

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF NET POSITION

(in thousands)	June 30,	
	2025	2024
Assets		
Current Assets:		
Cash and cash equivalents	\$ 708,864	\$ 554,923
Investments for operating activities	2,493,686	2,761,594
Investments for capital activities	542,561	462,223
Investments for student loan activities	72,176	68,858
Accounts receivable, net	1,581,424	1,533,684
Current portion of notes and pledges receivable, net	131,347	120,910
Current portion of other assets	346,637	411,289
Total Current Assets	5,876,695	5,913,481
Noncurrent Assets:		
Endowment, life income and other investments	22,554,331	20,572,922
Notes and pledges receivable, net	345,522	290,198
Other assets	128,224	120,636
Capital assets, net	8,283,387	7,570,687
Total Noncurrent Assets	31,311,464	28,554,443
Total Assets	37,188,159	34,467,924
Deferred Outflows		
	824,874	1,011,982

(in thousands)	June 30,	
	2025	2024
Liabilities		
Current Liabilities:		
Accounts payable	805,246	689,962
Accrued compensation and other	965,942	826,093
Unearned revenue	406,716	520,848
Current portion of insurance and benefits reserves	203,401	283,235
Current portion of obligations for postemployment benefits	104,080	125,075
Commercial paper and current portion of bonds payable	355,557	402,592
Long-term bonds payable subject to remarketing	274,640	343,770
Total Current Liabilities	3,115,582	3,191,575
Noncurrent Liabilities:		
Accrued compensation	19,832	29,884
Insurance and benefits reserves	207,244	211,533
Obligations for defined benefit pension plans, net	(38,601)	(35,571)
Obligations for postemployment benefits	3,732,881	3,904,973
Obligations under life income agreements	73,367	68,017
Government loan advances	26,109	30,919
Bonds payable	4,163,581	4,264,053
Other liabilities	375,747	322,150
Total Noncurrent Liabilities	8,560,160	8,795,958
Total Liabilities	11,675,742	11,987,533
Deferred Inflows		
	1,397,672	1,238,069
Net Position		
Net investment in capital assets	5,538,698	4,977,364
Restricted:		
Nonexpendable	3,367,264	3,221,288
Expendable	9,721,386	8,467,425
Unrestricted	6,312,271	5,588,227
Total Net Position	\$ 24,939,619	\$ 22,254,304

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,	
	2025	2024
Operating Revenues		
Student tuition and fees	\$ 2,442,737	\$ 2,308,263
Less scholarship allowances	651,600	603,351
Net student tuition and fees	1,791,137	1,704,912
Federal grants and contracts	1,408,864	1,331,497
State and local grants and contracts	18,226	17,977
Nongovernmental sponsored programs	285,989	271,490
Sales and services of educational departments	192,697	185,445
Auxiliary enterprises:		
Patient care revenues (net of provision for bad debts of \$293,740 in 2025 and \$220,622 in 2024)	8,746,306	8,019,381
Student residence fees (net of scholarship allowances of \$29,000 in 2025 and \$28,214 in 2024)	143,910	139,628
Other revenues	313,661	275,615
Student loan interest income and fees	1,471	1,789
Total Operating Revenues	12,902,261	11,947,734
Operating Expenses		
Compensation and benefits	8,956,896	8,330,970
Supplies and services	4,465,956	4,022,075
Depreciation	719,931	688,146
Scholarships and fellowships	262,564	229,222
Total Operating Expenses	14,405,347	13,270,413
Operating Loss	(1,503,086)	(1,322,679)
Nonoperating Revenues (Expenses)		
State educational appropriations	424,670	414,207
State supplemental appropriations	69,700	6,271
Federal Pell grants	84,412	65,144
Private gifts for other than capital and endowment purposes	280,115	249,839
Net investment income	3,221,410	1,932,833
Interest expense	(182,371)	(183,440)
Total Nonoperating Revenues, Net	3,897,936	2,484,854
Income Before Other Revenues (Expenses)	2,394,850	1,162,175
Other Revenues (Expenses)		
State capital appropriations	111,386	49,857
Capital gifts and grants	49,013	145,448
Private gifts for permanent endowment purposes	133,246	247,716
Other	(3,180)	8,935
Total Other Revenues, Net	290,465	451,956
Increase in Net Position	2,685,315	1,614,131
Net Position, Beginning of Year	22,254,304	20,713,761
Adoption of GASB 101		(73,588)
Net Position, Beginning of Year, as Restated	22,254,304	20,640,173
Net Position, End of Year	\$ 24,939,619	\$ 22,254,304

