THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidated Financial Statements

June 30, 2026 and 2025

(With Independent Auditors' Report Thereon)

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	3
Consolidated Statements of Operations and Changes in Net Assets without Donor Restrictions	4
Consolidated Statements of Changes in Net Assets	5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7
Supplemental Schedules	
Consolidating Balance Sheet Information	44
Consolidating Statement of Operations and Changes in Net Assets without Donor Restrictions Information	45
Consolidating Statement of Changes in Net Assets Information	46

KPMG LLP
Suite 3400
312 Walnut Street
Cincinnati, OH 45202

Independent Auditors' Report

The Board of Trustees
The University of Chicago Medical Center:

Opinion

We have audited the consolidated financial statements of The University of Chicago Medical Center (the System), which comprise the consolidated balance sheets as of June 30, 2026 and 2025, and the related consolidated statements of operations and changes in net assets without donor restrictions, statements of changes in net assets, and statements of cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, based on our audits and the report of the other auditors, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the System as of June 30, 2026 and 2025, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the consolidated financial statements of AdventHealth Great Lakes Region (AdventHealth GLR), a partially owned subsidiary, which statements reflect total assets constituting 15 percent, of consolidated total assets as of June 30, 2026, and total revenues constituting 21 percent of consolidated total revenues for the year then ended. Those statements were audited by other auditors as of June 30, 2026, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for AdventHealth GLR, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that

KPMG LLP, a Delaware limited liability partnership, and its subsidiaries are part of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the System's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The 2026 supplementary information included in schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

Cincinnati, Ohio
November 18, 2026

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidated Balance Sheets

June 30, 2026 and 2025

(In thousands)

Assets		2026	2025
Current assets:			
Cash and cash equivalents	$	613,038	530,157
Patient accounts receivable		741,494	683,767
Current portion of investments limited to use		40	208
Current portion of malpractice self-insurance receivable		18,801	20,855
Current portion of pledges receivable		22,707	23,497
Prepaids, inventory, and other current assets		231,835	216,858
Total current assets		1,627,915	1,475,342
Investments limited to use, less current portion		1,689,832	1,561,578
Property, plant, and equipment, net		2,576,412	2,320,031
Pledges receivable, less current portion		52,109	66,293
Malpractice self-insurance receivable, less current portion		82,742	72,930
Other assets, net		281,537	276,241
Total assets	$	6,310,547	5,772,415
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	$	559,145	435,297
Current portion of long-term debt		25,269	24,429
Current portion of other long-term liabilities		20,826	12,769
Estimated third-party payor settlements		369,049	409,856
Current portion of malpractice self-insurance liability		38,469	20,855
Due to affiliates		59,519	35,828
Due to University of Chicago		46,341	44,947
Total current liabilities		1,118,618	983,981
Other liabilities:			
Workers' compensation self-insurance liabilities, less current portion		10,460	9,688
Malpractice self-insurance liability, less current portion		162,071	164,364
Long-term debt, less current portion		1,361,372	1,377,981
Interest rate swap liability		34,528	44,436
Other long-term liabilities, less current portion		194,739	178,793
Total liabilities		2,881,788	2,759,243
Net assets:			
Without donor restrictions		2,860,099	2,456,396
Non-controlling interest in consolidated joint venture		290,396	297,480
Total net assets without donor restrictions		3,150,495	2,753,876
With donor restrictions		278,264	259,296
Total net assets		3,428,759	3,013,172
Total liabilities and net assets	$	6,310,547	5,772,415

See accompanying notes to consolidated financial statements.

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidated Statements of Operations and Changes in Net Assets Without Donor Restrictions

Years ended June 30, 2026 and 2025

(In thousands)

	2026	2025
Operating revenues:		
Patient service revenue	$ 5,249,162	4,408,910
Other operating revenues and net assets released from restrictions used for operating purposes	1,026,132	830,431
Total operating revenues	6,275,294	5,239,341
Operating expenses:		
Salaries, wages, and benefits	2,399,164	2,148,601
Supplies and other	2,377,516	2,061,796
Physician services	553,841	484,539
Insurance	89,786	84,436
Interest	48,882	44,325
Hospital assessment program	259,694	138,582
Depreciation and amortization	213,070	197,236
Total operating expenses	5,941,953	5,159,515
Operating revenue in excess of expenses	333,341	79,826
Nonoperating gains and losses:		
Investment return, net	151,271	123,479
Change in fair value of nonhedged derivative instruments	9,908	(1,776)
Other, net	(9,197)	10,025
Revenue and gains in excess of expenses and losses	485,323	211,554
Less revenue and gains in excess (deficit) of expenses and losses attributable to non-controlling interest	7,084	13,270
Revenue and gains in excess of expenses and losses	492,407	224,824
Other changes in net assets without donor restrictions:		
Net asset transfers to University of Chicago	(72,996)	(71,750)
Distributions and other, net	(15,708)	17,482
	403,703	170,556
Net income (loss) attributed to non-controlling interest in consolidated joint venture	(7,084)	(13,270)
Increase in net assets without donor restrictions	$ 396,619	157,286

See accompanying notes to consolidated financial statements.

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2026 and 2025

(In thousands)

	2026	2025
Net assets without donor restrictions:		
Revenue and gains in excess of expenses and losses	$ 492,407	224,824
Net asset transfers to University of Chicago	(72,996)	(71,750)
Distributions and other, net	(15,708)	17,482
Increase in net assets without donor restrictions before non-controlling interest	403,703	170,556
Net loss attributed to non-controlling interest in consolidated joint venture	(7,084)	(13,270)
Increase in net assets without donor restrictions	396,619	157,286
Net assets with donor restrictions:		
Contributions	16,081	15,562
Net assets released from restrictions used for operating purposes	(9,691)	(25,364)
Investment return, net	12,735	12,455
Net assets released from restrictions for capital purposes	(157)	—
Increase in net assets with donor restrictions, net	18,968	2,653
Change in net assets	415,587	159,939
Net assets at beginning of year	3,013,172	2,853,233
Net assets at end of year	$ 3,428,759	3,013,172

See accompanying notes to consolidated financial statements.

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidated Statements of Cash Flows

Years ended June 30, 2026 and 2025

(In thousands)

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ 415,587	159,939
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net change in unrealized gains and losses on investments	(66,494)	(91,188)
Net asset transfers to University of Chicago	72,996	71,750
Restricted contributions and investment return	(28,816)	(28,017)
Realized gains on investments	(84,777)	(32,291)
Net change in valuation of derivatives	(9,908)	1,776
Gain on refinancing of long-term debt	—	(3,746)
Net assets released from restrictions for operations	9,691	25,364
Payment of lease obligations	(23,047)	(23,899)
Depreciation and amortization	213,070	197,236
Amortization of bond premium/cost of issuance	(3,625)	(1,341)
Other changes in assets and liabilities:		
Patient accounts receivable	(57,727)	8,207
Other assets, net	(13,055)	112,179
Accounts payable and accrued expenses	130,452	33,648
Due to affiliates	23,689	35,828
Due to University of Chicago	1,394	13,759
Estimated settlements with third-party payors	(40,806)	98,205
Self-insurance liabilities, net	16,092	(6,723)
Other liabilities	53,705	17,867
Net cash provided by operating activities	608,421	588,553
Cash flows from investing activities:		
Purchases of property, plant, and equipment	(476,055)	(407,843)
Purchases of investments	(809,472)	(815,167)
Sales of investments	832,655	904,368
Net cash used in investing activities	(452,872)	(318,642)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt, including bond premium	12,284	307,507
Repayment of long-term debt	(24,429)	(155,243)
Payments of finance/long-term lease obligations	(6,652)	(5,993)
Net asset transfers to University of Chicago, net	(72,996)	(71,750)
Net assets released from restriction for operations	(9,691)	(25,364)
Proceeds from restricted contributions	28,816	28,017
Net cash provided by (used in) financing activities	(72,668)	77,174
Net increase in cash and cash equivalents	82,881	347,085
Cash and cash equivalents:		
Beginning of year	530,157	183,072
End of year	$ 613,038	530,157

See accompanying notes to consolidated financial statements.

(1) Organization and Basis of Presentation

The accompanying consolidated financial statements represent the accounts of The University of Chicago Medical Center and its affiliates (the System). The University of Chicago Medical Center entity (UCMC) is the parent of an integrated nonprofit healthcare organization, collaborating with the University of Chicago Biological Sciences Division, the University of Chicago Pritzker School of Medicine, and the University of Chicago Physicians Group to provide world-class medical care in an academic setting. Included within UCMC are the following entities: the Center for Care and Discovery, the Bernard Mitchell Hospital, the Chicago Lying-In Hospital, the University of Chicago Comer Children's Hospital, the Duchossois Center for Advanced Medicine, the UCM Medical Group, Inc., the UChicago Medicine Network, Inc. (UCM Network), and various other outpatient clinics and treatment areas.

The System's Obligated Group includes the following entities: UCMC, UChicago Medicine Network, Inc., Ingalls Memorial Hospital (IMH), UCM Network Development Foundation, and UCM Home Care as presented in the supplemental consolidating schedules. The System's Non-Obligated Group are the UCMC Title Holding Corporation, UCMC Title Holding Corporation II NFP, UCM Medical Group, Inc., UCM Medical Group LLC, UCM Physician Partners LLC, UCM ACO LLC, UChicago Medicine Northwest Indiana, Inc., UCM Services Corp., UCM NFP Community Ventures, Trulen Insurance SPC Limited, and Ingalls Same Day Surgery. These are presented in the supplemental schedules as "Other Non-Obligated Group Entities" for purposes of consolidation.

UCMC holds a controlling interest in AdventHealth Great Lakes Region (AdventHealth GLR) and is the sole Class A member and AdventHealth is the sole Class B member of this 501(c)(3) corporation and affiliation agreement. AdventHealth GLR is included in the consolidated financial statements of the System with net assets distinguished between controlling and non-controlling interests. This affiliation positions the System, under the University of Chicago Medical Center brand (UChicago Medicine), to expand its integrated academic health delivery system to the Southwest and Western suburbs of Chicago, providing patients access to care at the forefront of medicine where patients live and work.

AdventHealth GLR executes intercompany transactions with its corporate parent, AdventHealth, through its normal business operations. The net balance of receivables due from or payables due to the AdventHealth non-controlling interest is reported as Due from affiliates or Due to affiliates, respectively, on the System's consolidated balance sheets and related schedules.

