

THE OHIO STATE UNIVERSITY

TOPIC: Fiscal Year 2025 Financial Report – June 30, 2025

CONTEXT: The purpose of this report is to provide an update of financial results for the year ending June 30, 2025.

FINANCIAL SUMMARY

The university's overall financial position remains strong. Operating revenues increased \$982 million in fiscal year 2025 compared to fiscal year 2024, driven primarily by strong growth in healthcare revenues. Specific impacts include:

- A \$772 million increase in healthcare revenues, driven primarily by growth in outpatient volumes.
- A \$71 million increase in net student tuition, due primarily to increases in enrollment and resident and non-resident rate increases.
- A \$45 million increase in auxiliary revenues, primarily reflecting increases in Athletics ticket revenues and distributions of media rights revenues from the Big Ten.
- A \$35 million increase in non-exchange grants, primarily reflecting increases in federal Pell grants and Ohio College Opportunity grants.
- A \$31 million increase in gift revenues, driven primarily by a \$22 million increase in endowment gifts.

The year-to-date increase in net position was \$1,483 million, a \$610 million increase compared to the prior year. The \$610 million increase relates primarily to a \$318 million reduction in net operating loss and a \$235 million increase in net investment income. The reduction in net operating loss is primarily due to the increase in healthcare revenues, which outpaced increases in related healthcare expenses, and a \$275 million decrease in pension and OPEB expense. The increase in net investment income reflects increases in net investment income for both the Long-Term Investment Pool (up \$141 million) and other investments (up \$94 million). Additional details on university revenues, expenses, cash and investments, debt and cash flows are provided below.

Revenues

Student tuition and fees, net - increased \$71 million or 6.5%, to \$1,165 million in fiscal year 2025 compared to fiscal year 2024, due primarily to an increase in gross tuition and other student fees of \$101 million, offset by an increase in scholarship allowances of \$30 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 \$24 million in fiscal year 2025 compared to fiscal year 2024 due primarily to increases in private grants and contracts of \$18 million, state grants and contracts of \$8 million and local grants and contracts of \$1 million. Federal grant and contract revenues were relatively flat, declining \$3 million to \$553 million for fiscal year 2025.

Gifts – increased \$31 million over the prior year, reflecting increases in current use gifts (up \$5 million), capital gifts (up \$4 million) and endowment gifts (up \$22 million).

Sales and services of auxiliary enterprises - increased \$45 million over the prior year due primarily to a \$51 million increase in Athletics revenues. The increase in Athletics revenues is mainly attributable to eight home football games in fiscal year 2025 compared to six home games in fiscal year 2024 and increases in distributions of media rights revenues from the Big Ten. These increases were partially offset by a \$13 million decrease in concert revenues related to fewer stadium shows in fiscal year 2025.

Sales and services of the OSU Health System and OSU Physicians, Inc. - increased \$772 million to \$6,762 million. Health System revenues increased \$677 million, driven by growth in outpatient volumes. Total surgical volumes grew over the prior year by 3.2% with outpatient surgeries exceeding the prior year by 6.3%. Additionally, chemotherapy, outpatient infusion, radiology, and procedural volumes contributed to the strong results. OSU Physicians revenues increased \$95 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 expansion of operating hours and investment in community anesthesia providers.

Non-exchange grants – increased \$35 million primarily due to a \$17 million increase in federal Pell Grants, an \$11 million increase in Ohio College Opportunity Grants and a new Governor's Merit Scholarship of \$6 million.

Expenses

University – expenses, excluding pension and OPEB, increased \$135 million to \$3,916 million in fiscal year 2025. Additional information about pension and OPEB is provided in a separate section below. Salaries increased \$102 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, excluding pension and OPEB, increased \$68 million, reflecting increases in medical costs and higher retirement contributions due to an increasing salary base. The university portion of the pension and OPEB expenses decreased \$217 million. Supplies and services decreased \$23 million, or 3%, primarily reflecting decreases in supplies and utility costs.

OSU Health System and OSU Physicians – expenses, excluding pension and OPEB but including depreciation and interest expenses, increased \$737 million to \$6,426 million in fiscal year 2025. The Health System's portion of pension and OPEB expenses decreased \$51 million. The Health System continued to focus on throughput, workforce retention, and recruiting. The Health System's expenses

and labor management was strong and in line with volumes for FY2025. OSU Physicians increased \$91 million, primarily due to higher provider expenses associated with investment in patient care services growth and access improvement.