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended June 30,	
	2025	2024
Cash Flows from Operating Activities		
Student tuition and fees	\$ 1,789,789	\$ 1,705,351
Federal, state and local grants and contracts	1,401,576	1,350,249
Nongovernmental sponsored programs	289,732	261,085
Sales and services of educational departments and other	486,608	456,195
Patient care revenues	8,715,320	7,737,256
Student residence fees	142,655	139,028
Payments for compensation and benefits	(8,733,883)	(8,118,277)
Payments to suppliers	(4,447,582)	(4,026,458)
Payments for scholarships and fellowships	(262,564)	(229,222)
Student loans issued	(5,633)	(6,206)
Student loan collections	11,138	13,268
Net Cash Used in Operating Activities	(612,844)	(717,731)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	422,768	410,255
State supplemental appropriations	34,700	6,271
Federal Pell grants	84,412	65,144
Private gifts and other receipts	314,408	514,005
Principal payments on debt	(100,000)	(52,000)
Interest payments on debt	(89,755)	(89,755)
Student direct lending receipts	329,637	310,723
Student direct lending disbursements	(328,909)	(314,844)
Amounts received for annuity and life income funds	10,187	5,066
Amounts paid to annuitants and life beneficiaries and related expenses	(11,587)	(10,848)
Net Cash Provided by Noncapital Financing Activities	665,861	844,017
Cash Flows from Capital and Related Financing Activities		
State capital appropriations	44,662	128,513
Private gifts and other receipts	53,598	49,670
Principal and interest payments on lease and subscription liabilities	(100,916)	(89,235)
Proceeds from issuance of capital debt	57,085	61,725
Principal payments on capital debt	(162,660)	(479,928)
Interest payments on capital debt	(97,915)	(107,480)
Purchases of capital assets	(1,201,185)	(975,561)
Proceeds from sales of capital assets	3,249	3,152
Net Cash Used in Capital and Related Financing Activities	(1,404,082)	(1,409,144)

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CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED

(in thousands)	Year Ended June 30,	
	2025	2024
Cash Flows from Investing Activities		
Interest and dividends on investments, net	278,974	270,691
Proceeds from sales and maturities of investments	10,912,221	10,139,184
Purchases of investments	(9,869,879)	(9,617,470)
Net decrease in cash equivalents from noncurrent investments	184,431	289,948
Net (increase) decrease in fiduciary custodial funds and other	(741)	5,290
Net Cash Provided by Investing Activities	1,505,006	1,087,643
Net Increase (Decrease) in Cash and Cash Equivalents	153,941	(195,215)
Cash and Cash Equivalents, Beginning of Year	554,923	750,138
Cash and Cash Equivalents, End of Year	\$ 708,864	\$ 554,923
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (1,503,086)	\$ (1,322,679)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	719,931	688,146
Changes in assets and liabilities:		
Accounts receivable, net	(52,929)	(288,500)
Notes and pledges receivable, net	4,895	4,744
Other assets	77,766	(55,870)
Accounts payable	19,120	23,760
Accrued compensation and other	70,014	46,226
Unearned revenue	(15,394)	(3,854)
Insurance and benefits reserves	(84,123)	28,992
Obligations for defined benefit pension plans, net	(3,030)	(50,760)
Obligations for postemployment benefits	(193,087)	313,673
Changes in deferred outflows	185,737	59,530
Changes in deferred inflows	161,342	(161,139)
Net Cash Used in Operating Activities	\$ (612,844)	\$ (717,731)