The University of Chicago (the University), as the sole corporate member of UCMC, elects UCMC's Board of Trustees (the Board) and approves its bylaws. The UCMC president reports to the University's executive vice president for Medical Affairs. The relationship between UCMC and the University is defined in the Medical Center bylaws, an affiliation agreement, an operating agreement, and several leases. See the Agreements and Transactions with the University footnote for more information.

(2) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements of the System have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All significant intercompany accounts and transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(c) Community Benefits

The System treats patients in immediate need of medical services without regard to their ability to pay for such services, including patients transferred from other hospitals under the provisions of the Emergency Medical Treatment and Active Labor Act. The System also accepts patients through the Perinatal and Pediatric Trauma Networks without regard to their ability to pay for services.

The System developed a Financial Assistance Policy (the Policy) under which patients are offered discounts of up to 100% of charges on a sliding scale. The Policy is based both on income as a percentage of the Federal Poverty Level guidelines and the charges for services rendered. The Policy also contains provisions that are responsive to those patients subject to catastrophic healthcare expenses. Since the System does not pursue collection of these amounts, they are not reported as patient service revenue. The estimated cost of providing care under this Policy, along with the unreimbursed cost of government sponsored indigent healthcare programs, unreimbursed cost to support education, clinical research, and other community programs for the years ended June 30, 2026, and 2025, are reported in the Community Benefits footnote.

(d) Fair Value of Financial Instruments

Fair value is defined as the price that the System would receive upon selling an asset or pay to settle a liability in an orderly transaction among market participants.

The System uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the System. Inputs refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset and are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 – Quoted market prices in active markets for identical investments

Level 2 – Inputs other than quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, or inputs other than quoted prices that are observable, including model-based valuation techniques

Level 3 – Valuation techniques that use significant inputs that are unobservable because they trade infrequently or not at all.

(e) Cash and Cash Equivalents

Cash equivalents include U.S. Treasury notes, commercial paper, and corporate notes with original maturities of three months or less, excluding investments whose use is limited. The System has deposits at financial institutions that exceed the Federal Deposit Insurance Corporation ("FDIC") limits. Cash equivalents held by investment managers are treated as investing activity in the consolidated statements of cash flows.

(f) Inventory and Supplies

The System values inventories and supplies at the lower of cost or market using the first-in, first-out method.

(g) Investments Limited as to Use

Investments are classified as trading securities. As such, investment return (including realized or changes in unrealized gains and losses on investments, interest, and dividends) is included in excess of revenue and gains over expenses and losses unless the income is restricted by donor or law.

Investments are recorded in the consolidated financial statements at estimated fair value. If an investment is held directly by an entity and an active market with quoted prices exists, the market price of an identical security is used as reported fair value. Reported fair values for shares in mutual funds are based on share prices reported by the funds as of the last business day of the fiscal year. The System's interests in alternative investment funds, such as private debt, private equity, real estate, natural resources, and absolute return, are generally reported at the net asset value (NAV) reported by the fund managers, which is used as a practical expedient to estimate the fair value, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2026, and 2025, the System had no plans to sell investments at amounts different from NAV.

A significant portion of the System's investments are part of the University's Total Return Investment Pool (TRIP). The System accounts for its investments in TRIP on the fair value method based on its share of the underlying securities and, accordingly, records the investment activity as if the System owned the investments directly using the fair value option election. The University does not engage directly in unhedged speculative investments; however, the Board of the University has authorized the use of derivative investments to adjust market exposure within asset class ranges.

A summary of the inputs used in valuing the System's investments as of June 30, 2026 and 2025 is included in the Investments Limited as to Use footnote.

Investments limited as to use primarily include assets held by trustees under debt and other agreements and designated assets set aside by the Board for future capital improvements and other specific purposes, over which the Board retains control and may at its discretion subsequently use for other purposes. Investments limited as to use also include investments held under swap collateral posting requirements, investments under the workers' compensation self-insurance trust funds, and investments whose use is restricted by donors. Investments limited as to use are reported as net

assets without donor restrictions. Investments whose use is restricted by donors are reported as net assets with donor restrictions.

(h) Derivative Instruments

The System accounts for derivatives and hedging activities in accordance with Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*, which requires that all derivative instruments be recorded as either assets or liabilities in the consolidated balance sheets at their respective fair values. The System records the change in fair value of derivatives as a single number in non-operating income. The amount that remains in net assets without donor restrictions will be amortized to interest expense consistent with the underlying related bonds being paid off.

(i) Property, Plant and Equipment

Property, plant, and equipment are reported on the basis of cost, less accumulated depreciation and amortization. Depreciation is calculated using the half-year convention, straight-line method over their estimated useful lives, which generally range from three to forty years. Interest costs incurred during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets with explicit restrictions by donors that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted contributions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported in the net assets without donor restrictions when the acquired long-lived assets are placed in service.

(j) Recoverability of Assets

The System periodically assesses the recoverability of long-lived assets (including property, plant, and equipment) when indications of potential impairment based on estimated, undiscounted future cash flows exist. Management considers factors, such as current results, trends, and future prospects, in addition to other economic factors, in determining whether there is an impairment of the asset. There were no impairments of long-lived assets during 2026 or 2025.

(k) Leases

Right-of-use (ROU) assets for both operating and finance leases are recorded in other assets, net and the corresponding liability is recorded between current portion of other long-term liabilities and other long-term liabilities, less current portion.

The System determines if an arrangement is or contains a lease at contract inception.

For operating leases, the ROU asset and lease liability are initially measured at the present value of the unpaid lease payments at the lease commencement date; they are subsequently measured at the present value of the unpaid lease payments. For finance leases, the ROU asset and lease liability are initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method.

Key estimates and judgments include how the System determines (1) the discount rate it uses to discount the unpaid lease payments to present value, (2) lease term, and (3) lease payments. The System uses the internal weighted average cost of capital when no explicit interest rate is available for a period comparable to the lease term. Lease expense is recognized on a straight-line basis over the lease term.

For finance leases, the ROU asset is amortized using the straight-line method from the lease commencement date to the earlier of the end of its useful life or the end of the lease term unless the lease transfers ownership of the underlying asset to the System or the System is reasonably certain to exercise an option to purchase the underlying asset. In those cases, the ROU asset is amortized over the useful life of the underlying asset. Amortization of the ROU asset is recognized and presented separately from interest expense on the lease liability.

The System monitors for events or changes in circumstances that require a reassessment of one of its leases. Leases having an initial term of 1 year or less are expensed as incurred.

(l) Net Assets

Net assets are classified into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of fees for service and related expenses associated with the core activities of the System: patient care and provision of healthcare services. In addition to these exchange transactions, changes in this category of net assets include investment returns on “funds functioning as endowment” funds, actuarial adjustments to self-insurance liabilities, changes in postretirement benefit obligations, and other types of philanthropic support. The philanthropic support includes gifts without restriction, board-designated funds functioning as endowment, and restricted gifts whose donor-imposed restrictions were met during the fiscal year, as well as previously restricted gifts and grants for buildings and equipment that have been placed in service.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the System or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt, including gifts and grants for buildings and equipment not yet placed in service; endowment, annuity, and life income gifts; pledges and investment returns on “true” endowment funds, and endowments where the principal may be expended upon the passage of a stated period of time (term endowments). Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts and grants for buildings and equipment when the associated long-lived asset is placed in service, are reported as net assets released from restrictions.

Also included in net assets with donor restrictions are net assets subject to donor-imposed restrictions to be maintained permanently by the System, including gifts and pledges wherein donors stipulate that the principal/corpus of the gift be held in perpetuity and that only the income be made available for

program operations. Other permanently restricted items in this net asset category include annuity and life income gifts for which the ultimate purpose of the proceeds is permanently restricted.

The description of amounts classified as donor restricted net assets (endowments only) as of June 30, 2026, and 2025 is as follows:

		Perpetual	Temporarily Restricted	2026 Total
Restricted for pediatric healthcare	$	3,355	20,995	24,350
Restricted for adult healthcare		7,765	67,220	74,985
Restricted for educational and scientific programs		17,232	4,444	21,676
	$	28,352	92,659	121,011

		Perpetual	Temporarily Restricted	2025 Total
Restricted for pediatric healthcare	$	3,526	19,555	23,081
Restricted for adult healthcare		7,886	62,556	70,442
Restricted for educational and scientific programs		15,949	3,828	19,777
	$	27,361	85,939	113,300

The endowment component of net assets without donor restrictions is comprised of amounts designated by the Board to function as endowment, which amounted to $1,250,477 and $1,181,879 included within investments limited to use as of June 30, 2026, and 2025, respectively.

In addition to endowments, the System has $157,253 and $145,996, respectively, of other restricted net assets at June 30, 2026 and 2025.

(m) Consolidated Statements of Operations and Changes in Net Assets Without Donor Restrictions

All activities of the System deemed by management to be ongoing, major, and central to the provision of healthcare services are reported as operating revenues and expenses.

The consolidated statements of operations and changes in net assets without donor restrictions includes revenue and gains in excess of expenses and losses. Changes in net assets without donor restrictions that are excluded from revenue and gains in excess of expenses and losses include net asset transfers to the University, contributions of long-lived assets released from restrictions (including assets acquired using contributions, which by donor restriction were to be used for acquisition of System assets), net assets released from restrictions for capital purchases, and other, net.

(n) Patient Service Revenue, Accounts Receivable, Charity Care, and Third-Party Settlements

(i) Patient Service Revenues

Gross charges are retail charges and generally do not reflect what the System is ultimately paid and, therefore, are not displayed in the consolidated statements of operations and changes in net assets without donor restrictions. The System is typically paid amounts that are negotiated with insurance companies or are set by the government. Gross charges are used to calculate Medicare and Medicaid outlier payments and to determine certain elements of payment under managed care contracts (such as stop-loss payments). Because Medicare requires that gross charges be the same for all patients (regardless of payor category), gross charges are what is charged to all patients prior to the application of discounts and allowances.

The System recognizes revenue in the period in which it satisfies the performance obligations under contracts by transferring the services to its customers. The performance obligations for patient contracts are generally completed when the patients are discharged. In accordance with ASC Topic 606, *Revenue from Contracts with Customers*, the System does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. Revenues are recognized in the amounts to which it expects to be entitled, which are the transaction prices allocated to the distinct services.

