

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF NET POSITION

(in thousands)	June 30,	
	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	\$ 554,923	\$ 750,138
Investments for operating activities	2,761,594	3,126,841
Investments for capital activities	462,223	510,541
Investments for student loan activities	68,858	68,387
Accounts receivable, net	1,533,684	1,239,770
Current portion of notes and pledges receivable, net	120,910	117,669
Current portion of other assets	411,289	333,506
Cash collateral held by agent		4,844
Total Current Assets	5,913,481	6,151,696
Noncurrent Assets:		
Endowment, life income and other investments	20,572,922	19,318,390
Notes and pledges receivable, net	290,198	259,798
Other assets	120,636	116,766
Capital assets, net	7,570,687	7,089,073
Total Noncurrent Assets	28,554,443	26,784,027
Total Assets	34,467,924	32,935,723
Deferred Outflows	1,011,982	1,073,647

(in thousands)	June 30,	
	2024	2023
Liabilities		
Current Liabilities:		
Accounts payable	689,962	626,498
Accrued compensation and other	761,866	726,360
Unearned revenue	520,848	441,655
Current portion of insurance and benefits reserves	283,235	253,398
Current portion of obligations for postemployment benefits	125,075	105,261
Commercial paper and current portion of bonds payable	402,592	298,184
Long-term bonds payable subject to remarketing, net	343,770	372,335
Collateral held for securities lending		4,844
Total Current Liabilities	3,127,348	2,828,535
Noncurrent Liabilities:		
Accrued compensation	13,791	15,324
Insurance and benefits reserves	211,533	212,378
Obligations for defined benefit pension plans, net	(35,571)	15,189
Obligations for postemployment benefits	3,904,973	3,611,114
Obligations under life income agreements	68,017	65,520
Government loan advances	30,919	36,448
Bonds payable	4,264,053	4,784,568
Other liabilities	322,150	324,381
Total Noncurrent Liabilities	8,779,865	9,064,922
Total Liabilities	11,907,213	11,893,457
Deferred Inflows	1,238,069	1,402,152
Net Position		
Net investment in capital assets	4,977,364	3,964,182
Restricted:		
Nonexpendable	3,221,288	2,959,142
Expendable	8,474,273	7,853,068
Unrestricted	5,661,699	5,937,369
Total Net Position	\$ 22,334,624	\$ 20,713,761

The accompanying notes are an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)	Year Ended June 30,	
	2024	2023
Operating Revenues		
Student tuition and fees	\$ 2,308,263	\$ 2,186,769
Less scholarship allowances	603,351	545,906
Net student tuition and fees	1,704,912	1,640,863
Federal grants and contracts	1,331,497	1,186,061
State and local grants and contracts	17,977	10,154
Nongovernmental sponsored programs	271,490	284,488
Sales and services of educational departments	185,445	158,707
Auxiliary enterprises:		
Patient care revenues (net of provision for bad debts of \$220,622 in 2024 and \$211,403 in 2023)	8,019,381	7,251,435
Student residence fees (net of scholarship allowances of \$28,214 in 2024 and \$26,378 in 2023)	139,628	130,896
Other revenues	275,615	264,685
Student loan interest income and fees	1,789	1,367
Total Operating Revenues	11,947,734	10,928,656
Operating Expenses		
Compensation and benefits	8,324,238	7,808,426
Supplies and services	4,022,075	3,809,009
Depreciation	688,146	685,362
Scholarships and fellowships	229,222	200,439
Total Operating Expenses	13,263,681	12,503,236
Operating Loss	(1,315,947)	(1,574,580)
Nonoperating Revenues (Expenses)		
State educational appropriations	414,207	392,473
State supplemental appropriations	6,271	
Federal Pell grants	65,144	55,299
Federal economic relief funds	5,750	33,837
Private gifts for other than capital and endowment purposes	249,839	193,284
Net investment income	1,932,833	1,078,343
Interest expense	(183,440)	(195,711)
Total Nonoperating Revenues, Net	2,490,604	1,557,525
Income (Loss) Before Other Revenues (Expenses)	1,174,657	(17,055)
Other Revenues (Expenses)		
State capital appropriations	49,857	12,911
Capital gifts and grants	145,448	59,418
Private gifts for permanent endowment purposes	247,716	117,716
Other	3,185	(16,765)
Total Other Revenues, Net	446,206	173,280
Increase in Net Position	1,620,863	156,225
Net Position, Beginning of Year	20,713,761	19,298,461
Affiliation with the Sparrow Health System		1,259,075
Net Position, Beginning of Year, as Restated	20,713,761	20,557,536
Net Position, End of Year	\$ 22,334,624	\$ 20,713,761