Auxiliary – expenses, excluding pension and OPEB, increased \$51 million to \$501 million in fiscal year 2025. Athletics expenses increased \$28 million, primarily reflecting game-day expenses associated with eight home football games and the CFP game and NIL payments to student-athletes. Housing and Dining expenses increased \$14 million. The Auxiliary portion of pension and OPEB expenses decreased \$8 million.

Cash and Investments

For the year ending June 30, 2025, total university cash and investments increased \$883 million to \$12,401 million compared to June 30, 2024, primarily due to increases in Long-Term Investment Pool of \$688 million, temporary investments of \$441 million and other long-term investments of \$60 million, which were partially offset by decreases in cash and cash equivalents of \$285 million and 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 year ending June 30, 2025, the fair value of the university's Long-Term Investment Pool increased by \$688 million to \$8,620 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	152,014	99,999
Change in Market Value	806,660	667,954
Income Earned	201,481	193,640
Distributions	(317,983)	(304,804)
Expenses	(153,965)	(108,751)
Market Value at June 30	\$ 8,619,921	\$ 7,931,714

Net principal additions include new endowment gifts (\$96.3 million), reinvestment of unused endowment distributions (\$23.8 million), and other net transfers of university monies (\$24.1 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 June 30, 2025. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses (\$86.3 million), University Development related expenses (\$59.2 million), and other administrative-related expenses (\$0.7 million).

LTIP Investment Returns

For the year ending June 30, 2025, the LTIP earned a return, net of investment fees, of 11.81%. The comparable year ending June 30, 2024, saw a net investment return of 10.78%.

Temporary Investments

For the year ending June 30, 2025, the Tier 1 Investments earned a return of 5.02%, outperforming the Bank of America ML 90-day T-Bill (4.63%) by 0.39%. Tier 2 Investments earned 6.73%, outperforming the blended benchmark of ICE Bofa US Corp & Govt 1-3 Years, BBG US Govt/Credit 1-5 Years, BBG US Ag Govt/Cr Intrmd, and ICE Bofa US Treasury 1-10 (6.14%) by 0.59%.

For the comparable year ending June 30, 2024, the Tier 1 Investments earned a return of 5.76%. Tier 2 Investments returned 5.87% for the same time period.

Pension and Other post-employment benefit (OPEB) plans

The university participates in two multi-employer cost-sharing retirement systems, OPERS and STRS-Ohio, and is required to record its proportionate share of the net liabilities or net assets in these retirement systems, along with related deferrals. In 2025, the university's share of OPERS and STRS-Ohio net pension liabilities decreased \$181 million, to \$3.69 billion as of June 30, 2025. OPERS and STRS-Ohio net pension liabilities decreased \$108 million and \$73 million, respectively, reflecting positive investment returns for both retirement systems. OPERS realized an 8.82% return on defined benefit plan investments for calendar year 2024, compared to a projected return of 6.9%. STRS-Ohio realized a 10.53% return for the fiscal year ended June 30, 2024, compared to a projected return of 7.0%. Pension deferred outflows decreased \$170 million, and pension deferred inflows increased \$43 million. The changes in pension deferrals relate primarily to OPERS and STRS-Ohio projected vs actual investment returns. Deferred outflows and deferred inflows related to pensions will be amortized to expense in future periods.

In 2025, the university's proportionate share of net OPEB assets increased \$163 million to \$358 million at June 30, 2025, reflecting positive investment returns for both retirement systems. OPERS realized a 10.00% return on its health care investments for calendar year 2024, compared to a projected return of 6.0%. STRS-Ohio realized a 10.53% return for the fiscal year ended June 30, 2024, compared to a projected return of 7.0%. Deferred outflows related to OPEB decreased \$78 million, to \$18 million at June 30, 2025, and deferred inflows related to OPEB decreased \$26 million, to \$108 million at June 30, 2025. The changes in OPEB deferrals relate primarily to OPERS projected vs actual investment returns. These deferrals will be recognized as OPEB expense in future periods.

Other Assets and Liabilities

Accounts receivable, net increased by \$156 million, primarily reflecting a combination of increases in healthcare receivables of \$81 million and grants and contracts receivables of \$46 million. Unexpended bond proceeds decreased by \$56 million, reflecting expenditures for capital projects. Accounts payable and accrued expenses increased by \$141 million, primarily due to a \$156 million increase in payables to vendors for supplies and services, which was partially offset by a \$14 million decrease in accrued compensation and benefits. Deposits and advance payments for goods and services decreased by \$26 million, primarily due to a \$41 million decrease in advances for grants and contracts, which was partially offset by an increase of \$8 million for tuition and fees and housing and dining for Summer semester.