The System has agreements with governmental and other third-party payors that provide for payments to the System at amounts different from established charges. Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, or other methods. The transaction price is determined based on gross charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the Financial Assistance Program, and implicit price concessions provided primarily to uninsured patients. The estimates of explicit price concessions and discounts are based on contractual agreements, discount policies, and historical experience. The estimates of implicit price concessions are based on historical collection experience with these classes of patients using the portfolio approach.

(ii) Charity Care

The System provides charity care to patients who meet the criteria for charity care as published in its Financial Assistance Policy. Patients who qualify are provided care without charge or at amounts less than established rates. System policy is not to pursue collection of amounts determined to qualify as charity care; therefore, they do not report these amounts in patient service revenue. Patient advocates from the System screen patients in the facilities to determine whether those patients meet eligibility requirements for financial assistance programs. They also expedite the process of applying for government programs.

(iii) Third-Party Settlements

Revenues under the traditional fee-for-service Medicare and Medicaid programs are based primarily on prospective payment systems. Retrospectively determined cost-based revenues under

these programs are estimated using historical trends and current factors. Cost report settlements under these programs are subject to audit by Medicare and Medicaid auditors and administrative and judicial review, and it can take several years until final settlement of such matters is determined and completely resolved. Because the laws, regulations, instructions, and rule interpretations governing Medicare and Medicaid reimbursement are complex and change frequently, the estimates recorded could change by material amounts.

The System has an estimation process for recording Medicare patient service revenue and estimated cost report settlements. As a result, the System records accruals to reflect the expected final settlements on its cost reports.

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care using the most likely outcome method. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available), or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments from the finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in patient service revenues of $9,067 and $3,550, for the years ended June 30, 2026, and 2025, respectively.

(o) Hospital Assessment Program

The Illinois Hospital Assessment Program and the Enhanced Illinois Hospital Program (collectively referred to herein as HAP) have been approved by CMS through December 31, 2025. Under HAP, the state receives additional federal Medicaid funds for the state's healthcare system administered by the Illinois Department of Healthcare and Family Services. In 2026, reimbursement under the HAP resulted in a net increase of $390,787 in operating income, which includes $650,481 in Medicaid payments included in patient service revenue offset by $259,694 in Medicaid provider tax expense. In 2025, reimbursement under the HAP resulted in a net increase of $185,261 in operating income, which includes $323,843 in Medicaid payments included in patient service revenue offset by $138,582 in Medicaid provider tax expense.

(p) Other Revenue

Other operating revenue includes revenue from non-patient care services, of which a substantial portion includes revenue from retail and contract pharmacy program, clinical space rental revenue, contributions both unrestricted in nature and those released from restriction to support operating activities, related grant income, premium and capitation revenues, and other miscellaneous income.

Premium and capitation revenues are received and recognized as revenue ratably over the period for which the enrolled member is entitled to healthcare services. The timing of the System's performance may differ from the timing of the payment received, which may result in the recognition of a contract

asset or a contract liability. The System has no material contract assets or liabilities at June 30, 2026 and 2025 relating to premium and capitation revenue.

Revenue from grants is recognized in accordance with ASC Subtopic 958-605, *Not-for-profit entities – Revenue recognition*, as other operating revenue, when the conditions of the contributions are substantially met.

Revenue from non-grant sources is generally recognized at point of service for these transactions in accordance with ASC Topic 606, *Revenue from Contracts with Customers*.

(q) Income Taxes

The System applies ASC Topic 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements. ASC Topic 740 prescribes a more likely than not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken. Under ASC Topic 740, tax positions are evaluated for recognition, de-recognition, and measurement using consistent criteria and provide more information about the uncertainty in income tax assets and liabilities. As of June 30, 2026 and 2025, the System does not have an asset or liability recorded for unrecognized tax positions.

The System's Obligated Group is comprised of subsidiaries that are not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and, therefore, exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Non-Obligated Group consists of several not-for-profit and taxable entities. The taxable entities include Ingalls Provider Group; Ingalls Casualty Insurance Limited; Trulen Insurance SPC Limited; Ingalls Same Day Surgery; and UCM Services Corp., which are taxable entities under applicable sections of the Code.

Deferred income taxes on the taxable entities of the Non-Obligated Group are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the consolidated financial statement carrying amounts and the tax bases of existing assets and liabilities. As of June 30, 2026 and 2025, the UCM Non-Obligated Group has deferred tax assets primarily relating to net operating losses (NOL); however, it has a full valuation allowance as management believes that it was not more likely than not that the results of future operations would generate sufficient taxable income to realize the NOL.

(r) Subsequent Events

In connection with the preparation of the consolidated financial statements and in accordance with ASC Topic 855, *Subsequent Events*, the System evaluated events and transactions through November 18, 2026, the date the consolidated financial statements were issued. There are no subsequent event updates other than those already disclosed in the following footnote disclosures.

(3) Financial Assets and Liquidity Resources

As of June 30, financial assets and liquidity resources available within one year for general expenditure, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	2026	2025
Financial assets:		
Cash and cash equivalents and current portion of investments limited to use	$ 613,078	530,365
Patient accounts receivable	741,494	683,767
Total financial assets available within one year	1,354,572	1,214,132
Total financial assets and liquidity resources available within one year	$ 1,354,572	1,214,132

The System at June 30, 2026 maintains $1,466,774 in unrestricted investments, all available for general expenditure upon Board approval, of which $601,442 is liquid within 12 months. The System at June 30, 2025 maintains $1,393,482 in unrestricted investments, all available for general expenditure upon Board approval, of which $619,413 is liquid within 12 months.

(4) Agreements and Transactions with the University

The affiliation agreement with the University provides, among other things, that all members of the medical staff will have academic appointments in the University. The affiliation agreement had an initial term of 40 years ending October 1, 2026 unless sooner terminated by mutual consent or as a result of a continuing breach of a material obligation therein or in the operating agreement. The affiliation agreement automatically renews for additional successive 10-year terms following expiration of the initial term, unless either party provides the other with at least 2 years' prior written notice of its election not to renew. The automatic renewal took effect in October 2026, thus the affiliation agreement now has a new expiration date of October 1, 2036.

The operating agreement, as amended, provides, among other things, that the University provides UCMC the right to use and operate certain facilities. The operating agreement is coterminous with the affiliation agreement.

The lease agreements provide, among other things, that UCMC will lease from the University certain of the healthcare facilities and land that UCMC operates and occupies. The lease agreements are coterminous with the affiliation agreement. The cost of buildings that are jointly used by the University and the System is allocated based on the lease provisions. The unamortized portion of initial lease payments made to the University totaled $869 and $2,341 at June 30, 2026 and 2025, respectively, and are reported as Land and land rights in the Property, Plant and Equipment footnote.

The System has a relationship with the University Investment Office by which the System investments are managed. The System owns shares within the University investment TRIP. Changes in share price are recognized on the books and records of the System.

The System purchases various services from the University, including certain employee benefits, utilities, security, telecommunications, and insurance. In addition, the University maintains certain accounting records on behalf of the System. During the years ended June 30, 2026, and 2025, the University charged the System $50,733 and $40,606, respectively, for utilities, security, telecommunications, insurance, and overhead.

The University's Division of Biological Sciences provides physician services to the System. During 2026 and 2025, UCMC recorded $649,452 and $567,074, respectively, in expense related to these services.

The System provides various services to the University, including healthcare services, staffing, utilities and overhead. During 2026 and 2025, the System recorded $125,007 and $114,213, respectively, in revenue related to these services.

The System's Board adopted a plan of support under which it would provide annual net asset transfers to the University for support of academic programs in biology and medicine. All commitments under this plan are subject to the approval of the System's Board and do not represent legally binding commitments until that approval. Unpaid portions of commitments approved by the System's Board are reflected as current liabilities. The System recorded net asset transfers of $72,996 and $71,750 in 2026 and 2025, respectively, for this support.

(5) Patient Service Revenue and Patient Receivables

The System has agreements with third-party payors that provide for reimbursement at amounts different from their established rates. A summary of the reimbursement methodologies with major third-party payors is as follows:

(a) Medicare

The System is paid for various services rendered to Medicare program beneficiaries under prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Generally, the prospectively determined rates are not subject to retroactive adjustment. The System's classification of patients under the prospective payment systems and the appropriateness of the patients' admissions are subject to validation reviews.

Other services rendered to Medicare beneficiaries are reimbursed based on a combination of prospectively determined rates and cost reimbursement methodologies. For the cost reimbursement, the System is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the System and audits by the Medicare fiscal intermediary. UCMC's Medicare reimbursement reports through June 30, 2020 have been audited by the Medicare fiscal intermediary. UCM Network's Medicare reimbursement reports through December 31, 2020 have been audited by the Medicare fiscal intermediary.

(b) Medicaid

The System is paid for inpatient acute care services rendered to Medicaid program beneficiaries under prospectively determined rates per discharge. For inpatient acute care services, payment rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Medicaid outpatient services are reimbursed based on fee schedules. Medicaid reimbursement methodologies may be subject to periodic adjustment, as well as to changes in existing payment levels and rates, based on the amount of funding available to the State of Illinois Medicaid program and any such changes could have a significant effect on the System's results of operations.

(c) Blue Cross

The System also participates as a provider of healthcare services under reimbursement agreements with Blue Cross under its indemnity program. The provisions of the agreements stipulate that services will be reimbursed at a tentative reimbursement rate and that final reimbursement for these services is determined after the submission of an annual cost report by the System and a review by Blue Cross. UCMC's and UCM Network's Blue Cross reimbursement reports for 2024 and prior years have been reviewed by Blue Cross. Advent Joint Venture does not participate in Blue Cross reimbursement reporting.

(d) Other

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements is negotiated by the System and includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined per diem rates.

