

THE OHIO STATE UNIVERSITY

TOPIC: Fiscal Year 2025 Interim Financial Report – March 31, 2025

CONTEXT: The purpose of this report is to provide an update of financial results for the nine months ending March 31, 2025.

FINANCIAL SUMMARY

The university's overall financial position remains strong. Operating revenues increased \$669 million in the first nine months of fiscal year 2025 compared to the first nine months of fiscal year 2024, driven primarily by strong growth in healthcare revenues. Specific impacts include:

- A \$548 million increase in healthcare revenues, driven primarily by growth in outpatient volumes.
- A \$58 million increase in gift revenues, driven primarily by a \$22 million increase in current-use gifts and a \$23 million increase in endowment gifts
- A \$19 million decrease in auxiliary revenues, primarily due to fewer stadium shows in the first nine months of fiscal year 2025 compared to the first nine months of fiscal year 2024.
- A \$66 million increase in grants and contracts, primarily due to increases in federal grants of \$19 million, private grants of \$24 million and state grants of \$22 million.
- A \$29 million increase in net student tuition, due primarily to increases in enrollment and resident and non-resident rate increases.

The year-to-date increase in net position was \$779 million, a \$57 million decrease compared to the prior year. The \$57 million decrease relates primarily to a \$173 million reduction in net investment income, which was partially offset by a \$42 million reduction in net operating loss, the \$58 million increase in total gift revenues and a \$27 million increase in federal and state non-exchange grants. The reduction in net investment income primarily reflects lower year-to-date returns for the Long-Term Investment Pool.

Revenues

Student tuition and fees, net - increased \$29 million or 3%, to \$948 million for the first nine months of fiscal year 2025 compared to the first nine months of fiscal year 2024, due primarily to an increase in gross tuition and other student fees of \$78 million, offset by an increase in scholarship allowances of \$49 million. The increase in gross tuition revenue is primarily driven by both increases in enrollment and rate increases in instructional and non-resident surcharges. Overall, university autumn enrollments increased 2.3%. New freshmen enrollment (all campuses) increased 15%. Instructional and general fees increased 3% for undergraduates in the AU24 Tuition Guarantee Group and 3% for graduate students. Non-resident fees increased 5% for undergraduates and 4% for graduate students.

Grants and contracts – increased \$66 million in the first nine months of fiscal year 2025 compared to the first nine months of fiscal year 2024 due primarily to increases in federal grants of \$19 million, private grants of \$24 million and state grants of \$22 million. The increases in federal grants and contracts relate primarily to increases from the National Institutes of Health, Department of Transportation and Department of Defense.

Gifts – increased \$58 million over the prior year, reflecting increases in current use gifts (up \$22 million), capital gifts (up \$13 million) and endowment gifts (up \$23 million).

Sales and services of auxiliary enterprises - decreased \$19 million over the prior year due primarily to a \$42 million decrease in revenue related to fewer stadium shows in fiscal year 2025. This decrease was partially offset by a \$25 million increase in Athletics revenues, primarily due to eight home football games in FY2025 compared to six home games in FY2024.

Sales and services of the OSU Health System and OSU Physicians, Inc. - increased \$548 million to \$4,944 million. Health System revenues increased \$472 million, driven by growth in outpatient volumes. Total surgical volumes grew over the prior year by 3.5% with outpatient surgeries exceeding the prior year by 7.5%. Additionally, chemotherapy, outpatient infusion, radiology, and procedural volumes contributed to the strong results. OSU Physicians revenues increased \$76 million due to continued investment in primary care and community outreach services, growth of specialty services, expansion in regional outpatient clinics, and increased surgical capacity with the expansion of operating hours and investment in community anesthesia providers.

Expenses

University – expenses increased \$105 million to \$2,991 million in the first nine months of fiscal year 2025. Salaries increased \$82 million, or 6%, primarily due to a 3.5% increase in faculty and staff salary guidelines and additional investments in human capital related to strategic investments in academic excellence and research and to address market wage pressures. Benefits increased \$14 million, reflecting higher retirement contributions due to an increasing salary base and increases in medical costs. Supplies and services increased \$12 million, or 2%, primarily due to increases in sub-award costs, which were partially offset by reductions in utility costs. Depreciation increased \$17 million compared to the prior year primarily due to new assets being placed in service.