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 \$112 million, to \$4,263 million as of June 30, 2025, primarily reflecting principal payments.

Cash Flows

University cash and cash equivalents decreased \$285 million in fiscal year 2025 compared to June 30, 2024. Net cash used in operating activities was \$276 million, compared to net cash used by operating activities of \$265 million in the prior year. The increase in cash usage relates primarily to increases in payments made to employees and vendors, which were partially offset by receipts for sales and services. Net cash provided by noncapital financing activities was \$960 million in fiscal year 2025, which is a \$119 million increase compared to the prior year, primarily due to increases in receipts for gifts and non-exchange grants. Net cash used by capital financing activities was \$1,056 million in fiscal year 2025 compared to \$825 million in fiscal year 2024, primarily reflecting capital expenditures and no new debt issuance in fiscal year 2025 (proceeds of the Series 2024A bonds were used to refund existing debt). Net cash provided by investing activities was \$87 million, primarily due to investment income.

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

	As of June 2025	As of June 2024	Increase/(Decrease) Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 771,701	\$ 1,056,657	\$ (284,956)	-27.0%
Temporary investments	2,657,126	2,215,831	441,295	19.9%
Accounts receivable, net	1,244,461	1,088,072	156,389	14.4%
Notes receivable - current portion, net	6,456	6,456	-	0.0%
Pledges receivable - current portion, net	62,182	62,107	75	0.1%
Accrued interest receivable	24,781	22,637	2,144	9.5%
Inventories, prepaid expenses, and other assets	235,757	222,616	13,141	5.9%
Investments held under securities lending program	33,514	-	33,514	100.0%
Total Current Assets	<u>5,035,978</u>	<u>4,674,376</u>	<u>361,602</u>	<u>7.7%</u>
Noncurrent Assets:				
Unexpended bond proceeds	54,375	109,975	(55,600)	-50.6%
Notes receivable, net	23,741	27,410	(3,669)	-13.4%
Pledges receivable, net	172,377	172,377	-	0.0%
Net other post-employment benefit asset	357,668	194,698	162,970	83.7%
Long-term investment pool	8,619,921	7,931,714	688,207	8.7%
Other long-term investments	264,607	204,539	60,068	29.4%
Leases receivable, net	43,103	43,103	-	0.0%
Other noncurrent assets	305,701	305,701	-	0.0%
Capital assets, net	9,341,240	9,008,416	332,824	3.7%
Total Noncurrent Assets	<u>19,182,733</u>	<u>17,997,933</u>	<u>1,184,800</u>	<u>6.6%</u>
Total Assets	<u>24,218,711</u>	<u>22,672,309</u>	<u>1,546,402</u>	<u>6.8%</u>
Deferred Outflows:				
Pension	718,996	888,530	(169,534)	-19.1%
Other post-employment benefits	17,543	95,656	(78,113)	-81.7%
Other deferred outflows	17,845	20,034	(2,189)	-10.9%
Total Assets and Deferred Outflows	<u>\$ 24,973,095</u>	<u>\$ 23,676,529</u>	<u>\$ 1,296,566</u>	<u>5.5%</u>
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 1,030,322	\$ 888,944	\$ 141,378	15.9%
Deposits and advance payments for goods and services	385,926	412,407	(26,481)	-6.4%
Current portion of bonds, notes and leases payable	128,450	128,398	52	0.0%
Long-term bonds payable, subject to remarketing	603,820	603,820	-	0.0%
Liability under securities lending program	33,514	-	33,514	100.0%
Other current liabilities	108,672	119,295	(10,623)	-8.9%
Total Current Liabilities	<u>2,290,704</u>	<u>2,152,864</u>	<u>137,840</u>	<u>6.4%</u>
Noncurrent Liabilities:				
Bonds, notes and leases payable	3,090,237	3,176,520	(86,283)	-2.7%
Concessionaire payable	440,521	466,671	(26,150)	-5.6%
Net pension liability	3,688,568	3,869,225	(180,657)	-4.7%
Net other post-employment benefit liability	22,970	22,970	-	0.0%
Compensated absences	247,663	239,488	8,175	3.4%
Self-insurance accruals	70,039	87,290	(17,251)	-19.8%
Amounts due to third-party payors - Health System	67,887	79,153	(11,266)	-14.2%
Irrevocable split-interest agreements	36,368	33,123	3,245	9.8%
Refundable advances for Federal Perkins loans	15,362	18,141	(2,779)	-15.3%
Advance from concessionaire	919,723	943,319	(23,596)	-2.5%
Other noncurrent liabilities	363,206	359,726	3,480	1.0%
Total Noncurrent Liabilities	<u>8,962,544</u>	<u>9,295,626</u>	<u>(333,082)</u>	<u>-3.6%</u>
Total Liabilities	<u>11,253,248</u>	<u>11,448,490</u>	<u>(195,242)</u>	<u>-1.7%</u>
Deferred Inflows:				
Parking service concession arrangement	426,917	438,390	(11,473)	-2.6%
Pension	124,296	81,069	43,227	53.3%
Other post-employment benefits	107,893	133,721	(25,828)	-19.3%
Other deferred inflows	434,682	431,653	3,029	0.7%
Total Deferred Inflows	<u>1,093,788</u>	<u>1,084,833</u>	<u>8,955</u>	<u>0.8%</u>
Total Net Position	<u>12,626,059</u>	<u>11,143,206</u>	<u>1,482,853</u>	<u>13.3%</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 24,973,095</u>	<u>\$ 23,676,529</u>	<u>\$ 1,296,566</u>	<u>5.5%</u>