Patient service revenue recognized in the period from these major payor sources are as follows:

		2026	2025
Medicare	$	1,533,588	1,342,485
Medicaid		1,240,129	896,649
Managed care		2,424,572	2,139,107
Patients and other		50,873	30,670
Patient service revenue	$	5,249,162	4,408,911

Patient service revenue recognized in the period by type of service is as follows:

		2026	2025
Inpatient	$	2,273,559	1,993,807
Outpatient/Ambulatory care		2,605,064	2,116,471
Physician services		370,539	298,632
	$	5,249,162	4,408,910

(Continued)

The mix of receivables from patients and third-party payors as of June 30, is as follows:

	2026	2025
Medicare	24.4 %	23.9 %
Medicaid	17.1	20.2
Managed care	54.6	52.1
Patients and other	3.9	3.8
	100.0 %	100.0 %

(6) Community Benefits

The following is a summary of the System's unreimbursed cost of providing care, as defined under its Financial Assistance Policy, along with the unreimbursed cost of government-sponsored indigent healthcare programs, unreimbursed cost to support education, clinical research, and other community programs for the years ended June 30:

		2026	2025
Uncompensated care:			
Medicaid sponsored indigent healthcare (unaudited)	$	33,528	166,114
Medicare sponsored indigent healthcare – cost report (unaudited)		290,694	247,442
Medicare sponsored indigent healthcare – physician services (unaudited)		284,802	256,742
Total uncompensated care		609,024	670,298
Charity care		94,823	49,148
		703,847	719,446
Unreimbursed education and research:			
Community benefits (unaudited)		14,593	787
Education (unaudited)		152,418	93,184
Research (unaudited)		72,177	55,717
Total unreimbursed education and research		239,188	149,688
Total community benefits	$	943,035	869,134

The System determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries, wages and benefits, supplies, and other operating expenses, to determine a cost-to-charge ratio. The cost to charge ratio is applied to the charity care gross charges to calculate the charity care amount reported above. The System has not amended its charity care policies in 2026.

(7) Investments Limited as to Use

The composition of investments limited as to use is as follows on June 30:

	2026				
	Separately invested	TRIP	Other	Total	2025
Investments carried at fair value:					
Cash and cash equivalents	$ 88,221	13,739	—	101,960	150,574
Receivables	—	21,792	—	21,792	
Global public equities	—	350,885	—	350,885	344,705
Private equity	—	521,232	—	521,232	414,213
Real assets	—	76,637	—	76,637	139,519
Real estate	—	61,846	—	61,846	
Diversifying	—	158,561	—	158,561	177,281
Absolute return:					
Equity oriented	—	175,190	—	175,190	138,399
Fixed income	—	107,996	—	107,996	116,647
Other:					
Beneficial interests in trust	—	—	15,754	15,754	11,032
Funds in trust	6,195	—	91,824	98,019	69,416
Total investments	$ 94,416	1,487,878	107,578	1,689,872	1,561,786

Investments classified as other consist of construction and debt proceeds to pay interest, donor restricted investments in beneficial interests in trusts, workers' compensation, self-insurance, and trustee-held funds.

A summary of investments limited as to use for the years ended June 30 is as follows:

	2026	2025
Investments limited as to use:		
By the board for capital improvements/restrictions by donors	$ 103,976	95,987
Funds held by custodian/trustee under indenture agreements	31	208
Funds held by trustee for self-insurance	97,987	69,207
TRIP investments	1,487,878	1,396,384
Total investments limited to use	$ 1,689,872	1,561,786

(Continued)

The composition of unrestricted investment return, net is as follows for the years ended June 30:

	2026	2025
Interest and dividend income, net	$ 13,010	18,731
Realized gains on sales of securities, net	79,384	20,770
Change in unrealized gains and losses on securities, net	66,481	91,188
Investment Management Fees	(7,604)	(7,210)
	$ 151,271	123,479

Outside of TRIP, The System also invests in private equity limited partnerships. As of June 30, 2026, The System has commitments of $8,873 remaining to fund private equity limited partnerships.

Fair Value of Financial Instruments

The overall investment objective of the System is to invest its assets in a prudent manner that will achieve a long-term rate of return sufficient to fund a portion of its annual operating activities and increase investment value after inflation. The System diversifies its investments among various asset classes incorporating multiple strategies and external investment managers, including the University Investment Office. Major investment decisions for investments held in TRIP and managed by the University are authorized by the University Board of Trustee's Investment Committee, which oversees the University's investment program in accordance with established guidelines.

The carrying amount reported in the consolidated balance sheets for the following approximates fair value because of the short maturities of these instruments: cash and cash equivalents, patient accounts receivable, accounts payable and accrued expenses, and estimated payables under third-party reimbursement programs. Cash equivalent investments include cash equivalents and fixed-income investments, with original maturities of three months or less, which are valued based on quoted market prices in active markets. The majority of these investments are held in U.S. money market accounts. Global public equity investments consist of separate accounts, commingled funds, and limited partnerships. Securities held in separate accounts and daily traded commingled funds are generally valued based on quoted market prices in active markets. Commingled funds with monthly liquidity are valued based on independently determined NAV. Limited partnership interests in equity-oriented funds are valued based upon NAV provided by external fund managers.

Investments in private debt, private equity, real estate, and natural resources are in the form of limited partnership interests, which typically invest in private securities for which there is no readily determinable market value. In these cases, market value is determined by external managers based on a combination of discounted cash flow analysis, industry comparables, and outside appraisals. Where private equity, real estate, and natural resources managers hold publicly traded securities, these securities are generally valued based on market prices. The value of the limited partnership interests is held at the manager's reported NAV, unless information becomes available indicating the reported NAV may require adjustment. The methods used by managers to assess the NAV of these external investments vary by asset class. The University's Investment Office monitors the valuation methodologies and practices of managers on behalf of the System.

The absolute return portfolio comprises investments of limited partnership interests in hedge funds and drawdown private equity style partnerships whose managers have the authority to invest in various asset classes at their discretion, including the ability to invest long and short. The majority of the underlying holdings are marketable securities. The remainder of the underlying holdings is held in marketable securities that trade infrequently or in private investments, which are valued by the manager on the basis of an appraised value, discounted cash flow, industry comparables, or some other method. Most hedge funds that hold illiquid investments designate them in special side pockets, which are subject to special restrictions on redemption.

Fixed-income investments consist of directly held actively traded treasuries, separately managed accounts, commingled funds, and bond mutual funds that hold securities, the majority of which have maturities greater than one year. These are valued based on quoted market prices in active markets.

Beneficial interests in trusts represent restricted investments that are assets held by third-party trustees for beneficial interests in perpetual trusts, comprising equities, fixed-income securities, and money market funds.

Funds in trust investments consist primarily of self-insurance, workers' compensation trust funds, and funds held by trustee under indenture agreements. Funds in trust comprise 28% equities and 72% fixed income investments on June 30, 2026. Funds in trust comprise 26% equities and 74% fixed income investments on June 30, 2025.

The System believes that the reported amount of its investments is a reasonable estimate of fair value as of June 30, 2026, and 2025. Because of the inherent uncertainties of valuation, these estimated fair values may differ significantly from values that would have been used had a ready market existed. Assets and liabilities recorded at fair value as of June 30 were as follows:

	(Level 1)	(Level 2)	(Level 3)	2026 Total fair value
Assets:				
Cash and cash equivalents	$ 613,038	—	—	613,038
Investments:				
Cash equivalents	101,960	—	—	101,960
Receivables	21,792	—	—	21,792
Global public equities	106,672	—	—	106,672
Private Equity – U.S. Venture Capital	18	—	7,918	7,936
Real assets:				
Real estate	2	—	956	958
Fixed income:				
U.S. Treasuries, including TIPS	—	—	—	—
Other fixed income	107,996	—	—	107,996
Restricted investments	15,754	—	—	15,754
Funds in trust	6,195	91,824	—	98,019
Investments measured at net asset value[1]				1,228,785
Total investments at fair value	973,427	91,824	8,874	2,302,910
Other assets	19,462	—	—	19,462
Total assets at fair value	$ 992,889	91,824	8,874	2,322,372
Liabilities:				
Interest rate swap payable	$ —	34,528	—	34,528
Total liabilities at fair value	$ —	34,528	—	34,528

(Continued)

	(Level 1)	(Level 2)	(Level 3)	2025 Total fair value
Assets:				
Cash and cash equivalents	$ 530,157	—	—	530,157
Investments:				
Cash equivalents	150,574	—	—	150,574
Global public equities	29,357	—	—	29,357
Private Equity – U.S. Venture Capital	7	—	6,099	6,106
Real assets:				
Real estate	3	—	1,011	1,014
Fixed income:				
U.S. Treasuries, including TIPS				
Other fixed income	116,649	—	—	116,649
Restricted investments	11,032	—	—	11,032
Funds in trust	6,023	63,393	—	69,416
Investments measured at net asset value[1]				1,177,638
Total investments at fair value	843,802	63,393	7,110	2,091,943
Other assets	15,350	—	—	15,350
Total assets at fair value	$ 859,152	63,393	7,110	2,107,293
Liabilities:				
Interest rate swap payable	$ —	44,436	—	44,436
Total liabilities at fair value	$ —	44,436	—	44,436

1 Certain investments that are measured at fair value using the NAV per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheets.

During 2026, there were no transfers between investments Levels. The interest rate swap arrangement has inputs, which can generally be corroborated by market data and is, therefore, classified within Level 2.

(Continued)

The following table presents activity for the years ended June 30, 2026 and 2025, respectively for assets measured at fair value using unobservable inputs classified in Level 3:

	2026	2025
Beginning fair value	$ 7,110	7,142
Change in unrealized gain (loss)	1,763	(32)
Ending fair value	$ 8,873	7,110

In addition, investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of the System's investments could occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements. The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the System believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The significant unobservable inputs used in the fair value measurement of the System's long-lived partnership investments include a combination of cost, discounted cash flow analysis, industry comparables, and outside appraisals. Significant changes in any inputs used by investment managers in determining NAVs in isolation would result in a significant change in fair value measurement.