OSU Health System and OSU Physicians – expenses, including depreciation and interest expense, increased \$527 million to \$4,747 million in the first nine months of fiscal year 2025. The Health System continues to focus on throughput, workforce retention and recruiting. The Health System's expense and labor management was strong and in line with volumes through the third quarter of FY2025. OSU Physicians increased \$80 million, primarily due to higher provider expenses associated with investment in patient care services growth and access improvement.

Auxiliary – expenses increased \$1 million to \$393 million in the first nine months of fiscal year 2025. The increase primarily reflects increases in Student Life Housing and Dining and Athletics expenses, offset by decreases in expenses due to fewer stadium shows.

Cash and Investments

For the nine months ending March 31, 2025, total university cash and investments increased \$557 million to \$12,076 million compared to June 30, 2024, primarily due to increases in temporary investments of \$510 million and increases in Long-Term Investment Pool of \$253 million, offset by decreases in cash and cash equivalents of \$213 million and decreases in unexpended bond proceeds of \$56 million. Additional details for the Long-Term Investment Pool and temporary investments are provided below.

Long-Term Investment Pool and Temporary Investments

For the nine months ending March 31, 2025, the fair value of the university's Long-Term Investment Pool increased by \$315 million to \$8,185 million. Changes in total valuation compared to the prior year are summarized below:

	2025	2024
Market Value at July 1	\$ 7,931,714	\$ 7,383,676
Net Principal Additions	103,309	61,843
Change in Market Value	344,471	586,135
Income Earned	156,939	148,991
Distributions	(237,900)	(228,340)
Expenses	(113,833)	(82,258)
Market Value at March 31	\$ 8,184,700	\$ 7,870,047

Net principal additions include new endowment gifts (\$72.6 million), reinvestment of unused endowment distributions (\$13.4 million), and other net transfers of university monies (\$11.4 million). Change in fair value includes realized gains (losses) on the sale of investment assets and unrealized gains (losses) associated with assets held in the pool on March 31, 2025. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$62.9 million), University Development related expenses (\$44.6 million), and other administrative-related expenses (\$0.5 million).

LTIP Investment Returns

For the nine months ending March 31, 2025, the LTIP earned a return, net of investment fees, of 5.56%. The comparable nine months ending March 31, 2024 saw a net investment return of 9.28%.

Temporary Investments

For the nine months ending March 31, 2025, the Tier 1 Investments (0-1 Year maturity) earned a return of 3.83%, outperforming the Bank of America ML 90-day T-Bill (3.68%) by 0.15%. Tier 2 Investments (1-5 Year maturity) earned 5.15%, outperforming the blended benchmark of ICE Bofa US Corp & Govt 1-3 Years, BBG US Govt/Credit 1-5 Years, and ICE Bofa 6m US Treasury Bill (4.69%) by 0.46%.

For the comparable nine months ending March 31, 2024, the Tier 1 Investments earned a return of 4.34%. Tier 2 Investments returned 4.72% for the same period.

Other Assets and Liabilities

Accounts receivable increased \$178 million, primarily due to increases of \$79 million in tuition and student-related fee receivables for spring and summer semesters and \$90 million Healthcare receivables. Inventories, prepaid expenses and other assets increased \$74 million due to increases of \$18 million in inventories and \$56 million in prepaid expenses. The increase in prepaid expenses is primarily related to \$28 million in scholarships and fee authorizations for graduate associates, which are recognized as expenses over the course of the semester, and \$16 million in Healthcare prepaids. Accounts payable and accrued expenses increased \$158 million due to increases of \$144 million in payables to vendors and \$32 million in interest payable, offset by a decrease of \$17 million in accrued compensation and benefits. Deposits and advance payments for goods and services were up \$238 million, primarily due to increases of \$212 million for tuition and fees and \$30 million in Student Life Housing and Dining receipts for spring and summer semesters. These amounts will be recognized as earned over the course of the semester. These increases were offset by a decrease of \$27 million in advance payments for Athletics and Business Advancement.

Debt

On September 4, 2024, the university issued \$64 million of tax-exempt fixed-rate General Receipts Refunding Bonds, Series 2024A. The Series 2024A Bonds are structured with serial maturities due in 2025 through 2039. The interest rate coupons on the Series 2024A Bonds are 5.00%. The proceeds of the 2024A Bonds were used to refund certain maturities of the outstanding General Receipt Bonds, Series 2014A and to pay the cost of issuance of the 2024A Bonds. Total university debt decreased \$92 million, to \$4,283 million at March 31, 2025, primarily reflecting principal payments.