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - UNAUDITED
For the Twelve Months Ended June 30, 2025 and June 30, 2024
(in thousands)

	As of June 2025	As of June 2024	Increase/(Decrease)	
			Dollars	%
Operating Revenues:				
Student tuition and fees, net	\$ 1,165,276	\$ 1,094,229	\$ 71,047	6.5%
Federal grants and contracts	553,325	556,542	(3,217)	-0.6%
State grants and contracts	134,918	126,623	8,295	6.6%
Local grants and contracts	33,956	33,042	914	2.8%
Private grants and contracts	446,536	428,266	18,270	4.3%
Sales and services of educational departments	238,212	197,209	41,003	20.8%
Sales and services of auxiliary enterprises	436,040	391,487	44,553	11.4%
Sales and services of the OSU Health System, net	5,565,143	4,888,549	676,594	13.8%
Sales and services of OSU Physicians, Inc., net	1,197,346	1,102,050	95,296	8.6%
Other operating revenues	132,179	103,244	28,935	28.0%
Total Operating Revenues	<u>9,902,931</u>	<u>8,921,241</u>	<u>981,690</u>	<u>11.0%</u>
Operating Expenses:				
Educational and General:				
Instruction and departmental research	1,338,700	1,364,360	(25,660)	-1.9%
Separately budgeted research	711,413	708,664	2,749	0.4%
Public service	209,385	211,283	(1,898)	-0.9%
Academic support	365,855	354,520	11,335	3.2%
Student services	137,880	136,168	1,712	1.3%
Institutional support	292,932	328,492	(35,560)	-10.8%
Operation and maintenance of plant	152,222	167,276	(15,054)	-9.0%
Scholarships and fellowships	119,891	106,674	13,217	12.4%
Auxiliary enterprises	501,930	458,464	43,466	9.5%
OSU Health System	4,972,640	4,400,375	572,265	13.0%
OSU Physicians, Inc.	1,169,239	1,078,267	90,972	8.4%
Depreciation	623,034	616,748	6,286	1.0%
Total Operating Expenses	<u>10,595,121</u>	<u>9,931,291</u>	<u>663,830</u>	<u>6.7%</u>
Operating Loss	(692,190)	(1,010,050)	317,860	-31.5%
Non-operating Revenues (Expenses):				
State share of instruction and line-item appropriations	540,728	528,536	12,192	2.3%
Federal subsidies for Build America Bonds interest	11,321	11,321	-	0.0%
Federal non-exchange grants	88,218	70,982	17,236	24.3%
Federal COVID-19 assistance programs	36	5,352	(5,316)	-99.3%
State non-exchange grants	48,841	30,851	17,990	58.3%
Gifts	194,745	189,492	5,253	2.8%
Net investment income (loss)	1,224,071	988,951	235,120	23.8%
Interest expense	(169,671)	(185,612)	15,941	-8.6%
Other non-operating revenues (expenses)	(7,874)	51,104	(58,978)	-115.4%
Net Non-operating Revenues (Expenses)	<u>1,930,415</u>	<u>1,690,977</u>	<u>239,438</u>	<u>14.2%</u>
Income (loss) before changes in net position	1,238,225	680,927	557,298	81.8%
Changes in Net Position				
State capital appropriations	88,756	61,016	27,740	45.5%
Private capital gifts	61,025	57,232	3,793	6.6%
Additions to permanent endowments	96,347	74,174	22,173	29.9%
Capital contributions and other changes in net position	(1,500)	-	(1,500)	0.0%
Total Changes in Net Position	<u>244,628</u>	<u>192,422</u>	<u>52,206</u>	<u>27.1%</u>
Increase (decrease) in Net Position	<u>1,482,853</u>	<u>873,349</u>	<u>\$ 609,504</u>	<u>69.8%</u>
Net Position - Beginning of Year	<u>11,143,206</u>	<u>10,269,857</u>		
Net Position - End of Period	<u>\$ 12,626,059</u>	<u>\$ 11,143,206</u>		

