THE UNIVERSITY OF KANSAS HEALTH SYSTEM

FY2027:
1st Quarter
(Jul – Sept 2026)
Financial Report

(Unaudited)

THE UNIVERSITY OF KANSAS HEALTH SYSTEM

Executive Summary
FY 2027: First Quarter

The information included herein is being provided solely to comply with contractual commitments. This filing does not purport to contain all information that may be material to an investor's decision to buy, sell, or hold bonds issued by or for the benefit of the University of Kansas Health System ("Related Bonds"), and does not constitute or imply any representation that no other information exists that may have a bearing on the financial condition of the University of Kansas Health System, the security for any Related Bonds or an investor's decision to buy, sell or hold any Related Bonds. This report includes information as of and for the 3-month period ended September 30, 2026, and such information should not be relied upon as indicative of future financial performance.

Effective July 1, 2024, University of Kansas Hospital Authority ("**UKHA**") became the sole member of New Liberty Hospital Corporation ("**NLHC**"), at which time the Liberty Hospital acute care hospital, clinics, and related operations became part of the Health System. NLHC did not have any material debt outstanding at the time of closing. NLHC became an Obligated Group Member on April 15, 2026 and is included in the information provided herein beginning January 1, 2026.

Executive Summary-Operations FY 2027: First Quarter

Statistics

- Patient Days increased 16.0%, discharges increased 18.8% from the prior year same quarter. The increase is primarily driven by the addition of LHC in the current year. Excluding NLHC from the current year same quarter (on a pro forma basis) patient days increased 4.9% and discharges increased 4.2%.
- The Average Length of Stay (ALOS) decreased to 5.32 from 5.45 from the prior year same quarter.

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Utilization Statistics
First Quarter FY2027

	Jul-Sept 26* Actual	Jul-Sept 25 Actual	FY 27 to FY 26 % Variance
Workload			
Discharges	19,497	16,405	18.8%
Patient Days	103,678	89,387	16.0%
ER Visits	46,356	35,866	29.2%
Hospital Based Ambulatory Encounters	620,969	546,520	13.6%
Acuity			
ALOS	5.32	5.45	-2.4%

- Includes information for NLHC for the period of 7/01/26-9/30/26.

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Utilization Statistics
First Quarter FY2027 (Pro Forma)

	Jul-Sept 26 Actual	Jul-Sept 25 Actual	FY 26 to FY 25 % Variance
Workload			
Discharges	17,093	16,405	4.2%
Patient Days	93,746	89,387	4.9%
ER Visits	36,732	35,866	2.4%
Hospital Based Ambulatory Encounters	582,529	546,520	6.6%
Acuity			
ALOS	5.48	5.45	0.6%

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Executive Summary-Financial Information FY 2027: First Quarter

Revenue

- Net Patient Revenue increased by 11.3%, or $127.2 million, from the previous year's same quarter. Bad debt/charity care was 1.0% of gross charges which was less than the previous year's same quarter figure of 1.3%.
- Other Operating Revenue increased by 2.6%, or $7.2 million.

Operating Expenses

- Total operating expenses increased by 17.9%, or $237.2 million, from the previous year's same quarter.

Executive Summary-Financial Information FY 2027: First Quarter

Operating Results

- The Authority's first quarter GASB operating margin was ($25.2) million, or (1.6%) ((2.4%) FASB), which was less than the prior year's same quarter GASB operating margin of $77.6 million, or 5.5% (4.8% FASB).

Non-Operating Results

- First quarter investment loss was ($22.3) million, compared to a gain of $47.7 million in the prior year same quarter.
- The Authority reported a combined Net Loss for the first quarter of ($48.7) million, which was $173.1 million lower than the prior year same quarter Net Gain of $124.4 million.

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Executive Summary-Financial Information FY 2027: First Quarter

Balance Sheet

- Unrestricted cash decreased ($51.4) million during the three months. The change in cash included the following major components:
  - Cash flow from operations of $23.2 million.
  - Non-Operating loss of ($11.6) million.
  - Acquisition of assets of ($57.9) million.
  - Change in working capital $1.4 million.
  - Debt service & retirement ($34.0) million.

- FY 2027 Q1 EBIDA was $11.5 million.
- Equities were approximately 15.9% of the total portfolio as of September 30, 2026. The Authority had no swaps as of September 30, 2026.