Cash Flows

University cash and cash equivalents decreased \$213 million in the first nine months of fiscal year 2025. Net cash provided by operating activities was \$131 million, compared to net cash used by operating activities of \$214 million in the first nine months of the prior year. The increase in net operating cash flows relates primarily to increases in receipts from sales and services and tuition, partially offset by payments made to employees, benefit payments and payments to vendors. Net cash provided by noncapital

financing activities was \$737 million in the first nine months of fiscal year 2025, compared to \$675 million for the prior year. The increase is due primarily to increases in gift receipts and non-exchange grant receipts. Net cash used by capital financing activities was \$713 million in the first nine months of fiscal year 2025, due primarily to capital expenditures. Net cash used by investing activities was \$108 million, reflecting purchases of investments in excess of proceeds from sales and maturities of investments and investment income.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
March 31, 2025 and June 30, 2024
(in thousands)

	<u>As of March</u> <u>2025</u>	<u>As of June</u> <u>2024</u>	<u>Increase/(Decrease)</u> <u>Dollars</u>	<u>%</u>
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 843,357	\$ 1,056,657	\$ (213,300)	-20.2%
Temporary investments	2,726,258	2,215,831	510,427	23.0%
Accounts receivable, net	1,266,462	1,088,072	178,390	16.4%
Notes receivable - current portion, net	6,456	6,456	-	0.0%
Pledges receivable - current portion, net	62,107	62,107	-	0.0%
Accrued interest receivable	25,348	22,637	2,711	12.0%
Inventories, prepaid expenses, and other assets	296,407	222,616	73,791	33.1%
Total Current Assets	<u>5,226,395</u>	<u>4,674,376</u>	<u>552,019</u>	<u>11.8%</u>
Noncurrent Assets:				
Unexpended bond proceeds	54,065	109,975	(55,910)	-50.8%
Notes receivable, net	25,466	27,410	(1,944)	-7.1%
Pledges receivable, net	172,377	172,377	-	0.0%
Net other post-employment benefit asset	194,698	194,698	-	0.0%
Long-term investment pool	8,184,700	7,931,714	252,986	3.2%
Other long-term investments	267,535	204,539	62,996	30.8%
Leases receivable, net	43,103	43,103	-	0.0%
Other noncurrent assets	305,701	305,701	-	0.0%
Capital assets, net	9,239,099	9,008,416	230,683	2.6%
Total Noncurrent Assets	<u>18,486,744</u>	<u>17,997,933</u>	<u>488,811</u>	<u>2.7%</u>
Total Assets	<u>23,713,139</u>	<u>22,672,309</u>	<u>1,040,830</u>	<u>4.6%</u>
Deferred Outflows:				
Pension	888,530	888,530	-	0.0%
Other post-employment benefits	95,656	95,656	-	0.0%
Other deferred outflows	19,108	20,034	(926)	-4.6%
Total Assets and Deferred Outflows	<u>\$ 24,716,433</u>	<u>\$ 23,676,529</u>	<u>\$ 1,039,904</u>	<u>4.4%</u>
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 1,046,742	\$ 888,944	\$ 157,798	17.8%
Deposits and advance payments for goods and services	649,907	412,407	237,500	57.6%
Current portion of bonds, notes and leases payable	128,415	128,398	17	0.0%
Long-term bonds payable, subject to remarketing	603,820	603,820	-	0.0%
Other current liabilities	102,997	119,295	(16,298)	-13.7%
Total Current Liabilities	<u>2,531,881</u>	<u>2,152,864</u>	<u>379,017</u>	<u>17.6%</u>
Noncurrent Liabilities:				
Bonds, notes and leases payable	3,106,098	3,176,520	(70,422)	-2.2%
Concessionaire payable	444,879	466,671	(21,792)	-4.7%
Net pension liability	3,869,225	3,869,225	-	0.0%
Net other post-employment benefit liability	22,970	22,970	-	0.0%
Compensated absences	246,107	239,488	6,619	2.8%
Self-insurance accruals	75,031	87,290	(12,259)	-14.0%
Amounts due to third-party payors - Health System	78,692	79,153	(461)	-0.6%
Irrevocable split-interest agreements	35,613	33,123	2,490	7.5%
Refundable advances for Federal Perkins loans	14,896	18,141	(3,245)	-17.9%
Advance from concessionaire	925,622	943,319	(17,697)	-1.9%
Other noncurrent liabilities	363,482	359,726	3,756	1.0%
Total Noncurrent Liabilities	<u>9,182,615</u>	<u>9,295,626</u>	<u>(113,011)</u>	<u>-1.2%</u>
Total Liabilities	<u>11,714,496</u>	<u>11,448,490</u>	<u>266,006</u>	<u>2.3%</u>
Deferred Inflows:				
Parking service concession arrangement	429,785	438,390	(8,605)	-2.0%
Pension	81,069	81,069	-	0.0%
Other post-employment benefits	133,721	133,721	-	0.0%
Other deferred inflows	435,263	431,653	3,610	0.8%
Total Deferred Inflows	<u>1,079,838</u>	<u>1,084,833</u>	<u>(4,995)</u>	<u>-0.5%</u>
Total Net Position	<u>11,922,099</u>	<u>11,143,206</u>	<u>778,893</u>	<u>7.0%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 24,716,433</u>	<u>\$ 23,676,529</u>	<u>\$ 1,039,904</u>	<u>4.4%</u>