The System has made investments in various long-lived partnerships and, in other cases, has entered into contractual agreements that may limit its ability to initiate redemptions due to notice periods, lockups, and gates. Details on typical redemption terms by asset class and type of investment are provided below:

	Remaining life	Redemption terms	Redemption restrictions and terms
Cash & Equivalents:	N/A	Daily	None
Receivable:	N/A	Redemptions not permitted	Receivable for investments sold or redeemed as of June 30, 2026, with cash settlement occuring after the fiscal year-end.
Global public equities:			
Commingled funds	N/A	Monthly to triennial with notice periods of 6 to 122 days	Some investments have a portion of capital held in side pockets with no redemptions permitted
Partnerships	N/A	Monthly to biennial with notice periods of 30 to 184 days	Lock up provisions for up to 1 remaining year, some investments have a portion of capital held in side pockets with no redemptions permitted
Security	N/A	Daily w	None
Separate accounts	N/A	Daily with notice periods of 1 to 90 days	None

(Continued)

	Remaining life	Redemption terms	Redemption restrictions and terms
Private equity:			
Drawdown partnerships	1 to 49 years	Redemptions not permitted	N/A
Separate accounts	N/A	Daily with notice period of 5 days	None
Partnerships	N/A	Annual with notice period of 90 days	Some investments have a portion of capital held in side pockets with no redemptions permitted
Direct investments	N/A	Redemptions permitted	N/A
Equity Oriented:			
Commingled funds	N/A	Annual to triennial with notice periods of 60 to 90 days	None
Drawdown partnerships	6 years	Redemptions not permitted	N/A
Partnerships	N/A	Monthly to semi-annual with notice periods of 45 to 90 days	Lock up provisions for up to 2 remaining years, some investments have a portion of capital held in side pockets with no redemptions permitted
Diversifying:			
Commingled funds	N/A	Monthly to semi-annual with notice periods of 30 to 65 days	Lock up provisions for up to 2 remaining years, some investments have a portion of capital held in side pockets with no redemptions permitted
Drawdown partnerships	1 to 8 years	Redemptions not permitted	N/A
Partnerships	N/A	Daily to annual with notice periods of 1 to 77 days	Some investments have a portion of capital held in side pockets with no redemptions permitted.
Real Assets:			
Drawdown partnerships	1 to 13 years	Redemptions not permitted	N/A
Real estate:			
Drawdown partnerships	1 to 15 years	Redemptions not permitted	N/A
Funds in Trust:	N/A	Daily	None
Fixed Income:	N/A	Daily	None

(8) Endowments

The System's endowment consists of individual donor-restricted endowment funds and board-designated endowment funds for a variety of purposes plus the following where the assets have been designated for endowment: pledges receivable, split interest agreements, and other net assets. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments.

The net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Illinois is governed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Board of UCMC has interpreted UPMIFA as sustaining the preservation 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 of this interpretation, the System classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The System has beneficial interests in trusts. The System has recorded its share of the principal of the trusts as net assets with donor restrictions. Distributions from the trusts are recorded within net assets without restrictions if unrestricted; otherwise, they are classified as net assets with donor restrictions until appropriated for expenditure. In some instances, the historical cost basis of the funds is not available as the System received the shares in 1929. The fair value of assets associated with individual donor-restricted endowment funds may fall below the amount of the original donation as a result of unfavorable market conditions. There were no such deficiencies on June 30, 2026, and 2025, respectively.

(Continued)

The System has the following endowment activities during the years ended June 30, 2026, and 2025 delineated by net asset class:

	2026		
	Without donor restrictions	With donor restrictions	Total
Changes in the fair value of endowment investments:			
Investment return:			
Endowment yield (interest and dividends)	$ 10,961	723	11,684
Net appreciation (realized and unrealized) on investments	123,032	12,493	135,525
Investment management fees	(5,938)	(558)	(6,496)
Net investment return	128,055	12,658	140,713
Endowment payout	(53,434)	(5,024)	(58,458)
Investment return, net of payout	74,621	7,634	82,255
Other changes in endowment investments:			
Gifts and pledge payments received in cash	—	77	77
Other changes	(6,023)	—	(6,023)
Total other changes in endowment investments	(6,023)	77	(5,946)
Net change in endowment investments	68,598	7,711	76,309
Endowment investments at:			
Beginning of year	1,181,879	113,300	1,295,179
End of year	$ 1,250,477	121,011	1,371,488
Investments by type of fund:			
Donor-restricted “true” endowment:			
Historical gift value	$ —	28,352	28,352
Appreciation	—	92,659	92,659
Board-designated “funds functioning as endowment"	1,250,477	—	1,250,477
Total – as above	$ 1,250,477	121,011	1,371,488

(Continued)

	2025		
	Without donor restrictions	With donor restrictions	Total
Changes in the fair value of endowment investments:			
Investment return:			
Endowment yield (interest and dividends)	$ 11,501	754	12,255
Net appreciation (realized and unrealized) on investments	94,670	9,250	103,920
Investment management fees	(6,040)	(553)	(6,593)
Net investment return	100,131	9,451	109,582
Endowment payout	(53,819)	(4,978)	(58,797)
Investment return, net of payout	46,312	4,473	50,785
Other changes in endowment investments:			
Gifts and pledge payments received in cash	—	3,008	3,008
Other changes	(40,000)	—	(40,000)
Total other changes in endowment investments	(40,000)	3,008	(36,992)
Net change in endowment investments	6,312	7,481	13,793
Endowment investments at:			
Beginning of year	1,175,567	105,819	1,281,386
End of year	$ 1,181,879	113,300	1,295,179
Investments by type of fund:			
Donor-restricted “true” endowment:			
Historical gift value	$ —	27,361	27,361
Appreciation	—	85,939	85,939
Board-designated “funds functioning as endowment"	1,181,879	—	1,181,879
Total – as above	$ 1,181,879	113,300	1,295,179

Investment and Spending Policies

The System has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. The System expects its endowment funds to provide an average rate of return of approximately 7%-8% annually. To achieve its long-term rate of return objectives, the System relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Actual returns in any given year may vary from this amount.

(Continued)

For endowments invested in TRIP, the Board of the System has adopted the University's method to be used to appropriate endowment funds for expenditure, including following the University's payout formula. The University utilizes the total return concept in allocating endowment income. In accordance with the University's total return objective, between 4.5% and 5.5% of a 12-quarter moving average of the fair value of endowment investments, lagged by one year, is available each year for expenditure in the form of endowment payout. The exact payout percentage, which is set each year by the Board with the objective of a 5% average payout over time, was 5.50% for both fiscal years ended June 30, 2026 and 2025. If endowment income received is not sufficient to support the total return objective, the balance is provided from capital gains. If income received is in excess of the objective, the balance is reinvested in the endowment.

(9) Property, Plant, and Equipment

The components of property, plant, and equipment as of June 30 are as follows:

	2026	2025
Land and land rights	$ 74,541	81,346
Buildings and improvements	2,566,628	2,483,787
Equipment	1,318,949	1,203,166
Construction in progress	705,170	477,734
	4,665,288	4,246,033
Less accumulated depreciation	(2,088,876)	(1,926,002)
Total property, plant, and equipment, net	$ 2,576,412	2,320,031

Capitalized interest costs in 2026 and 2025 were approximately $11,854 and $7,200, respectively. Construction in progress consists of various routine capital improvements and renovation projects. As of June 30, 2026, the System had total contractual commitments associated with ongoing capital projects of approximately $189,200.

(10) Pledges

Pledges receivable at June 30 are shown as follows:

	2026	2025
Unconditional promises expected to be collected in:		
Less than one year	$ 24,001	24,813
One year to five years	55,079	74,426
More than five years	—	5,100
	79,080	104,339
Less:		
Valuation allowance	(4,264)	(14,549)
Total	$ 74,816	89,790

The System's 5 largest pledges comprise approximately 86% and 87% of pledges receivable at June 30, 2026 and 2025, respectively. Included in this amount is a pledge receivable from a single donor, of $40,446 at June 30, 2026 net of current year pledge payments and amortization of the discount. The discount used for pledges was 5.70%.

(11) Long-Term Debt

The long-term debt of the Obligated Group is issued pursuant to the Third Amended and Restated Master Trust Indenture (MTI) dated as of June 1, 2025, as subsequently amended and supplemented. The Obligated Group Members are UCMC, UChicago Medicine Network, Inc., The Ingalls Memorial Hospital, UCM Home Care, and UCM Network Development Foundation. Each series of bonds is collateralized by the unrestricted receivables of the Obligated Group Members and subject to certain restrictions under the MTI.

In April 2026, AdventHealth GLR entered into a $12,284 term loan agreement with a certain bank related to the purchase of a medical office building. The loan has a final maturity date of April 20, 2031 and bears interest at a variable rate equal to the Secured Overnight Financing Rate (SOFR) plus 1.40%. Principal payments on the term loan commence in fiscal year 2028.

(Continued)

Long-term debt on June 30, 2026 and 2025 consists of the following:

	Fiscal year maturity	Interest rate	2026	2025
Obligated Group:				
Fixed rate:				
Illinois Finance Authority:				
Series 2009D1 and 2009D2 (Synthetically fixed rate)	2044	3.9 %	$ 70,000	70,000
Series 2009E1 and 2009E2 (Synthetically fixed rate)	2044	3.9	70,000	70,000
Series 2010A and 2010B (Synthetically fixed rate)	2045	3.9	92,500	92,500
Series 2011A and 2011B (Synthetically fixed rate)	2045	3.9	92,500	92,500
Series 2016A	2027	5.0	5,010	9,775
Series 2016B	2042	4.3	161,460	162,270
Series 2017	2034	2.5	23,725	26,240
Series 2020A	2027	2.6	9,895	19,525
Series 2022A	2053	5.0	207,600	207,600
Series 2022B2	2053	5.0	83,700	83,700
Series 2025A1	2055	5.0	96,690	96,690
Series 2025A2	2060	5.0	97,135	97,135
Series 2025A3	2065	5.0	96,260	96,260
Teachers Insurance and Annuity Association of America				
Series 2017A taxable	2047	4.4	30,000	30,000
New York Life:				
Series 2019E taxable - UCMC	2037	2.7	44,390	47,815
Series 2019E taxable - IMH	2043	2.7	54,310	55,925
Unamortized premium			40,561	44,820
Total fixed rate			1,275,736	1,302,755
Variable rate:				
Series 2013A	2050	1.9	59,090	60,759
Illinois Educational Facilities Authority Commercial Paper	2037	3.0	47,578	47,578
Total variable rate			106,668	108,337
Unamortized debt issuance costs			(8,047)	(8,682)
Less current portion of long-term debt			(25,269)	(24,429)
Total Obligated Group long-term portion of debt, less current portion			$ 1,349,088	1,377,981
Non-Obligated Group:				
Notes payable	2031	5.1 %	$ 12,284	—
Total Non-Obligated Group long-term portion of debt			$ 12,284	—
Total notes and bonds payable:			$ 1,386,641	1,402,410
Less current portion of long-term debt			(25,269)	(24,429)
Long-term debt, excluding current portion			$ 1,361,372	1,377,981

(Continued)

Scheduled annual repayments, excluding costs, premiums, or discounts, for the next five years and thereafter are as follows at June 30:

Year ending June 30:	
2027	$ 25,269
2028	20,006
2029	29,022
2030	22,700
2031	42,330
Thereafter	1,214,800
	$ 1,354,127

(a) Letters of Credit

Included in UCMC's debt is $47,578 of commercial paper revenue notes and $325,000 of variable rate demand bonds. Under its various credit agreements, UCMC is subject to certain financial covenants, including maintaining a minimum debt service coverage ratio; maintaining minimum levels of days' cash on hand; maintaining debt to capitalization at certain levels; limitations on selling, leasing, or otherwise disposing of UCMC property; and certain other nonfinancial covenants.