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
For the Year Ended June 30, 2025 and June 30, 2024
(in thousands)

	June 2025	June 2024	Increase/(Decrease)	
			Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	\$ 1,066,850	\$ 946,677	\$ 120,173	12.7%
Grant and contract receipts	1,083,352	1,104,227	(20,875)	-1.9%
Receipts for sales and services	7,318,319	6,427,307	891,012	13.9%
Receipt from parking service concession	-	70,000	(70,000)	100.0%
Receipt from energy concessionaire	-	8,099	(8,099)	-100.0%
Payments to or on behalf of employees	(4,744,942)	(4,401,591)	(343,351)	-7.8%
University employee benefit payments	(1,346,515)	(1,123,032)	(223,483)	-19.9%
Payments to vendors for supplies and services	(3,634,932)	(3,298,825)	(336,107)	-10.2%
Payments to students and fellows	(142,101)	(90,738)	(51,363)	-56.6%
Student loans issued	(1,939)	(571)	(1,368)	-239.6%
Student loans collected	4,243	12,025	(7,782)	-64.7%
Student loan interest and fees collected	2,026	5,501	(3,475)	-63.2%
Other receipts	119,591	75,914	43,677	57.5%
Net cash provided (used) by operating activities	(276,048)	(265,007)	(11,041)	-4.2%
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	538,157	528,536	9,621	1.8%
Non-exchange grant receipts	137,059	101,833	35,226	34.6%
Federal COVID-19 assistance programs	36	5,352	(5,316)	-99.3%
Gift receipts for current use	194,670	128,641	66,029	51.3%
Additions to permanent endowments	96,347	74,174	22,173	29.9%
Drawdowns of federal direct loan proceeds	315,450	312,753	2,697	0.9%
Disbursements of federal direct loans to students	(317,085)	(310,862)	(6,223)	-2.0%
Amounts received from irrevocable split-interest agreements	4,251	1,684	2,567	152.4%
Amounts paid to annuitants and life beneficiaries	(1,006)	(2,128)	1,122	52.7%
Agency funds receipts	5,909	5,742	167	2.9%
Agency funds disbursements	(6,169)	(5,279)	(890)	-16.9%
Other receipts (payments)	(8,009)	-	(8,009)	100.0%
Net cash provided by noncapital financing activities	959,610	840,446	119,164	14.2%
Cash Flows from Capital Financing Activities:				
Proceeds from capital debt and leases	-	301,736	(301,736)	100.0%
Gift receipts for capital projects	61,025	91,657	(30,632)	-33.4%
Payments for purchase or construction of capital assets	(844,253)	(965,325)	121,072	12.5%
Principal payments on capital debt and leases	(91,810)	(83,592)	(8,218)	-9.8%
Interest payments on capital debt and leases	(186,384)	(179,960)	(6,424)	-3.6%
Federal subsidies for Build America Bonds interest	5,501	10,733	(5,232)	-48.7%
Net cash provided (used) by capital financing activities	(1,055,921)	(824,751)	(231,170)	-28.0%
Cash Flows from Investing Activities:				
Purchases of investments	(10,982,012)	(5,924,686)	(5,057,326)	-85.4%
Proceeds from sales and maturities of investments	10,695,934	5,627,664	5,068,270	90.1%
Investment income	373,481	363,431	10,050	2.8%
Net cash provided (used) by investing activities	87,403	66,409	20,994	31.6%
Net Increase (Decrease) in Cash	(284,956)	(182,903)	(102,053)	-55.8%
Cash and Cash Equivalents - Beginning of Year	1,056,657	1,239,560		
Cash and Cash Equivalents - End of Period	\$ 771,701	\$ 1,056,657		