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - UNAUDITED
For the Nine Months Ended March 31, 2025 and March 31, 2024
(in thousands)

	As of March 2025	As of March 2024	Increase/(Decrease)	
			Dollars	%
Operating Revenues:				
Student tuition and fees, net	\$ 947,938	\$ 919,089	\$ 28,849	3.1%
Federal grants and contracts	413,228	394,144	19,084	4.8%
State grants and contracts	98,317	76,573	21,744	28.4%
Local grants and contracts	24,678	23,310	1,368	5.9%
Private grants and contracts	314,739	290,620	24,119	8.3%
Sales and services of educational departments	183,356	158,284	25,072	15.8%
Sales and services of auxiliary enterprises	363,286	382,152	(18,866)	-4.9%
Sales and services of the OSU Health System, net	4,058,134	3,586,021	472,113	13.2%
Sales and services of OSU Physicians, Inc., net	885,977	809,661	76,316	9.4%
Other operating revenues	90,318	70,743	19,575	27.7%
Total Operating Revenues	<u>7,379,971</u>	<u>6,710,597</u>	<u>669,374</u>	<u>10.0%</u>
Operating Expenses:				
Educational and General:				
Instruction and departmental research	1,065,999	1,003,297	62,702	6.2%
Separately budgeted research	531,367	514,826	16,541	3.2%
Public service	158,785	144,333	14,452	10.0%
Academic support	261,546	247,021	14,525	5.9%
Student services	100,914	95,075	5,839	6.1%
Institutional support	292,179	285,837	6,342	2.2%
Operation and maintenance of plant	121,561	130,605	(9,044)	-6.9%
Scholarships and fellowships	124,212	146,739	(22,527)	-15.4%
Auxiliary enterprises	392,522	391,346	1,176	0.3%
OSU Health System	3,642,974	3,214,987	427,987	13.3%
OSU Physicians, Inc.	870,398	790,527	79,871	10.1%
Depreciation	437,903	408,800	29,103	7.1%
Total Operating Expenses	<u>8,000,360</u>	<u>7,373,393</u>	<u>626,967</u>	<u>8.5%</u>
Operating Loss	(620,389)	(662,796)	42,407	-6.4%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	406,561	397,384	9,177	2.3%
Federal subsidies for Build America Bonds interest	8,491	8,491	-	0.0%
Federal non-exchange grants	88,027	71,164	16,863	23.7%
Federal COVID-19 assistance programs	-	8,998	(8,998)	-100.0%
State non-exchange grants	29,561	19,014	10,547	55.5%
Gifts	149,195	127,043	22,152	17.4%
Net investment income (loss)	665,400	837,913	(172,513)	-20.6%
Interest expense	(130,341)	(124,480)	(5,861)	4.7%
Other non-operating revenues (expenses)	(5,296)	14,604	(19,900)	-136.3%
Net Non-operating Revenues (Expenses)	<u>1,211,598</u>	<u>1,360,131</u>	<u>(148,533)</u>	<u>-10.9%</u>
Income (loss) before changes in net position	591,209	697,335	(106,126)	-15.2%
Changes in Net Position				
State capital appropriations	63,713	49,078	14,635	29.8%
Private capital gifts	52,839	39,342	13,497	34.3%
Additions to permanent endowments	72,632	49,767	22,865	45.9%
Capital contributions and other changes in net position	(1,500)	-	(1,500)	0.0%
Total Changes in Net Position	<u>187,684</u>	<u>138,187</u>	<u>49,497</u>	<u>35.8%</u>
Increase (decrease) in Net Position	<u>778,893</u>	<u>835,522</u>	<u>\$ (56,629)</u>	<u>-6.8%</u>
Net Position - Beginning of Year	11,143,206	10,269,857		
Net Position - End of Period	<u>\$ 11,922,099</u>	<u>\$ 11,105,379</u>		

