THE OHIO STATE UNIVERSITY

TOPIC: Fiscal Year 2026 Financial Report – June 30, 2026

CONTEXT: The purpose of this report is to provide an update of financial results for the year ending June 30, 2026.

FINANCIAL SUMMARY

The university's overall financial position remains strong. Operating revenues increased $901 million in fiscal year 2026 compared to fiscal year 2025, driven primarily by strong growth in healthcare revenues. Specific impacts include:

- An $863 million increase in healthcare revenues, driven primarily by higher inpatient acuity and continued growth in outpatient volumes.
- A $36 million increase in net student tuition, due primarily to increases in enrollment and resident and non-resident rate increases.
- A $15 million increase in auxiliary revenues, reflecting increases in conference revenue distributions to Athletics, revenues from Stadium shows and housing and dining revenues.
- A $34 million increase in grants and contracts, primarily due to a $48 million increase in private grants and a $21 million increase in federal grants, which were partially offset by a $35 million decrease in state grants.
- A $56 million decrease in other operating revenues, primarily reflecting insurance recoveries in 2025 and decreases in royalty revenues.

The year-to-date increase in net position was $1,844 million, a $478 million increase compared to the prior year. The change relates primarily to a $306 million increase in net investment income and a $123 million reduction in net operating loss. The reduction in net operating loss is primarily due to the increase in healthcare revenues, which outpaced increases in related healthcare expenses. Additional details on university revenues, expenses, cash and investments, debt and cash flows are provided below.

Revenues

Student tuition and fees, net - increased $36 million or 3%, to $1,201 million in fiscal year 2026 compared to fiscal year 2025, due primarily to an increase in gross tuition and other student fees of $54 million, offset by an increase in scholarship allowances of $18 million. The increase in gross tuition revenue is primarily driven by increases in enrollment and rates for Instructional fees and the Non-Resident Surcharge. Overall university Autumn enrollments increased 0.6%. For undergraduates in the AU25 Tuition Guarantee Group, Instructional and General fees increased 3% and Non-Resident Fees increased 7.5%. For graduate students, Instructional and General Fees increased 3% and Non-Resident Fees increased 4%.

Grants and contracts – increased $34 million in fiscal year 2025 compared to fiscal year 2024 due primarily to increases in private grants (up $48 million) and federal grants (up $21 million), which were partially offset by a $35 million decrease in state grants. The decrease in state grants relates primarily to decreases from the Ohio Department of Behavioral Health ($11 million), Ohio Department of Job & Family Services ($9 million), Ohio Department of Health ($5 million), Ohio Department of Education & Workforce ($3 million), Ohio Department of Higher Ed ($2 million), and Ohio Bureau of Worker's Comp ($2 million).

Gifts – increased $35 million over the prior year, reflecting increases in capital gifts (up $17 million) and endowment gifts (up $40 million), which were partially offset by a $22 million decrease in current use gifts.

Sales and services of auxiliary enterprises - increased $15 million over the prior year, due primarily to a combination of increases in conference distributions to Athletics (up $5 million), additional revenues from Stadium shows (up $3 million) and increases in student housing and dining revenues (up $3 million).

Sales and services of the OSU Health System and OSU Physicians, Inc. - increased $863 million to $7,585 million. Health System revenues increased $767 million, driven by higher inpatient acuity and continued growth in outpatient services. Infusion activity, radiation treatments, imaging, cardiac volumes, and transplants outperformed both the budget and the prior year. The new University Hospital, which opened in February, drove increased patient activity and strong occupancy. Specialty Outpatient Pharmacy activity also experienced higher volumes this year contributing to the strong operating margin. OSU Physicians revenues increased $96 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.

Expenses

University – expenses, excluding pension and OPEB, decreased $17 million to $3,990 million in fiscal year 2026. Additional information about pension and OPEB is provided in a separate section below. Salaries increased $11 million, or 1%, primarily due to a 3.5% increase in faculty and staff salary guidelines, which was partially offset by a reduction in headcount for university staff. Benefits excluding pension and OPEB decreased $20 million, due primarily to a decrease in medical costs attributable to university faculty and staff. Supplies and services increased $84 million, or 10%, primarily reflecting an $80 million accrual for legal settlements.

