

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF NET POSITION

(in thousands)	June 30, 2023
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 750,138
Investments for operating activities	3,126,841
Investments for capital activities	510,541
Investments for student loan activities	68,387
Accounts receivable, net	1,239,770
Current portion of notes and pledges receivable, net	117,669
Current portion of other assets	333,506
Cash collateral held by agent	4,844
<b>Total Current Assets</b>	<b>6,151,696</b>
Noncurrent Assets:	
Endowment, life income and other investments	19,318,390
Notes and pledges receivable, net	259,798
Other assets	116,766
Capital assets, net	7,089,073
<b>Total Noncurrent Assets</b>	<b>26,784,027</b>
<b>Total Assets</b>	<b>32,935,723</b>
<b>Deferred Outflows</b>	<b>1,073,647</b>

<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	626,498
Accrued compensation and other	726,360
Unearned revenue	441,655
Current portion of insurance and benefits reserves	253,398
Current portion of obligations for postemployment benefits	105,261
Commercial paper and current portion of bonds payable	298,184
Long-term bonds payable subject to remarketing, net	372,335
Collateral held for securities lending	4,844
<b>Total Current Liabilities</b>	<b>2,828,535</b>
Noncurrent Liabilities:	
Accrued compensation	15,324
Insurance and benefits reserves	212,378
Obligations for defined benefit pension plans, net	15,189
Obligations for postemployment benefits	3,611,114
Obligations under life income agreements	65,520
Government loan advances	36,448
Bonds payable	4,784,568
Other liabilities	324,381
<b>Total Noncurrent Liabilities</b>	<b>9,064,922</b>
<b>Total Liabilities</b>	<b>11,893,457</b>

**Deferred Inflows** **1,402,152**

<b>Net Position</b>	
Net investment in capital assets	3,964,182
Restricted:	
Nonexpendable	2,959,142
Expendable	7,853,068
Unrestricted	5,937,369
<b>Total Net Position</b>	<b>\$ 20,713,761</b>

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

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

(in thousands)	Year Ended June 30, 2023
<b>Operating Revenues</b>	
Student tuition and fees	\$ 2,186,769
Less scholarship allowances	545,906
Net student tuition and fees	1,640,863
Federal grants and contracts	1,186,061
State and local grants and contracts	10,154
Nongovernmental sponsored programs	284,488
Sales and services of educational departments	158,707
Auxiliary enterprises:	
Patient care revenues (net of provision for bad debts of \$211,403)	7,251,435
Student residence fees (net of scholarship allowances of \$26,378)	130,896
Other revenues	264,685
Student loan interest income and fees	1,367
<b>Total Operating Revenues</b>	<b>10,928,656</b>
<b>Operating Expenses</b>	
Compensation and benefits	7,808,426
Supplies and services	3,809,009
Depreciation	685,362
Scholarships and fellowships	200,439
<b>Total Operating Expenses</b>	<b>12,503,236</b>
Operating Loss	(1,574,580)
<b>Nonoperating Revenues (Expenses)</b>	
State educational appropriations	392,473
Federal Pell grants	55,299
Federal economic relief funds	33,837
Private gifts for other than capital and endowment purposes	193,284
Net investment income	1,078,343
Interest expense	(201,204)
Federal subsidies for interest on Build America Bonds	5,493
<b>Total Nonoperating Revenues, Net</b>	<b>1,557,525</b>
Loss Before Other Revenues (Expenses)	(17,055)
<b>Other Revenues (Expenses)</b>	
State capital appropriations	12,911
Capital gifts and grants	59,418
Private gifts for permanent endowment purposes	117,716
Other	(16,765)
<b>Total Other Revenues, Net</b>	<b>173,280</b>
Increase in Net Position	156,225
Net Position, Beginning of Year	19,298,461
Affiliation with Sparrow Health	1,259,075
Net Position, Beginning of Year, as Restated	20,557,536
<b>Net Position, End of Year</b>	<b>\$ 20,713,761</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)	Year Ended June 30, 2023
<b>Cash Flows from Operating Activities</b>	
Student tuition and fees	\$ 1,640,753
Federal, state and local grants and contracts	1,167,819
Nongovernmental sponsored programs	262,386
Sales and services of educational departments and other	418,478
Patient care revenues	7,196,113
Student residence fees	129,769
Payments to employees	(5,991,302)
Payments for benefits	(1,700,366)
Payments to suppliers	(4,221,202)
Payments for scholarships and fellowships	(200,439)
Student loans issued	(5,451)
Student loans collected	10,965
Student loan interest and fees collected	1,367
<b>Net Cash Used in Operating Activities</b>	<b>(1,291,110)</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
State educational appropriations	389,670
State supplemental appropriations	35,000
Federal Pell grants	55,299
Federal economic relief funds	28,678
Private gifts and other receipts	300,347
Proceeds from issuance of debt	38,000
Interest payments on debt	(92,712)
Student direct lending receipts	306,502
Student direct lending disbursements	(303,478)
Amounts received for annuity and life income funds	4,503
Amounts paid to annuitants and life beneficiaries and related expenses	(5,961)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>755,848</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
State capital appropriations	46,435
Private gifts and other receipts	46,629
Principal and interest payments on lease and subscription liabilities	(83,507)
Proceeds from issuance of capital debt	88,394
Principal payments on capital debt	(240,615)
Interest payments on capital debt	(124,737)
Federal subsidies for Build America Bonds interest	2,746
Payments for bond issuance costs	(817)
Purchases of capital assets	(692,602)
Proceeds from sales of capital assets	1,020
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(957,054)</b>