Payment on each of the variable rate demand revenue bonds is also secured by a letter of credit. The letters of credit that support the Series 2009D and 2009E bonds expire in June 2028 and July 2029, respectively. The letters of credit that support the Series 2010A and 2010B bonds expire in May 2029. The letters of credit that support the Series 2011A and Series 2011B bonds expire in November 2032 and July 2029, respectively. Payment of each of the commercial paper revenue notes is secured by a letter of credit maturing January 2031. The letters of credit are subject to certain restrictions, which include financial ratio requirements. The most restrictive financial ratio is to maintain a debt service coverage ratio of 1.25:1.

In the event that UCMC's remarketing agents are unable to remarket the commercial paper revenue notes or variable rate demand bonds, the trustee of the bonds will tender them under the letters of credit. Scheduled repayments under the letters of credit are between one and four years, beginning after a grace period of at least one year from the event, and bear interest rates different from those associated with the original bond issue. Any bonds tendered are still eligible to be remarketed. Bonds subsequently remarketed would be subject to the original bond repayment schedules.

(Continued)

Scheduled principal repayments on long-term debt based on the variable rate demand debt being put back to the System and a corresponding draw being made on the underlying credit facility, if available, excluding costs, premiums, or discounts, are as follows:

Year ending June 30:	
2027	$ 25,269
2028	161,537
2029	164,723
2030	74,566
2031	36,115
Thereafter	891,917
	$ 1,354,127

(b) Lines of Credit

UCMC has a total of $150,000 across two lines of credit from two different commercial banks. One line of credit is for $100,000 and expires on March 1, 2027. The second line of credit is for $50,000 and expires on September 22, 2027. The $50,000 line of credit was reduced from $75,000 on September 24, 2025. As of June 30, 2026, and 2025, there were no outstanding balances on either line of credit.

(c) Interest Payments

The System paid interest, net of capitalized interest, of approximately $47,711 and $47,151 in 2026 and 2025, respectively.

(12) Derivative Instruments

The System uses interest rate swaps as a part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swaps are not used for speculative purposes and are measured at fair value in the accompanying consolidated balance sheets.

The fair value of each swap is the estimated amount the System would receive or pay to terminate the swap agreement at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value is included in interest rate swap liability on the consolidated balance sheets, while the change in fair value is recorded in other changes in net assets without donor restrictions for the effective portion of the change and in non-operating gains and losses for the ineffective portion of the change. The inputs to the fair value estimate are considered Level 2 in the fair value hierarchy.

During the years ended June 30, 2026 and 2025, the System was party to several swap agreements as described further below.

UCMC Swap Agreements

In February and May 2024, respectively, UCMC simultaneously entered into (a) a total return swap whereby UCMC receives a fixed rate and pays a variable rate (percentage of SOFR plus a spread) and (b) an interest rate swap whereby UCMC pays a fixed rate and receives a variable rate (percentage of SOFR plus a spread), with the intent of creating a fixed cost of funding and lowering its basic rent payments in connection with two lease agreements with a third-party leasing company for two properties in Chicago, Illinois. The respective swap agreements entered into in February and May 2024 terminate on May 15, 2034. Settlements are made semi-annually.

In 2006, UCMC entered into a floating-to-fixed rate swap agreement to manage the interest rate risk associated with outstanding variable rate debt. The original agreement was subsequently amended in 2011 to, among other things, divide the notional amount between two counterparties resulting in two floating-to-fixed swap agreements—each with a notional amount of $162,500. Under the floating-to-fixed agreements, UCMC receives a percentage of SOFR and pays a fixed rate. The floating-to-fixed rate swap agreements terminate on February 1, 2044. On July 1, 2020, UCMC entered into a novation of the two floating-to-fixed swap agreements for a five-year term. The novation to the new parties is under like-kind terms and arrangements that do not require designation of the hedging relationship and related accounting. Settlements are made monthly.

The floating-to-fixed swap agreements are no longer designated as a hedging instrument, and therefore, the change in fair value will prospectively be recognized as a component of non-operating gains in the accompanying consolidated statements of operations. Management has recognized a change in fair value of approximately $9,304 and ($1,624) in 2026 and 2025, respectively in non-operating gains and losses. This movement reflects the spread between tax-exempt interest rates and SOFR during the period. Management has determined that the interest rate swaps are effective, and the effective portion of these swaps is included in other changes in net assets without donor restrictions. Cash settlement payments related to the swaps are recorded in interest expense. The fair value of the UCMC swap agreement liabilities was $32,972 and $42,276 at June 30, 2026 and 2025, respectively, and has been included in other long-term liabilities in the accompanying consolidated balance sheets.

The following summarizes the general terms of each of UCMC's swap agreements:

Effective date	Associated debt series	Original term	Current notional amount	UCMC pays	UCMC receives
August 9, 2011	2009 D/E, 2010 A/B, 2011 A/B	32.5 Years	$ 162,500,000	3.89 %	68% of SOFR
August 9, 2011	2009 D/E, 2010 A/B, 2011 A/B	32.5 Years	162,500,000	3.97 %	68% of SOFR
February 29, 2024	Total Return Swap	10 Years	7,200,000	80% of SOFR + spread	5.13 %
February 29, 2024	Interest Rate Swap	10 Years	7,200,000	4.26%	80% of SOFR + spread
May 8, 2024	Total Return Swap	10 Years	34,435,000	80% of SOFR + spread	5.25 %
May 8, 2024	Interest Rate Swap	10 Years	34,435,000	4.46 %	80% of SOFR + spread

(Continued)

UCM Network Swap Agreement

In June 2004, UCM Network entered into a floating-to-fixed rate swap agreement to lock in long-term fixed rates on the Series 2004 variable-rate debt (which was subsequently refunded by the Series 2017 Bonds), with a maturity date of May 15, 2034. This agreement was amended on March 1, 2013. Under the amended agreement, the notional amount and maturity did not change, and UCM Network receives a percentage of SOFR plus a spread and makes payments at an annualized fixed rate of 4.61%. Settlements are made monthly.

The swap is not designated as a hedging instrument, and therefore, the change in fair value of $690 and $152 in 2026 and 2025, respectively, was recognized as a component of non-operating gains in the accompanying consolidated statements of operations. The fair value of the floating-to-fixed swap agreement liability of $1,556 and $2,246 at June 30, 2026 and 2025, respectively, is included as a component of other long-term liabilities in the accompanying consolidated balance sheets. The differential to be paid or received under the floating-to-fixed swap agreement is recognized monthly and has been included as a component of interest expense in the accompanying consolidated statements of operations and changes in net assets without donor restriction.

A summary of outstanding positions under the interest rate swap agreements for UCM Network at June 30, 2026 is as follows:

Effective date	Associated debt series	Original term	Current notional amount	UCM Network pays	UCM Network receives
June 28, 2004	N/A	30 Years	$ 28,325,000	4.61 %	67% of SOFR + spread

By using derivative financial instruments to manage the risk of changes in interest rates, the System exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes the System, which creates credit risk for the System. When the fair value of a derivative contract is negative, the System owes the counterparty, and therefore, it does not possess credit risk; however, the System is required to post collateral to the counterparty when certain thresholds as defined in the derivative agreements occur. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken. System management also mitigates risk through periodic reviews of their derivative positions in the context of their total blended cost of capital.

To manage the credit risk of the swap agreements, the System is required to provide collateral under specific terms and conditions for each of the swap agreements when the combined fair value exceeds a predetermined threshold. Collateral posting requirements are driven by the value of the swap as measured at the reset date and are based upon the System’s credit rating. Collateral requirements increase if the System’s credit ratings were to be downgraded. At June 30, 2026 and 2025, no collateral was posted.

(13) Leases

The components of lease cost for the years ended June 30, 2026, and 2025 reported as part of other expenses in the consolidated statements of operations and changes in net assets without donor restrictions, were as follows:

		2026	2025
Operating lease expense	$	20,810	21,035
Finance lease expense:			
Amortization of right-of-use assets		6,652	5,993
Interest on lease liabilities		1,700	1,768
Total finance lease expense		8,352	7,761
Total lease expense	$	29,162	28,796

Amounts reported in the consolidated balance sheets as of June 30, 2026, and 2025 were as follows:

		2026	2025
Operating Leases:			
Right-of-use assets – operating leases	$	174,587	154,762
Less: Accumulated amortization		59,174	42,497
Other assets, net	$	115,413	112,265
Current portion of other long-term liabilities	$	16,484	15,647
Other long-term liabilities, less current portion		103,464	116,393
Total operating lease liabilities	$	119,948	132,040
Finance Leases:			
Right-of-use assets – finance leases	$	56,395	64,416
Less: Accumulated amortization		13,721	21,607
Other assets, net	$	42,674	42,809
Current portion of other long-term liabilities	$	4,342	6,137
Other long-term liabilities, less current portion		38,156	36,413
Total finance lease liabilities	$	42,498	42,550

(Continued)

Other information related to leases as of June 30, 2026 and 2025 was as follows:

Supplemental cash flow information:

	2026	2025
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow from operating leases	$ 21,347	22,131
Operating cash flow from finance leases	1,700	1,768
Financing cash flow from finance leases	6,652	5,993
ROU assets obtained in exchange for lease obligations:		
Operating leases	3,582	4,890
Finance leases	6,601	3,412
Weighted average remaining lease term:		
Operating leases	9.3 years	10.0 years
Finance leases	9.2 years	9.9 years
Weighted-average discount rate:		
Operating leases	3.7 %	3.7 %
Finance leases	4.1	3.9

Amounts disclosed for ROU assets obtained in exchange for lease obligations include amounts added to the carrying amount of ROU assets resulting from lease modifications and reassessments.

Maturities of lease liabilities under non-cancelable leases as of June 30, 2026 are as follows:

	Operating	Finance
2027	$ 20,761	6,076
2028	18,066	6,047
2029	15,613	6,092
2030	13,559	6,110
2031 and thereafter	77,066	27,176
	145,065	51,501
Less amount representing interest	25,117	9,003
Present value of net minimum lease payments	$ 119,948	42,498

(14) Insurance

Professional and General Liability

The System maintains separate self-insurance programs for UCMC and UCM Network. UCMC is included under certain of the University's insurance programs. Since 1977, UCMC, in conjunction with the University, has maintained a self-insurance program for its medical malpractice liability. This program is

supplemented with commercial excess insurance above the University's self-insurance retention, which for the years ended June 30, 2026, and 2025 were $35,000 and $35,000, respectively, per claim and unlimited in the aggregate. Claims in excess of $35,000 are subject to an additional self-insurance retention limited to $2,500 per claim and $2,500 in aggregate. There are no assurances that the University will be able to renew existing policies or procure coverage on similar terms in the future.

