the ability to amend this plan at its sole discretion. 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 UCHA Board has the authority to establish and amend the benefit provisions of the Investment Account, the Matching Account, and the 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 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.

Note 11 - Retirement Plans (Continued)

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, to allow 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, to allow terminated participants to elect these options as well based on the same criteria for active participants, and to allow 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, UCHA's practice is to contribute amounts at least equal to the minimum funding requirements of ERISA.

UCHA’s portion of the actuarially computed net periodic pension cost for the Basic Pension Plan for 2026 and 2025 was $33,590 and $35,049, respectively. Investment gains for 2026 and 2025, including interest, dividends, and realized and unrealized gains, were $370,533 and $200,592, respectively.

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, including all participants within the system	25,027	28,256
Total members	34,510	39,560

Note 11 - Retirement Plans (Continued)

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
Changes in assumptions	(1,194)	-	(1,194)
Contributions - Employer	-	143,708	(143,708)
Net investment income	-	370,533	(370,533)
Changes in experience	53,257	-	53,257
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

UCHA's portion of the net pension liability as of June 30, 2026 and 2025 totaled $9,768 and $72,020, respectively.

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 11 - Retirement Plans (Continued)

At June 30, 2026 and 2025, UCHA 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	$ 12,824	$ -	$ 7,073	$ -
Changes in assumptions	-	199	1,420	-
Net difference between projected and actual earnings on pension plan investments	-	69,832	-	18,512
Total	$ 12,824	$ 70,031	$ 8,493	$ 18,512

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	$ (16,200)
2028	(16,778)
2029	(13,544)
2030	(10,685)
Total	$ (57,207)

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

As a governmental entity, UCHA has considerable 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. All employees who work at UCHealth facilities are employees of UCHA; however, UCHA allocates the cost related to the pension to other entities within UCHealth. The full contributions made for all UCHA employees were $143,708 and $150,854 for the years ended June 30, 2026 and 2025, respectively. UCHA's contributions, net of reimbursements from the Health System, to the Basic Pension Plan were $36,479 and $37,639 in 2026 and 2025, respectively. UCHA's average contribution rates were 6.12 percent and 6.16 percent of annual payroll for the years ended June 30, 2026 and 2025, respectively.

UCHA'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. UCHA 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 11 - 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 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

Note 11 - Retirement Plans (Continued)

The following presents the net pension liability (asset) of the entire Health System, calculated using the discount rate of 6.75, 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)

Investment Account

The Investment Account is a qualified, single-employer defined contribution retirement plan under the provisions of Code Section 401(a). 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 $29,371 and $31,813 for the years ended June 30, 2026 and 2025, respectively. This represents 3.93 percent of the current year's payroll. In accordance with code regulations, UCHA 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 UCHA were $106 and $171 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, UCHA 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, UCHA's matching contributions are subject to a five-year, graduated vesting schedule. Certain part-time employees are not eligible for UCHA matching contributions. UCHA's 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 $14,361 and $11,199, respectively. Employee contributions to the Matching Account for 2026 and 2025 were $34,732 and $28,831, 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 UCHA 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 $3,785 and $3,410, respectively.

The Investment Account, the Matching Account, and the 457b Plan are administered by independent companies that have entered into trust agreements with UCHA. The investment companies hold all funds contributed under these plans.

Note 11 - Retirement Plans (Continued)

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 new 403(b) Plan for all employees hired on December 24, 2023 and thereafter.

The 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, UCHA will match employee contributions 100 percent up to the first 4 percent of gross compensation contributed. Employees are always vested in their contributions; however, UCHA's matching contributions are subject to a five-year graduated vesting schedule. Certain part-time employees are not eligible for UCHA matching contributions. UCHA 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 $2,793 and $3,273, respectively. Employee contributions to the 403(b) Plan for 2026 and 2025 were $4,779 and $5,699, respectively.

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. An employer-funded life insurance benefit is provided to all employees who retire from UCHA. The accumulated postretirement benefit obligation for the medical and life premiums was $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 12 - Related Party/Affiliate Transactions

UCHA is affiliated with the Health System: the State of Colorado; TriWest Healthcare Alliance Corp. (TriWest); University of Colorado Medicine, Inc. (CU Medicine); the Foundation; Colorado Access; and the University, consisting of UCD, the Trust, and the Adult Clinical Research Center (CRC).

University of Colorado Health

Effective July 1, 2012, UCHealth was created through a joint operating agreement with PVHS and UCHA. Together, UCHA and PVHS are member organizations in the Health System. UCHealth received its 501(c)(3) designation from the IRS on June 29, 2013. 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.

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.