OSU Health System and OSU Physicians – expenses, excluding pension and OPEB but including depreciation and interest expenses, increased $644 million to $6,737 million in fiscal year 2026. The Health System continued to focus on throughput, workforce retention, and optimization of the new University Hospital. Expense control and labor management remained strong and aligned with volume levels contributing to the strong operating performance in FY2026. OSU Physicians increased $128 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 $11 million to $512 million in fiscal year 2026. Athletics expenses increased $8 million, primarily reflecting increases in salaries and benefits. Costs associated with Stadium shows increased $3 million. The Auxiliary portion of pension and OPEB expenses decreased $3 million.

Cash and Investments
For the year ending June 30, 2026, total university cash and investments increased $1,862 million to $14,183 million, primarily due to increases in Long-Term Investment Pool of $1,124 million, investments held under securities lending programs of $410 million, temporary investments of $251 million and other long-term investments of $71 million. Additional details for the Long-Term Investment Pool and temporary investments are provided below.

Long-Term Investment Pool
For the fiscal year ending June 30, 2026, the fair value of the university's Long-Term Investment Pool increased by $1,124 million to $9,744 million. Changes in total valuation compared to the prior year are summarized below:

	2026	2025
Market Value at July 1	$ 8,619,921	$ 7,931,714
Net Principal Additions	171,909	152,014
Change in Market Value	1,261,798	806,660
Income Earned	195,882	201,481
Distributions	(338,971)	(317,983)
Expenses	(166,518)	(153,965)
Market Value at June 30	$ 9,744,021	$ 8,619,921

Net principal additions include new endowment gifts ($136.6 million), reinvestment of unused endowment distributions ($29.0 million), and other net transfers of university monies (-$1.7 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, 2026. Income earned includes interest and dividends and is used primarily to help fund distributions. Expenses include investment management expenses ($96.0 million), University Development related expenses ($61.8 million), and other administrative-related expenses ($0.7 million).

<u>LTIP Investment Returns</u>
For the fiscal year ending June 30, 2026, the LTIP earned a return, net of investment fees, of 16.03% The comparable fiscal year ending June 30, 2025, saw a net investment return of 11.81%.

Cash Equivalents and Temporary Investments
The majority of the university's cash equivalents and temporary investments are managed by the Office of Financial Services. For the fiscal year ending June 30, 2026, the Tier 1 Investments earned a return of 4.32%, outperforming the Bank of America ML 90-day T-Bill (3.78%) by 0.54%. Tier 2 Investments earned 3.70%, 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 (3.04%) by 0.66%.

For the comparable fiscal year ending June 30, 2025, the Tier 1 Investments earned a return of 5.02%. Tier 2 Investments returned 6.73% 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 2026, the university's share of OPERS and STRS-Ohio net pension liabilities decreased $809 million, to $2,879 million at June 30, 2026. OPERS and STRS-Ohio net pension liabilities decreased $776 million and $33 million, respectively, reflecting positive investment returns for both retirement systems. OPERS realized an 14.74% return on defined benefit plan investments for calendar year 2025, compared to a projected return of 6.9%. STRS-Ohio realized a 10.42% return for the fiscal year ended June 30, 2025, compared to a projected return of 7.0%. Pension deferred outflows decreased $266 million and pension deferred inflows increased $558 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 2026, the university's proportionate share of net OPEB assets increased $144 million to $502 million at June 30, 2026, reflecting positive investment returns for both retirement systems. OPERS realized a 14.95% return on its health care investments for calendar year 2025, compared to a projected return of 6.0%. STRS-Ohio realized a 10.42% return for the fiscal year ended June 30, 2025, compared to a projected return of 7.0%. Deferred outflows related to OPEB increased $33 million, to $51 million at June 30, 2026, and deferred inflows related to OPEB increased $97 million, to $205 million at June 30, 2026. 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 $139 million, primarily reflecting a $173 million increase in Health System patient care receivables and a $44 million increase in other Health System receivables, which were partially offset by a $66 million decrease in grant and contract receivables. Accounts payable and accrued expenses increased $182 million, primarily due to a $95 million increase in payables to vendors for supplies and services, an $80 million accrual for legal settlements and a $7 million increase in accrued compensation and benefits. Liabilities related to securities lending programs increased $410 million, reflecting increases in securities lending assets.

Debt
Total university debt decreased $83 million, to $4,250 million at June 30, 2026, primarily reflecting principal payments. On January 6, 2026, the university issued $561 million of tax-exempt fixed rate General Receipts Refunding Bonds, Series 2026A. The Series 2026A Bonds are structured with a single maturity due in 2035. The interest rate coupon on the Series 2026A Bonds is 5.00%. The proceeds of the 2026A Bonds were used to refund all the outstanding General Receipt Bonds, Series 2010C and to pay the cost of issuance of the 2026A Bonds.