UCM Network maintains a self-insurance program for professional and general liability. Coverage from commercial insurance carriers is maintained for claims in excess of self-insured retentions at various levels by policy year. UCM Network established a trust fund with an independent trustee for the administration of assets funded under the malpractice and general liability self-insurance program.

The System has engaged professional consultants for calculating an estimated liability for medical malpractice self-insurance and is actuarially determined based upon estimated claim reserves and various assumptions and represents the estimated present value of self-insurance claims that will be settled in the future. It considers anticipated payout patterns, as well as interest to be earned on available assets prior to payment. The discount rate used to value the self-insurance liability is a rate commensurate with the duration of anticipated payments.

A comparison of the estimated liability for incurred malpractice claims (filed and not filed) and assets available for claims for the combined University and UCMC self-insurance program as of June 30, 2026, and 2025 is presented below:

	2026	2025
Actuarial present value of self-insurance liability for medical malpractice	$ 225,651	208,412
Total assets available for claims	297,829	265,101

If the present-value method were not used, the ultimate liability for medical malpractice self-insurance claims would be approximately $49,897 higher at June 30, 2026. The interest rate assumed in determining the present value was 5.5% for both 2026 and 2025. UCMC has recorded its pro rata share of the malpractice self-insurance liability in the amount of $101,543 and $93,785 at June 30, 2026 and 2025, respectively, with an offsetting receivable from the malpractice trust to cover any related claims. The malpractice self-insurance trust assets consist primarily of funds held in TRIP.

UCMC recognizes as malpractice expense its negotiated pro rata share of the actuarially determined normal contribution, with gains and losses amortized over five years, with no retroactive adjustments, as provided in the operating agreement. For fiscal year 2026 and 2025, UCMC's expense is estimated to be approximately $23,545 and $15,686, respectively, related to malpractice insurance.

On April 30, 2019, UCM Network entered into a loss portfolio transfer for the Ingalls Memorial Hospital medical malpractice program by obtaining an occurrence-based policy for claims through June 30, 2018. At June 30, 2026, there was no additional liability calculated by the program's actuaries that would require additional reserves by UCM Network or the Captive. Accruals for UCM Network professional and general liabilities are recorded on a discounted basis consistent with the University's insurance program.

On October 1, 2020, a new tax-exempt Cayman domiciled captive, Trulen Insurance SPC Limited (Trulen), was incorporated to operate as the new medical malpractice framework for UCM Network. Trulen was organized as a Segregated Portfolio Company, which consists of a "core" company and 3 segregated portfolios, or "cells", which allow segregation of risk and assets between the Hospital and General Liability, employed community physicians, and non-employed contracted provider liabilities. The insurance business of Ingalls Casualty Insurance Limited (ICIL), the previous insurer of professional liability insurance for UCM Network, was transferred and novated to the three separate portfolios by issuing three separate Deeds of Novation and Business Transfer between Trulen and ICIL. After the completion of the business transfer, ICIL ceased underwriting operations. As of June 30, 2026, and 2025, the total assets of Trulen were $137,227 and $111,219, respectively; and total liabilities were $104,582 and $95,849, respectively. Total claim expense of Trulen as of June 30, 2026, and 2025 was $20,963 and 14,243, respectively.

(15) Pension Plans

Active Plans

A majority of UCMC's personnel participate in the University's defined-benefit and contribution pension plans, which are considered multiemployer pension plans. Under the defined-benefit portion of this plan, benefits are based on years of service and the employee's compensation for the five highest paid consecutive years within the last 10 years of employment. UCMC and the University make annual contributions to this portion of the plan at a rate necessary to maintain plan funding based on the guidelines set forth by the Employee Retirement Income Security Act of 1974, on an actuarially determined basis. UCMC recognizes its share of net periodic pension cost as expense and any difference in the contribution amount as a transfer of net assets without donor restrictions. UCMC expects to make contributions not to exceed $1,368 for the fiscal year ended June 30, 2026 during the fiscal year ending June 30, 2027.

Effective January 1, 2017, the 401(a) defined-benefit pension plan was frozen for UCMC employees participating in the plan and was replaced with an enhanced defined-contribution plan. Under the defined contribution portion of the plan, UCMC and plan participants make contributions that accrue to the benefit of the participants at retirement. UCMC's contributions, which are based on a percentage of each covered employee's salary, totaled approximately $39,938 and $33,088 for the years ended June 30, 2026, and 2025, respectively.

UCMC's expense related to the multiemployer University's defined-benefit plans included in the University's consolidated financial statements for the years ended June 30, 2026, and 2025 was $0.

The benefit obligation, fair value of plan assets, and funded status for the University's defined-benefit plan included in the University's consolidated financial statements as of June 30 are shown below.

		2026	2025
Projected benefit obligation	$	616,923	636,152
Fair value of plan assets		649,289	636,985
Surplus of plan assets over benefit obligation	$	32,366	833

(Continued)

The weighted average assumptions used in the accounting for the plan are shown below.

	2026	2025
Discount rate	5.8 %	5.7 %
Expected return on plan assets	6.3	5.8
Rate of compensation increase	3.5	3.5

The weighted average asset allocation for the plan is as follows:

	2026	2025
Domestic equities	14 %	15 %
International equity	16	16
Fixed income	70	69
	100 %	100 %

Domestic and international equities are presented as Level 1 investments and fixed income securities are presented as Level 2 investments within the fair value hierarchy.

The pension and other postretirement benefit obligation considers anticipated payout patterns as well as investment returns on available assets prior to payment. The discount rate used to value the pension and other postretirement benefit obligation is a risk-adjusted rate commensurate with the duration of anticipated payments. These inputs to the fair value estimate are considered Level 2 in the fair value hierarchy.

Expected future benefit payments excluding plan expenses are as follows:

Fiscal year:		
2027	$	73,585
2028		48,594
2029		47,534
2030		46,293
2031		45,835
2032-2036		220,850
Total	$	482,691

UCMC and UCM Network also maintain additional defined-contribution retirement plans for employees. The System's pension expense under these distinct defined-contribution retirement plans for UCMC was $14,371 and $12,964 for the years ended June 30, 2026 and 2025, respectively. UCM Network expense under these distinct defined-contribution retirement plans was $3,621 and $3,452 for the years ended June 30, 2026 and 2025, respectively.

(16) Functional Expenses

Total operating expenses by function are as follows for the years ended June 30:

	2026			
	Healthcare services	Admin	Fundraising	Total
Salaries, wages, and benefits	$ 2,248,158	150,708	298	2,399,164
Supplies and other	2,177,378	199,675	463	2,377,516
Physician services	553,698	143	—	553,841
Insurance	89,738	48	—	89,786
Interest	48,882	—	—	48,882
Medicaid provider tax	259,694	—	—	259,694
Depreciation and amortization	210,184	2,886	—	213,070
Total	$ 5,587,732	353,460	761	5,941,953

	2025			
	Healthcare services	Admin	Fundraising	Total
Salaries, wages, and benefits	$ 1,995,175	153,140	286	2,148,601
Supplies and other	1,869,969	188,059	3,768	2,061,796
Physician services	484,502	37	—	484,539
Insurance	77,374	7,062	—	84,436
Interest	44,079	246	—	44,325
Medicaid provider tax	138,582	—	—	138,582
Depreciation and amortization	193,231	4,005	—	197,236
Total	$ 4,802,912	352,549	4,054	5,159,515

Functional classifications have been determined based on their relationship to major program services and supporting activities. For support functions directly related to major program services, an allocation has been applied based on the percentage of time and effort devoted to the program service. For overhead expenses such as utilities and interest expense, an allocation based on square footage has been applied. The costs related to support functions not directly related to program activities have been fully classified as supporting activities.

(17) Contingencies

(a) Litigation

The System is subject to various legal proceedings and claims that are incidental to its normal business activities. In the opinion of the System, the amount of ultimate liability with respect to these actions will not materially affect the consolidated operations or net assets of the System.

(Continued)

(b) Regulatory Investigation and Other

The U.S. Department of Justice and other federal agencies routinely conduct regulatory investigations and compliance audits of healthcare providers. The System is subject to these regulatory efforts. Additionally, the laws and regulations governing the Medicare, Medicaid, and other government healthcare programs are extremely complex and subject to interpretation, making compliance an ongoing challenge for the System and other healthcare organizations. Recently, the federal government has increased its enforcement activity, including audits and investigations related to billing practices, clinical documentation, and related matters. The System maintains a system-wide compliance program and conducts audits and other activities to identify potential compliance issues, including overpayments by governmental payors. Compliance reviews may result in liabilities to government healthcare programs, which could have an adverse impact on the System's patient service revenue.

(c) Tax Exemption for Sales Tax and Property Tax

Effective June 14, 2012, the governor of Illinois signed into law, Public Act 97-0688, which created new standards for state sales tax and property tax exemptions in Illinois. The law establishes new standards for the issuance of charitable exemptions, including requirements for a nonprofit hospital to certify annually that in the prior year, it provided an amount of qualified services and activities to low-income and underserved individuals with a value at least equal to the hospital's estimated property tax liability. The System certified in 2026 and 2025 and has not recorded a liability for related property taxes based upon management's current determination of qualified services provided.