Note 12 - Related Party/Affiliate Transactions (Continued)

UCHA's statement of net position; statement of revenue, expenses, and changes in net position; and statement of cash flows include transactions among UCHealth's members and affiliates.

Total current assets at June 30, 2026 and 2025 include a receivable from affiliates that is composed of amounts due from UCH-MHS for bond proceeds related to the acquisition of MHS of $41,020 and $40,295, respectively. At June 30, 2026 and 2025, current assets also included $1,104,563 and $1,082,899, respectively, related to transactions between UCHA and its affiliates.

Total noncurrent assets at June 30, 2026 and 2025 include receivables from affiliates that comprise amounts due for various bond issuances related to ongoing capital expenditures, the acquisition of MHS, and the refinancing of PVHS Revenue Bonds. At June 30, 2026 and 2025, the total receivable was $787,394 and $830,004, respectively. Additional noncurrent receivables from affiliates for other transactions amounted to $3,248 and $5,169 at June 30, 2026 and 2025, respectively.

UCHA and affiliates effectively pool their investments within the Health System's investment account structure. UCHA's share of pooled cash at June 30, 2026 and 2025 was $111,255 and $86,556, respectively. UCHA's share of pooled investments at June 30, 2026 and 2025 was $4,832,924 and $4,168,059, respectively.

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 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 garages, inpatient towers, and additional staff and patient parking structures.

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.

Note 12 - Related Party/Affiliate Transactions (Continued)

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 UCD, including CRC, were $1,024 and $821 at June 30, 2026 and 2025, respectively, and are included in related party 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 agreement provides that UCHealth make annual academic support donations to enhance the ability of the School of Medicine to fulfill its academic missions of educating students in health-related disciplines and professions and furthering basic and applied biomedical research. UCHA's portion of the academic support donation for the years ended June 30, 2026 and 2025 was $16,048 and $11,094, respectively. 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 funding, as expenses are actually incurred in future years, plus additional amounts based on a formula set forth in the second amendment. UCHA's portion of total payments to the University of Colorado Foundation for the benefit of the School of Medicine was $31,528 and $23,795 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, UCHA recognized $272,704 and $217,410, respectively, in contract expense to CU Medicine for contractual reimbursement of faculty administrative services and recruitment support. UCHA also recognized expenses of $114,026 and $101,895 during the years ended June 30, 2026 and 2025, respectively, that represent reimbursements channeled through UCHA by external entities for services provided by CU Medicine on behalf of those external entities (e.g., Ryan White program) and for reimbursements for hospital-based programs for services provided by CU Medicine on behalf of UCHA (e.g., on-call services, joint networking, administrative, and other miscellaneous programs). This expense is included in purchased services and other expenses in the statement of revenue, expenses, and changes in net position.

UCHA recorded net payables to CU Medicine of $40,234 and $16,699 at June 30, 2026 and 2025, respectively, for various contract labor and provider support expenses.

UCHA has entered into a joint operating agreement with CU Medicine to establish 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 will be split between the two organizations, as defined within the agreement.

Note 12 - Related Party/Affiliate Transactions (Continued)

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.

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 13 - Commitments and Contingencies

A substantial portion of UCHA'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 UCHA 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.

UCHA 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 UCHA.

UCHA has entered into contracts for significant new construction and expansion projects it is currently undertaking. At June 30, 2026, UCHA has committed contract expenditures for these significant projects of $36,918.

Note 14 - 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	$ 9,482	$ 3,248	$ 10,432	$ 5,169
Deferred amortization related to pension plan	12,824	70,031	8,493	18,512
Deferred inflows on leases	-	1,966	-	2,292
Total	$ 22,306	$ 75,245	$ 18,925	$ 25,973

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)	-	-
Differences between 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 in Total Pension Liability	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										
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	104.5 %	96.5 %	92.2 %	88.6 %	87.3 %	102.5 %	85.7 %	86.3 %	87.0 %	86.0 %
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
Net Pension (Asset) Liability as a Percentage of Covered Payroll	(4.7)%	3.1 %	6.1 %	8.9 %	10.3 %	(1.9)%	10.1 %	9.7 %	10.3 %	10.9 %

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

Years Ended June 30

(Dollars in Thousands)

Notes to Schedule

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

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 %

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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 Hospital Authority

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 Hospital Authority (UCHA), a component unit of University of Colorado Health, as of and for the year ended June 30, 2026 and the related notes to the basic financial statements, which comprise UCHA'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 UCHA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UCHA's internal control. Accordingly, we do not express an opinion on the effectiveness of UCHA'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 UCHA'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 UCHA'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*.

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To Management and the Board of Directors
University of Colorado Hospital Authority

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

Plante & Moran, PLLC

September 22, 2026