Cash Flows
University cash and cash equivalents increased $5 million in fiscal year 2026. Net cash used in operating activities was $32 million, compared to net cash used by operating activities of $276 million in the prior year. The decrease in cash usage relates primarily to increases in receipts for sales and services (primarily healthcare), which were partially offset by increases in payments to employees and vendors. Net cash provided by noncapital financing activities was $1,040 million in fiscal year 2026, compared to $960 million for the prior year. The increase is due primarily to increases in current use and endowment gift receipts. Net cash used by capital financing activities was $1,079 million in fiscal year 2026 compared to $1,056 million in fiscal year 2025, reflecting comparable levels of capital expenditures and no new debt issuance (proceeds of the Series 2026A bonds were used to refund existing debt). Net cash provided by investing activities was $77 million, primarily due to investment income.

Implementation of GASB Statement No. 103
In fiscal year 2026, the university is implementing GASB Statement No. 103, *Financial Reporting Model Improvements*. The Statement includes provisions related to the presentation of proprietary fund statements of revenues, expenses and changes in net position. Under the new standard, operating revenues and expenses are defined as those revenues and expenses other than non-operating revenues and expenses. Nonoperating revenues and expenses include subsidies received and provided, contributions to permanent and term endowments, revenues and expenses related to financing, resources from the disposal of capital assets and inventory, and investment income and expenses. The lines and captions of the university's Statement of Revenues, Expenses and Changes in Net Position for fiscal years 2026 and 2025 have been updated to reflect the new presentation requirements.

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF NET POSITION - UNAUDITED
June 30, 2026 and June 30, 2025
(in thousands)

	As of June 2026	As of June 2025	Increase/(Decrease) Dollars	%
ASSETS:				
Current Assets:				
Cash and cash equivalents	$ 784,337	$ 724,747	$ 59,590	8.2%
Temporary investments	2,908,322	2,656,861	251,461	9.5%
Accounts receivable, net	1,390,101	1,250,771	139,330	11.1%
Notes receivable - current portion, net	6,456	6,456	-	0.0%
Pledges receivable - current portion, net	59,981	60,106	(125)	-0.2%
Accrued interest receivable	26,543	24,781	1,762	7.1%
Inventories, prepaid expenses, and other assets	280,971	219,721	61,250	27.9%
Investments held under securities lending program	410,652	925	409,727	100.0%
Total Current Assets	5,867,363	4,944,368	922,995	18.7%
Noncurrent Assets:				
Unexpended bond proceeds	-	54,375	(54,375)	-100.0%
Notes receivable, net	20,301	23,741	(3,440)	-14.5%
Pledges receivable, net	174,476	174,476	-	0.0%
Net other post-employment benefit asset	501,573	357,668	143,905	40.2%
Long-term investment pool	9,744,021	8,619,921	1,124,100	13.0%
Other long-term investments	335,970	264,581	71,389	27.0%
Leases receivable, net	66,000	66,001	(1)	0.0%
Other noncurrent assets	359,955	359,955	-	0.0%
Capital assets, net	9,639,570	9,444,618	194,952	2.1%
Total Noncurrent Assets	20,841,866	19,365,336	1,476,530	7.6%
Total Assets	26,709,229	24,309,704	2,399,525	9.9%
Deferred Outflows:				
Pension	452,528	718,996	(266,468)	-37.1%
Other post-employment benefits	50,518	17,543	32,975	188.0%
Other deferred outflows	45,496	43,298	2,198	5.1%
Total Assets and Deferred Outflows	$ 27,257,771	$ 25,089,541	$ 2,168,230	8.6%
LIABILITIES AND NET POSITION:				
Current Liabilities:				
Accounts payable and accrued expenses	$ 1,217,917	$ 1,035,604	$ 182,313	17.6%
Deposits and advance payments for goods and services	428,502	412,505	15,997	3.9%
Current portion of bonds, notes and leases payable	126,319	126,414	(95)	-0.1%
Long-term bonds payable, subject to remarketing	603,820	603,820	-	0.0%
Liability under securities lending program	410,652	925	409,727	100.0%
Other current liabilities	137,135	126,809	10,326	8.1%
Total Current Liabilities	2,924,345	2,306,077	618,268	26.8%
Noncurrent Liabilities:				
Bonds, notes and leases payable	3,065,776	3,152,608	(86,832)	-2.8%
Concessionaire payable	454,404	482,717	(28,313)	-5.9%
Net pension liability	2,879,384	3,688,568	(809,184)	-21.9%
Net other post-employment benefit liability	22,317	22,317	-	0.0%
Compensated absences	269,290	253,423	15,867	6.3%
Self-insurance accruals	86,057	107,571	(21,514)	-20.0%
Amounts due to third-party payors - Ohio State Health System	79,798	63,857	15,941	25.0%
Irrevocable split-interest agreements	38,380	36,269	2,111	5.8%
Refundable advances for Federal Perkins loans	13,551	15,362	(1,811)	-11.8%
Advance from concessionaire	899,362	920,533	(21,171)	-2.3%
Other noncurrent liabilities	412,932	413,487	(555)	-0.1%
Total Noncurrent Liabilities	8,221,251	9,156,712	(935,461)	-10.2%
Total Liabilities	11,145,596	11,462,789	(317,193)	-2.8%
Deferred Inflows:				
Parking service concession arrangement	415,443	426,917	(11,474)	-2.7%
Pension	682,203	124,296	557,907	448.9%
Other post-employment benefits	205,285	107,893	97,392	90.3%
Other deferred inflows	455,757	458,079	(2,322)	-0.5%
Total Deferred Inflows	1,758,688	1,117,185	641,503	57.4%
Total Net Position	14,353,487	12,509,567	1,843,920	14.7%
Total Liabilities, Deferred Inflows, and Net Position	$ 27,257,771	$ 25,089,541	$ 2,168,230	8.6%