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

# FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CASH FLOWS, CONTINUED

(in thousands)	Year Ended June 30, 2023
<b>Cash Flows from Investing Activities</b>	
Interest and dividends on investments, net	239,061
Proceeds from sales and maturities of investments	8,972,888
Purchases of investments	(10,113,114)
Decrease in unexpended capital debt proceeds	305,452
Net increase in cash equivalents from noncurrent investments	(176,071)
Net increase in fiduciary custodial funds and other	(25,669)
<b>Net Cash Used in Investing Activities</b>	<b>(797,453)</b>
Net Decrease in Cash and Cash Equivalents	(2,289,769)
Cash and Cash Equivalents, Beginning of Year	2,951,905
Affiliation with Sparrow Health	88,002
Cash and Cash Equivalents, Beginning of Year, as Restated	3,039,907
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 750,138</b>
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities:</b>	
Operating loss	(1,574,580)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	685,362
Changes in assets and liabilities:	
Accounts receivable, net	(51,004)
Notes and pledges receivable, net	507
Other assets	(36,057)
Accounts payable	27,289
Accrued compensation and other	(73,172)
Unearned revenue	(63,476)
Insurance and benefits reserves	(398,826)
Obligations for defined benefit pension plans, net	198,740
Obligations for postemployment benefits	(581,284)
Changes in deferred outflows	(26,313)
Changes in deferred inflows	601,704
<b>Net Cash Used in Operating Activities</b>	<b>\$ (1,291,110)</b>

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## DISCRETELY PRESENTED COMPONENT UNIT STATEMENT OF NET POSITION

(in thousands)	December 31, 2022 PHP Holdings, LLC
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 41,492
Accounts receivable, net	15,494
Current portion of other assets	1,546
<b>Total Current Assets</b>	<b>58,532</b>
Noncurrent Assets:	
Investments	5,814
Other assets	306
Capital assets, net	8,692
<b>Total Noncurrent Assets</b>	<b>14,812</b>
<b>Total Assets</b>	<b>73,344</b>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable	5,428
Unearned premiums	3,063
Prefunding on self-insured accounts	4,911
Current portion of other liabilities	9,240
Insurance and benefits reserves	29,520
<b>Total Current Liabilities</b>	<b>52,162</b>
Noncurrent Liabilities:	
Other liabilities	371
<b>Total Liabilities</b>	<b>52,533</b>
<b>Net Position</b>	
Net investment in capital assets	8,150
Unrestricted	12,661
<b>Total Net Position</b>	<b>\$ 20,811</b>

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**FINANCIAL STATEMENTS**  
**DISCRETELY PRESENTED COMPONENT UNIT**  
**STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**

(in thousands)	Year Ended December 31, 2022 PHP Holdings, LLC
<b>Operating Revenues</b>	
Gross direct written premiums	\$ 260,642
Ceded written premiums	(2,117)
<b>Total Operating Revenues</b>	<b>258,525</b>
<b>Operating Expenses</b>	
Losses and loss adjustment expenses, net of reinsurance	235,166
Compensation and benefits	17,296
Supplies, services and other	24,270
Depreciation	2,409
<b>Total Operating Expenses</b>	<b>279,141</b>
Operating Loss	(20,616)
<b>Nonoperating Expenses</b>	
Net investment loss	257
Interest expense	64
<b>Total Nonoperating Expenses</b>	<b>321</b>
Decrease in Net Position	(20,937)
Net Position, Beginning of Year	41,748
<b>Net Position, End of Year</b>	<b>\$ 20,811</b>

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**STATEMENT OF FIDUCIARY NET POSITION**

(in thousands)	June 30, 2023	
	Custodial Funds	Pension Trust Funds
<b>Assets</b>		
Receivables		\$ 236
Investments	\$ 274,366	742,303
<b>Total Assets</b>	<b>274,366</b>	<b>742,539</b>
<b>Liabilities</b>		
Due to individuals and organizations	37,142	980
<b>Total Liabilities</b>	<b>37,142</b>	<b>980</b>
<b>Fiduciary Net Position</b>		
Restricted for:		
Pensions		741,559
Organizations	237,224	
<b>Total Fiduciary Net Position</b>	<b>\$ 237,224</b>	<b>\$ 741,559</b>

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

# FINANCIAL STATEMENTS

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

(in thousands)	Year Ended	
	June 30, 2023	
	Custodial Funds	Pension Trust Funds
<b>Additions</b>		
Contributions:		
Organizations	\$ 3,853	
Employer		\$ 898
<b>Total contributions</b>	<b>3,853</b>	<b>898</b>
Net investment loss	(8,358)	(128,930)
<b>Total Additions</b>	<b>(4,505)</b>	<b>(128,032)</b>
<b>Deductions</b>		
Benefits paid to participants		47,830
Administrative expenses		9,159
Withdrawals	1,363	
<b>Total Deductions</b>	<b>1,363</b>	<b>56,989</b>
Decrease in Fiduciary Net Position	(5,868)	(185,021)
Fiduciary Net Position, Beginning of Year	243,092	90,488
Affiliation with Sparrow Health		836,092
Fiduciary Net Position, Beginning of Year, as Restated	243,092	926,580
<b>Fiduciary Net Position, End of Year</b>	<b>\$ 237,224</b>	<b>\$ 741,559</b>

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