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended June 30,	
	2024	2023
Cash Flows from Operating Activities		
Student tuition and fees	\$ 1,705,351	\$ 1,640,753
Federal, state and local grants and contracts	1,350,249	1,167,819
Nongovernmental sponsored programs	261,085	262,386
Sales and services of educational departments and other	456,195	418,478
Patient care revenues	7,737,256	7,196,113
Student residence fees	139,028	129,769
Payments to employees	(6,320,601)	(5,991,302)
Payments for benefits	(1,797,676)	(1,700,366)
Payments to suppliers	(4,026,458)	(4,221,202)
Payments for scholarships and fellowships	(229,222)	(200,439)
Student loans issued	(6,206)	(5,451)
Student loans collected	11,479	10,965
Student loan interest and fees collected	1,789	1,367
Net Cash Used in Operating Activities	(717,731)	(1,291,110)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	410,255	389,670
State supplemental appropriations	6,271	35,000
Federal Pell grants	65,144	55,299
Federal economic relief funds	5,750	28,678
Private gifts and other receipts	508,255	300,347
Proceeds from issuance of debt		38,000
Principal payments on debt	(52,000)	
Interest payments on debt	(89,755)	(92,712)
Student direct lending receipts	310,723	306,502
Student direct lending disbursements	(314,844)	(303,478)
Amounts received for annuity and life income funds	5,066	4,503
Amounts paid to annuitants and life beneficiaries and related expenses	(10,848)	(5,961)
Net Cash Provided by Noncapital Financing Activities	844,017	755,848
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	128,513	46,435
Private gifts and other receipts	49,670	46,629
Principal and interest payments on lease and subscription liabilities	(89,235)	(83,507)
Proceeds from issuance of capital debt	61,725	88,394
Principal payments on capital debt	(479,928)	(240,615)
Interest payments on capital debt	(107,480)	(121,991)
Payments for bond issuance costs		(817)
Purchases of capital assets	(975,561)	(692,602)
Proceeds from sales of capital assets	3,152	1,020
Net Cash Used in Capital and Related Financing Activities	(1,409,144)	(957,054)

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CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED

(in thousands)	Year Ended June 30,	
	2024	2023
Cash Flows from Investing Activities		
Interest and dividends on investments, net	270,691	239,061
Proceeds from sales and maturities of investments	10,139,184	8,972,888
Purchases of investments	(9,617,470)	(10,113,114)
Decrease in unexpended capital debt proceeds		305,452
Net decrease (increase) in cash equivalents from noncurrent investments	289,948	(176,071)
Net decrease (increase) in fiduciary custodial funds and other	5,290	(25,669)
Net Cash Provided by (Used in) Investing Activities	1,087,643	(797,453)
Net Decrease in Cash and Cash Equivalents	(195,215)	(2,289,769)
Cash and Cash Equivalents, Beginning of Year	750,138	2,951,905
Affiliation with the Sparrow Health System		88,002
Cash and Cash Equivalents, Beginning of Year, as Restated	750,138	3,039,907
Cash and Cash Equivalents, End of Year	\$ 554,923	\$ 750,138
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (1,315,947)	\$ (1,574,580)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	688,146	685,362
Changes in assets and liabilities:		
Accounts receivable, net	(288,500)	(51,004)
Notes and pledges receivable, net	4,744	507
Other assets	(55,870)	(36,057)
Accounts payable	23,760	27,289
Accrued compensation and other	39,494	(73,172)
Unearned revenue	(3,854)	(63,476)
Insurance and benefits reserves	28,992	(398,826)
Obligations for defined benefit pension plans, net	(50,760)	198,740
Obligations for postemployment benefits	313,673	(581,284)
Changes in deferred outflows	59,530	(26,313)
Changes in deferred inflows	(161,139)	601,704
Net Cash Used in Operating Activities	\$ (717,731)	\$ (1,291,110)

The accompanying notes are an integral part of the consolidated financial statements.