THE OHIO STATE UNIVERSITY
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - UNAUDITED
For the Twelve Months Ended June 30, 2026 and June 30, 2025
(in thousands)

	June 2026	June 2025	Increase/(Decrease) Dollars	%
Operating Revenues:				
Student tuition and fees, net	$ 1,200,871	$ 1,165,316	$ 35,555	3.1%
Federal grants and contracts	646,077	625,445	20,632	3.3%
State grants and contracts	150,125	184,901	(34,776)	-18.8%
Local grants and contracts	33,597	33,956	(359)	-1.1%
Private grants and contracts	475,223	426,771	48,452	11.4%
Sales and services of educational departments	227,219	217,671	9,548	4.4%
Sales and services of auxiliary enterprises	450,741	436,040	14,701	3.4%
Sales and services of the Ohio State Health System, net	6,280,707	5,513,570	767,137	13.9%
Sales and services of Ohio State University Physicians, Inc., net	1,303,858	1,207,771	96,087	8.0%
Other operating revenues	108,367	164,086	(55,719)	-34.0%
Total Operating Revenues	10,876,785	9,975,527	901,258	9.0%
Operating Expenses:				
Educational and General:				
Instruction and departmental research	1,426,401	1,356,591	69,810	5.1%
Separately budgeted research	697,981	719,303	(21,322)	-3.0%
Public service	209,022	206,804	2,218	1.1%
Academic support	370,378	366,965	3,413	0.9%
Student services	136,358	136,943	(585)	-0.4%
Institutional support	378,299	316,455	61,844	19.5%
Operation and maintenance of plant	169,466	150,611	18,855	12.5%
Scholarships and fellowships	119,216	119,875	(659)	-0.5%
Auxiliary enterprises	508,087	502,067	6,020	1.2%
Ohio State Health System	5,441,319	4,968,546	472,773	9.5%
Ohio State University Physicians, Inc.	1,283,571	1,155,821	127,750	11.1%
Depreciation	703,799	665,561	38,238	5.7%
Total Operating Expenses	11,443,897	10,665,542	778,355	7.3%
Operating Loss	(567,112)	(690,015)	122,903	-17.8%
Noncapital Subsidies				
State share of instruction and line-item appropriations	559,729	540,728	19,001	3.5%
Gifts for current use	211,018	233,066	(22,048)	-9.5%
Total noncapital subsidies	770,747	773,794	(3,047)	-0.4%
Operating loss and noncapital subsidies	203,635	83,779	119,856	143.1%
Other Non-operating Revenues (Expenses):				
Net investment income (loss)	1,525,752	1,219,510	306,242	25.1%
State capital appropriations	83,121	88,756	(5,635)	-6.3%
Private capital gifts	47,589	30,986	16,603	53.6%
Capital contributions	-	25,000	(25,000)	0.0%
Additions to permanent endowments	136,643	96,347	40,296	41.8%
Federal subsidies for Build America Bonds interest	7,366	11,321	(3,955)	-34.9%
Interest expense	(159,951)	(189,338)	29,387	-15.5%
Total other non-operating revenues and expenses	1,640,520	1,282,582	357,938	27.9%
Increase (decrease) in Net Position	1,844,155	1,366,361	477,794	35.0%
Net Position - Beginning of Year	12,509,332	11,143,206		
Net Position - End of Period	$ 14,353,487	$ 12,509,567		