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
For the Nine Months Ended March 31, 2025 and March 31, 2024
(in thousands)

	March 2025	March 2024	Increase/(Decrease)	
			Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	\$ 941,540	\$ 897,850	\$ 43,690	4.9%
Grant and contract receipts	858,560	820,819	37,741	4.6%
Receipts for sales and services	5,410,031	4,792,975	617,056	12.9%
Payments to or on behalf of employees	(3,508,780)	(3,236,291)	(272,489)	-8.4%
University employee benefit payments	(971,727)	(794,440)	(177,287)	-22.3%
Payments to vendors for supplies and services	(2,782,656)	(2,638,697)	(143,959)	-5.5%
Payments to students and fellows	(144,989)	(135,121)	(9,868)	-7.3%
Student loans issued	(1,939)	(1,579)	(360)	-22.8%
Student loans collected	3,875	11,586	(7,711)	-66.6%
Student loan interest and fees collected	1,312	1,244	68	5.5%
Other receipts	64,237	67,523	(3,286)	-4.9%
Net cash provided (used) by operating activities	(130,536)	(214,131)	83,595	39.0%
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	402,807	397,384	5,423	1.4%
Non-exchange grant receipts	117,588	90,178	27,410	30.4%
Federal COVID-19 assistance programs	-	8,998	(8,998)	-100.0%
Gift receipts for current use	149,195	127,093	22,102	17.4%
Additions to permanent endowments	72,632	49,767	22,865	45.9%
Drawdowns of federal direct loan proceeds	285,050	283,478	1,572	0.6%
Disbursements of federal direct loans to students	(285,465)	(281,587)	(3,878)	-1.4%
Amounts received from irrevocable split-interest agreements	3,496	369	3,127	847.4%
Amounts paid to annuitants and life beneficiaries	(1,006)	(1,596)	590	37.0%
Agency funds receipts	5,909	5,995	(86)	-1.4%
Agency funds disbursements	(5,994)	(5,279)	(715)	-13.5%
Other receipts (payments)	(6,789)	85	(6,874)	100.0%
Net cash provided by noncapital financing activities	737,423	674,885	62,538	9.3%
Cash Flows from Capital Financing Activities:				
Proceeds from capital debt and leases	-	301,736	(301,736)	100.0%
Gift receipts for capital projects	52,839	39,342	13,497	34.3%
Payments for purchase or construction of capital assets	(584,413)	(737,247)	152,834	20.7%
Principal payments on capital debt and leases	(75,554)	(68,810)	(6,744)	-9.8%
Interest payments on capital debt and leases	(110,879)	(96,822)	(14,057)	-14.5%
Federal subsidies for Build America Bonds interest	5,469	5,393	76	1.4%
Net cash provided (used) by capital financing activities	(712,538)	(556,408)	(156,130)	-28.1%
Cash Flows from Investing Activities:				
Purchases of investments	(9,368,267)	(4,345,207)	(5,023,060)	-115.6%
Proceeds from sales and maturities of investments	8,979,872	4,339,601	4,640,271	106.9%
Investment income	280,746	290,141	(9,395)	-3.2%
Net cash used by investing activities	(107,649)	284,535	(392,184)	-137.8%
Net Increase (Decrease) in Cash	(213,300)	188,881	\$ (402,181)	-212.9%
Cash and Cash Equivalents - Beginning of Year	1,056,657	1,239,560		
Cash and Cash Equivalents - End of Period	\$ 843,357	\$ 1,428,441		