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

DISCRETELY PRESENTED COMPONENT UNIT

STATEMENT OF NET POSITION

(in thousands)	December 31,	
	2024	2023
University of Michigan Health Plan Holdings, LLC		
Assets		
Current Assets:		
Cash and cash equivalents	\$ 37,656	\$ 65,605
Accounts receivable, net	25,098	18,521
Accounts receivable from the University	22,580	91
Current portion of other assets	3,910	882
Total Current Assets	89,244	85,099
Noncurrent Assets:		
Investments	3,001	2,729
Other assets	415	451
Capital assets, net	3,774	5,935
Total Noncurrent Assets	7,190	9,115
Total Assets	96,434	94,214
Liabilities		
Current Liabilities:		
Accounts payable to the University	5,107	6,911
Unearned premiums	3,632	2,764
Prefunding on self-insured accounts	4,887	4,918
Current portion of other liabilities	15,664	13,355
Insurance and benefits reserves	41,527	38,123
Total Current Liabilities	70,817	66,071
Noncurrent Liabilities:		
Other liabilities	161	161
Total Liabilities	70,978	66,232
Net Position		
Net investment in capital assets	3,195	5,386
Unrestricted	22,261	22,596
Total Net Position	\$ 25,456	\$ 27,982

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

	Year Ended December 31,	
	2024	2023
(in thousands)	University of Michigan Health Plan Holdings, LLC	
Operating Revenues		
Gross direct written premiums	\$ 253,728	\$ 269,169
Ceded written premiums	(691)	(1,483)
Total Operating Revenues	253,037	267,686
Operating Expenses		
Losses and loss adjustment expenses, net of reinsurance	223,251	255,516
Compensation and benefits	20,009	17,863
Supplies, services and other	39,709	36,858
Depreciation	2,913	2,802
Total Operating Expenses	285,882	313,039
Operating Loss	(32,845)	(45,353)
Nonoperating Revenues (Expenses)		
Net investment income	3,348	3,832
Interest expense	(29)	(34)
Other		10,075
Total Nonoperating Revenues, Net	3,319	13,873
Loss Before Other Revenues	(29,526)	(31,480)
Other Revenues		
Capital contributions	27,000	38,925
Total Other Revenues	27,000	38,925
(Decrease) Increase in Net Position	(2,526)	7,445
Net Position, Beginning of Year	27,982	20,811
Adoption of GASB 101		(274)
Net Position, Beginning of Year, as Restated	27,982	20,537
Net Position, End of Year	\$ 25,456	\$ 27,982

STATEMENT OF FIDUCIARY NET POSITION

	June 30, 2025	
(in thousands)	Custodial Funds	Pension Trust Funds
Assets		
Receivables		\$ 6,297
Investments	\$ 316,831	791,700
Total Assets	316,831	797,997
Liabilities		
Due to individuals and organizations	45,497	850
Total Liabilities	45,497	850
Fiduciary Net Position		
Restricted for:		
Pensions		797,147
Organizations	271,334	
Total Fiduciary Net Position	\$ 271,334	\$ 797,147

	June 30, 2024	
(in thousands)	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

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FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Year Ended June 30, 2025	
(in thousands)	Custodial Funds	Pension Trust Funds
Additions		
Contributions:		
Organizations	\$ 8,355	
Employer		\$ 20,636
Total Contributions	8,355	20,636
Net investment income	14,137	60,373
Total Additions	22,492	81,009
Deductions		
Benefits paid to participants		50,880
Administrative expenses		8,422
Withdrawals	4,893	
Total Deductions	4,893	59,302
Increase in Fiduciary Net Position	17,599	21,707
Fiduciary Net Position, Beginning of Year	253,735	775,440
Fiduciary Net Position, End of Year	\$ 271,334	\$ 797,147

	Year Ended June 30, 2024	
(in thousands)	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

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