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF NET POSITION

(in thousands)	December 31,	
	2023	2022
	PHP Holdings, LLC	
Assets		
Current Assets:		
Cash and cash equivalents	\$ 65,605	\$ 41,492
Accounts receivable, net	18,521	15,494
Current portion of other assets	973	1,546
Total Current Assets	85,099	58,532
Noncurrent Assets:		
Investments	2,729	5,814
Other assets	451	306
Capital assets, net	5,935	8,692
Total Noncurrent Assets	9,115	14,812
Total Assets	94,214	73,344
Liabilities		
Current Liabilities:		
Accounts payable	6,911	5,428
Unearned premiums	2,764	3,063
Prefunding on self-insured accounts	4,918	4,911
Current portion of other liabilities	13,085	9,240
Insurance and benefits reserves	38,123	29,520
Total Current Liabilities	65,801	52,162
Noncurrent Liabilities:		
Other liabilities	161	371
Total Liabilities	65,962	52,533
Net Position		
Net investment in capital assets	5,386	8,150
Unrestricted	22,866	12,661
Total Net Position	\$ 28,252	\$ 20,811

The accompanying notes are an integral part of the consolidated financial statements.

FINANCIAL STATEMENTS
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

(in thousands)	Year Ended December 31,	
	2023	2022
	PHP Holdings, LLC	
Operating Revenues		
Gross direct written premiums	\$ 269,169	\$ 260,642
Ceded written premiums	(1,483)	(2,117)
Total Operating Revenues	267,686	258,525
Operating Expenses		
Losses and loss adjustment expenses, net of reinsurance	255,516	235,166
Compensation and benefits	17,867	17,296
Supplies, services and other	36,858	24,270
Depreciation	2,802	2,409
Total Operating Expenses	313,043	279,141
Operating Loss	(45,357)	(20,616)
Nonoperating Revenues (Expenses)		
Net investment income (loss)	3,832	(257)
Interest expense	(34)	(64)
Other	10,075	
Total Nonoperating Revenues (Expenses), Net	13,873	(321)
Loss Before Other Revenues	(31,484)	(20,937)
Other Revenues		
Capital contributions	38,925	
Total Other Revenues	38,925	-
Increase (Decrease) in Net Position	7,441	(20,937)
Net Position, Beginning of Year	20,811	41,748
Net Position, End of Year	\$ 28,252	\$ 20,811

STATEMENT OF FIDUCIARY NET POSITION

(in thousands)	June 30, 2024	
	Custodial Funds	Pension Trust Funds
Assets		
Receivables		\$ 19,286
Investments	\$ 297,665	757,668
Total Assets	297,665	776,954
Liabilities		
Due to individuals and organizations	43,930	1,514
Total Liabilities	43,930	1,514
Fiduciary Net Position		
Restricted for:		
Pensions		775,440
Organizations	253,735	
Total Fiduciary Net Position	\$ 253,735	\$ 775,440

(in thousands)	June 30, 2023	
	Custodial Funds	Pension Trust Funds
Assets		
Receivables		\$ 236
Investments	\$ 274,366	742,303
Total Assets	274,366	742,539
Liabilities		
Due to individuals and organizations	37,142	980
Total Liabilities	37,142	980
Fiduciary Net Position		
Restricted for:		
Pensions		741,559
Organizations	237,224	
Total Fiduciary Net Position	\$ 237,224	\$ 741,559

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STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

(in thousands)	Year Ended June 30, 2024	
	Custodial Funds	Pension Trust Funds
Additions		
Contributions:		
Organizations	\$ 3,473	
Employer		\$ 19,000
Total Contributions	3,473	19,000
Net investment income	16,182	71,980
Total Additions	19,655	90,980
Deductions		
Benefits paid to participants		48,385
Administrative expenses		8,714
Withdrawals	3,144	
Total Deductions	3,144	57,099
Increase in Fiduciary Net Position	16,511	33,881
Fiduciary Net Position, Beginning of Year	237,224	741,559
Fiduciary Net Position, End of Year	\$ 253,735	\$ 775,440

(in thousands)	Year Ended June 30, 2023	
	Custodial Funds	Pension Trust Funds
Additions		
Contributions:		
Organizations	\$ 3,853	
Employer		\$ 898
Total contributions	3,853	898
Net investment loss	(8,358)	(128,930)
Total Additions	(4,505)	(128,032)
Deductions		
Benefits paid to participants		47,830
Administrative expenses		9,159
Withdrawals	1,363	
Total Deductions	1,363	56,989
Decrease in Fiduciary Net Position	(5,868)	(185,021)
Fiduciary Net Position, Beginning of Year	243,092	90,488
Affiliation with the Sparrow Health System		836,092
Fiduciary Net Position, Beginning of Year, as Restated	243,092	926,580
Fiduciary Net Position, End of Year	\$ 237,224	\$ 741,559

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