THE OHIO STATE UNIVERSITY
STATEMENTS OF CASH FLOWS - UNAUDITED
For the Twelve Months Ended June 30, 2026 and June 30, 2025
(in thousands)

	June 2026	June 2025	Increase/(Decrease) Dollars	%
Cash Flows from Operating Activities:				
Tuition and fee receipts	$ 1,049,299	$ 1,066,850	$ (17,551)	-1.6%
Grant and contract receipts	1,208,765	1,083,352	125,413	11.6%
Receipts for sales and services	8,111,345	7,318,319	793,026	10.8%
Payments to or on behalf of employees	(5,033,206)	(4,744,942)	(288,264)	-6.1%
University employee benefit payments	(1,384,772)	(1,346,515)	(38,257)	-2.8%
Payments to vendors for supplies and services	(3,988,702)	(3,634,932)	(353,770)	-9.7%
Payments to students and fellows	(142,936)	(142,101)	(835)	-0.6%
Student loans issued	(3,492)	(1,939)	(1,553)	-80.1%
Student loans collected	3,214	4,243	(1,029)	-24.3%
Student loan interest and fees collected	1,575	2,026	(451)	-22.3%
Other receipts	146,466	119,591	26,875	22.5%
Net cash provided (used) by operating activities	(32,444)	(276,048)	243,604	88.2%
Cash Flows from Noncapital Financing Activities:				
State share of instruction and line-item appropriations	557,570	538,157	19,413	3.6%
Non-exchange grant receipts	135,485	137,059	(1,574)	-1.1%
Federal COVID-19 assistance programs	21,913	36	21,877	60769.4%
Gift receipts for current use	211,143	194,670	16,473	8.5%
Additions to permanent endowments	136,643	96,347	40,296	41.8%
Drawdowns of federal direct loan proceeds	288,436	315,450	(27,014)	-8.6%
Disbursements of federal direct loans to students	(305,838)	(317,085)	11,247	3.5%
Amounts received from irrevocable split-interest agreements	3,710	4,251	(541)	-12.7%
Amounts paid to annuitants and life beneficiaries	(1,599)	(1,006)	(593)	-58.9%
Agency funds receipts	5,524	5,909	(385)	-6.5%
Agency funds disbursements	(5,474)	(6,169)	695	11.3%
Other receipts (payments)	(7,880)	(8,009)	129	100.0%
Net cash provided by noncapital financing activities	1,039,633	959,610	80,023	8.3%
Cash Flows from Capital Financing Activities:				
Gift receipts for capital projects	47,589	61,025	(13,436)	-22.0%
Payments for purchase or construction of capital assets	(858,936)	(844,253)	(14,683)	-1.7%
Principal payments on capital debt and leases	(94,839)	(91,810)	(3,029)	-3.3%
Interest payments on capital debt and leases	(185,668)	(186,384)	716	0.4%
Federal subsidies for Build America Bonds interest	12,700	5,501	7,199	130.9%
Net cash provided (used) by capital financing activities	(1,079,154)	(1,055,921)	(23,233)	-2.2%
Cash Flows from Investing Activities:				
Purchases of investments	(7,345,292)	(10,982,012)	3,636,720	33.1%
Proceeds from sales and maturities of investments	7,177,701	10,703,355	(3,525,654)	-32.9%
Investment income	244,771	373,481	(128,710)	-34.5%
Net cash provided (used) by investing activities	77,180	94,824	(17,644)	-18.6%
Net Increase (Decrease) in Cash	5,215	(277,535)	$ 282,750	101.9%
Cash and Cash Equivalents - Beginning of Year	779,122	1,056,657		
Cash and Cash Equivalents - End of Period	$ 784,337	$ 779,122		