Schedule 1

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidating Balance Sheet Information

June 30, 2026

(In thousands)

Assets	The University of Chicago Medical Center	UChicago Medicine Network, Inc.	Ingalls Memorial Hospital	UCM Network Development Foundation	UCM Home Care	Obligated Group Eliminations	Obligated Group Consolidation	Advent	Other Non-Obligated Group Entities	Non-Obligated Group Eliminations	Consolidated Total
Current assets:											
Cash and cash equivalents	$ 277,566	79,365	41	3,718	—	—	360,690	224,760	27,588	—	613,038
Patient accounts receivable	556,753	37	31,483	—	1,184	—	589,457	135,361	16,676	—	741,494
Current portion of investments limited to use	31	—	—	—	—	—	31	9	—	—	40
Current portion of malpractice self-insurance receivable	18,801	—	—	—	—	—	18,801	—	—	—	18,801
Current portion of pledges receivable	22,707	—	—	—	—	—	22,707	—	—	—	22,707
Due from affiliates	334,677	120,322	229,780	7,086	7,932	(233,010)	466,787	—	137,747	(604,534)	—
Prepaids, inventory, and other current assets	176,951	31	15,002	172	7	—	192,163	39,767	4,302	(4,397)	231,835
Total current assets	1,387,486	199,755	276,306	10,976	9,123	(233,010)	1,650,636	399,897	186,313	(608,931)	1,627,915
Investments, limited as to use, less current portion	1,371,379	6,274	128,277	69,660	24,120	—	1,599,710	—	90,122	—	1,689,832
Property, plant, and equipment, net	1,854,927	3,902	203,724	—	—	—	2,062,553	470,533	43,326	—	2,576,412
Pledges receivable, less current portion	52,109	—	—	—	—	—	52,109	—	—	—	52,109
Malpractice self-insurance receivable, less current portion	82,742	—	—	—	—	—	82,742	—	—	—	82,742
Other assets, net	764,188	(3,403)	2,675	(2)	—	(326,382)	437,076	40,281	91,793	(287,613)	281,537
Total assets	$ 5,512,831	206,528	610,982	80,634	33,243	(559,392)	5,884,826	910,711	411,554	(896,544)	6,310,547
Liabilities and Net Assets											
Current liabilities:											
Accounts payable and accrued expenses	$ 375,185	697	57,295	60	1,172	—	434,409	90,361	34,632	(257)	559,145
Current portion of long-term debt	20,999	—	4,270	—	—	—	25,269	—	—	—	25,269
Current portion of other long-term liabilities	10,963	—	—	—	—	—	10,963	8,225	4,547	(2,909)	20,826
Estimated third-party payor settlements	273,111	—	32,028	—	445	—	305,584	60,488	2,977	—	369,049
Current portion of malpractice self-insurance liability	18,801	—	—	—	—	—	18,801	—	19,668	—	38,469
Due to affiliates	417	206,637	79,214	759	10,880	(233,033)	64,874	59,971	543,325	(608,651)	59,519
Due to the University of Chicago	38,663	—	490	—	—	—	39,153	6,467	721	—	46,341
Total current liabilities	738,139	207,334	173,297	819	12,497	(233,033)	899,053	225,512	605,870	(611,817)	1,118,618
Workers' compensation self-insurance liability, less current portion	7,762	—	2,698	—	—	—	10,460	—	—	—	10,460
Malpractice self-insurance liability, less current portion	82,742	—	—	—	—	—	82,742	—	79,329	—	162,071
Long-term debt, excluding current installments	1,275,547	—	73,541	—	—	—	1,349,088	12,284	—	—	1,361,372
Interest rate swap liability	32,972	—	1,556	—	—	—	34,528	—	—	—	34,528
Other long-term liabilities, less current portion	143,558	—	4,726	—	—	—	148,284	38,032	62,506	(54,083)	194,739
Total liabilities	2,280,720	207,334	255,818	819	12,497	(233,033)	2,524,155	275,828	747,705	(665,900)	2,881,788
Net assets (deficit):											
Without donor restrictions	2,977,709	(806)	354,845	71,940	20,746	(311,090)	3,113,344	315,697	(338,298)	(230,644)	2,860,099
Non-controlling interest in consolidated joint venture	—	—	—	—	—	—	—	290,396	—	—	290,396
With donor restrictions	254,402	—	319	7,875	—	(15,269)	247,327	28,790	2,147	—	278,264
Total net assets (deficit)	3,232,111	(806)	355,164	79,815	20,746	(326,359)	3,360,671	634,883	(336,151)	(230,644)	3,428,759
Total liabilities and net assets	$ 5,512,831	206,528	610,982	80,634	33,243	(559,392)	5,884,826	910,711	411,554	(896,544)	6,310,547

See accompanying independent auditors' report.

Schedule 2

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidating Statement of Operations and Changes in Net Assets Without Donor Restrictions Information

Year ended June 30, 2026

(In thousands)

	The University of Chicago Medical Center	UChicago Medicine Network, Inc.	Ingalls Memorial Hospital	UCM Network Development Foundation	UCM Home Care	Obligated Group Eliminations	Obligated Group Consolidation	Advent	Other Non-Obligated Group Entities	Non-Obligated Group Eliminations	Consolidated Total
Revenue:											
Patient service revenue	$ 3,301,317	—	528,347	—	7,365	—	3,837,029	1,258,042	154,091	—	5,249,162
Other operating revenue and net assets released from restrictions	872,635	4,321	9,955	3,361	1	(21,302)	868,971	89,544	94,446	(26,829)	1,026,132
Total operating revenues	4,173,952	4,321	538,302	3,361	7,366	(21,302)	4,706,000	1,347,586	248,537	(26,829)	6,275,294
Operating expenses:											
Salaries, wages, and benefits	1,486,900	2,218	178,833	298	8,850	15,031	1,692,130	586,442	120,592	—	2,399,164
Supplies and other	1,548,847	2,129	156,346	1,400	1,506	(20,253)	1,689,975	617,112	74,691	(4,262)	2,377,516
Physician services	465,531	25	39,725	—	109	(16,080)	489,310	—	64,788	(257)	553,841
Insurance	29,578	162	22,252	—	180	—	52,172	25,722	28,955	(17,063)	89,786
Interest	43,003	—	2,547	—	—	—	45,550	3,184	2,606	(2,458)	48,882
Hospital assessment program	129,447	—	45,352	—	—	—	174,799	84,896	(1)	—	259,694
Depreciation and amortization	140,154	537	20,131	—	—	—	160,822	45,020	11,534	(4,306)	213,070
Total operating expenses	3,843,460	5,071	465,186	1,698	10,645	(21,302)	4,304,758	1,362,376	303,165	(28,346)	5,941,953
Operating revenue in excess (deficit) of expenses	330,492	(750)	73,116	1,663	(3,279)	—	401,242	(14,790)	(54,628)	1,517	333,341
Nonoperating gains (losses), net:											
Investment income, net	127,653	675	13,772	6,838	1,999	—	150,937	334	—	—	151,271
Change in fair value of nonhedged derivative instruments	9,304	—	604	—	—	—	9,908	—	—	—	9,908
Other, net	(4,200)	—	(5,183)	—	—	—	(9,383)	—	—	186	(9,197)
Net nonoperating gains (losses)	132,757	675	9,193	6,838	1,999	—	151,462	334	—	186	151,982
Revenue and gains in excess (deficient) of expenses and losses	463,249	(75)	82,309	8,501	(1,280)	—	552,704	(14,456)	(54,628)	1,703	485,323
Less revenue and gains in excess (deficient) of expenses and losses attributable to non-controlling interest	—	—	—	—	—	—	—	7,084	—	—	7,084
Revenue and gains in excess (deficient) of expenses and losses from continuing operations	463,249	(75)	82,309	8,501	(1,280)	—	552,704	(7,372)	(54,628)	1,703	492,407
Other changes in net assets without donor restriction:											
Net asset transfers to University of Chicago, net	(72,996)	—	—	—	—	—	(72,996)	—	—	—	(72,996)
Distributions and other, net	(18,991)	1,806	(18,118)	—	—	(1,375)	(36,678)	219	33,135	(12,384)	(15,708)
	371,262	1,731	64,191	8,501	(1,280)	(1,375)	443,030	(7,153)	(21,493)	(10,681)	403,703
Net income attributed to non-controlling interest in consolidated joint venture	—	—	—	—	—	—	—	(7,084)	—	—	(7,084)
Increase (decrease) in net assets without donor restrictions	$ 371,262	1,731	64,191	8,501	(1,280)	(1,375)	443,030	(14,237)	(21,493)	(10,681)	396,619

See accompanying independent auditors' report.

Schedule 3

THE UNIVERSITY OF CHICAGO MEDICAL CENTER

Consolidating Statement of Changes in Net Assets Information

Year ended June 30, 2026

(In thousands)

	The University of Chicago Medical Center	UChicago Medicine Network, Inc.	Ingalls Memorial Hospital	UCM Network Development Foundation	UCM Home Care	Obligated Group Eliminations	Obligated Group Consolidation	Advent	Other Non-Obligated Group Entities	Non-Obligated Group Eliminations	Consolidated Total
Net assets without donor restrictions:											
Revenue and gains in excess (deficient) of expenses and losses	$ 463,249	(75)	82,309	8,501	(1,280)	—	552,704	(7,372)	(54,628)	1,703	492,407
Net asset transfers to University of Chicago, net	(72,996)	—	—	—	—	—	(72,996)	—	—	—	(72,996)
Distributions and other, net	(18,991)	1,806	(18,118)	—	—	(1,375)	(36,678)	219	33,135	(12,384)	(15,708)
Increase in net assets without donor restrictions before non-controlling interest	371,262	1,731	64,191	8,501	(1,280)	(1,375)	443,030	(7,153)	(21,493)	(10,681)	403,703
Net income attributed to non-controlling interest in consolidated joint venture	—	—	—	—	—	—	—	(7,084)	—	—	(7,084)
Increase (decrease) in net assets without donor restrictions	371,262	1,731	64,191	8,501	(1,280)	(1,375)	443,030	(14,237)	(21,493)	(10,681)	396,619
Net assets with donor restrictions:											
Contributions	6,216	—	—	752	—	—	6,968	7,591	1,522	—	16,081
Net assets released from restrictions used for operating purposes	(6,968)	—	—	(2,723)	—	—	(9,691)	—	—	—	(9,691)
Investment return, net	11,821	—	—	914	—	—	12,735	—	—	—	12,735
Net assets released from restrictions used for capital purposes	(157)	—	—	—	—	—	(157)	—	—	—	(157)
Increase (decrease) in net assets with donor restrictions	10,912	—	—	(1,057)	—	—	9,855	7,591	1,522	—	18,968
Change in net assets	382,174	1,731	64,191	7,444	(1,280)	(1,375)	452,885	(6,646)	(19,971)	(10,681)	415,587
Net assets (deficit) at beginning of year	2,849,937	(2,537)	290,973	72,371	22,025	(324,984)	2,907,786	641,529	(316,180)	(219,963)	3,013,172
Net assets (deficit) at end of year	$ 3,232,111	(806)	355,164	79,815	20,746	(326,359)	3,360,671	634,883	(336,151)	(230,644)	3,428,759

See accompanying independent auditors' report.