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Combined Statement of Operations (In $000's) First Quarter

	Jul-Sept 26*	Jul-Sept 25	$ Variance	% Variance
Net Patient Revenue	$ 1,254,283	$ 1,127,112	$ 127,171	11.3%
Other Operating Revenue	280,259	273,033	7,226	2.6%
Total Operating Revenue	1,534,542	1,400,145	134,397	9.6%
Operating Expenses				
Salaries & Benefits	803,199	664,426	138,773	20.9%
Contract Labor	23,646	17,300	6,346	36.7%
Supplies	496,929	433,147	63,782	14.7%
Other Operating Expenses	187,584	165,226	22,358	13.5%
Depreciation and amortization	48,418	42,477	5,941	14.0%
Total Operating Expenses	1,559,776	1,322,576	237,200	17.9%
Operating Income (Loss)	(25,234)	77,569	(102,803)	132.5%
Interest Expense	(11,869)	(10,707)	(1,162)	10.9%
Non Operating Gains, net **	(11,647)	57,504	(69,151)	120.3%
Excess of Revenues over Expenses	(48,750)	124,366	(173,116)	139.2%
Capital Contributions	-	(5,285)		
Increase (Decrease) in Net Position	(48,750)	119,081		
Net Position, Beginning of Period	3,550,395	3,180,862		
Net Position, End of Period	$ 3,501,645	$ 3,299,943		
Operating Margin	-1.6%	5.5%		
Total Margin	-3.2%	8.9%		

*Includes NLHC

** This row YTD includes activity related to Noncapital Subsidies per GASB 103.

Combined Expense Ratio Comparison
(Percent of Total Operating Revenue)

	FY 2027 YTD*	FY 2026*	FY 2025
Total Operating Revenue ($000's)	$ 1,534,542	$ 5,966,050	$ 5,093,533
Salary/Fringe	52.3%	49.7%	49.0%
Contract Labor	1.5%	1.4%	1.4%
Total Compensation	53.8%	51.1%	50.4%
Supplies	32.4%	31.1%	30.4%
Other Operating Expenses	12.2%	12.0%	13.0%
Depreciation and Amortization	3.2%	3.2%	3.2%
Total Expense	101.6%	97.4%	97.0%
Operating Margin	-1.6%	2.6%	3.0%

* Includes NLHC

Combined Balance Sheet (In $000's)

	30-Sept-26*	30-Jun-26*	31-Mar-26 *	31-Dec-25
Assets				
Cash and cash equivalents	$ 383,896	$ 370,878	$ 389,658	$ 439,491
Assets limited or restricted as to use, current	52,034	66,315	286	229
Patient accounts receivable, net of allowance	620,657	622,354	588,522	531,579
Estimated amounts due from third-party payors	70,318	64,606	51,427	46,884
Other receivables	116,300	101,954	103,400	132,438
Inventory	130,536	130,198	108,865	101,356
Prepaid expenses	48,119	46,410	48,084	43,404
Total Current Assets	1,421,860	1,402,715	1,290,242	1,295,381
Noncurrent Investments	1,712,067	1,776,513	1,747,219	1,745,197
Held by trustee & other	4,745	4,800	4,756	4,758
Donor restricted assets	7,544	7,423	7,252	7,262
Property plant & equipment - gross	3,358,505	3,309,095	3,127,710	2,904,980
Accumulated depreciation	(1,663,747)	(1,624,048)	(1,615,272)	(1,442,196)
Property plant & equipment - net	1,694,758	1,685,047	1,512,438	1,462,784
Other assets	570,270	576,314	692,413	664,068
Total Assets	**$ 5,411,244**	**$ 5,452,812**	**$ 5,254,320**	**$ 5,179,450**

*Includes NLHC

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Combined Balance Sheet (In $000's)

	30-Sept-26*	30-Jun-26*	31-Mar-26 *	31-Dec-25
Liabilities & Unrestricted Fund Balance				
Accounts payable	$ 120,905	$ 132,020	$ 103,872	$ 92,771
Accrued salaries, wages, and benefits	339,875	312,577	327,017	283,600
Estimated amounts due to third-party payors	86,676	80,307	73,593	97,095
Current portion of long-term debt	14,140	16,581	18,746	18,426
Other	74,985	80,097	88,171	82,084
Total current liabilities	636,581	621,582	611,399	573,976
Net Pension Liability	22,716	22,716	27,382	27,382
Other long term liability	280,765	87,072	88,547	87,569
Promissory note/ capital leases payable	156	195,949	297,535	297,847
Bonds payable	901,436	906,127	714,205	721,111
Long Term Debt	901,592	1,102,076	1,011,740	1,018,958
Deferred Inflows of Resources	67,946	68,971	57,117	57,929
Total Liabilities and deferred inflows of resources	1,909,600	1,902,417	1,796,185	1,765,814
Fund balance restricted or limited as to use	232,194	241,337	172,610	171,115
Unrestricted fund balance	3,269,450	3,309,058	3,285,525	3,242,521
Total Liabilities/Fund Balance	**$ 5,411,244**	**$ 5,452,812**	**$ 5,254,320**	**$ 5,179,450**

* Includes NLHC

Combined Statement of Cash Flows (In $000's) First Quarter

Sources of Cash	Jul-Sept 26*	Jul-Sept 25
Operating income	$ (25,234)	$ 77,569
Depreciation and amortization	48,418	42,478
Cash flow from operations	23,184	120,047
Non-Operating Gain, net	(11,643)	57,504
EBIDA	11,541	177,551
(Increase) decrease in other funds	14,286	(1,198)
(Increase) decrease in trustee held funds	(121)	(17)
Total Sources of Cash	25,706	176,336
Uses of Cash		
Acquisition of assets \ Investments	57,855	47,218
Change in working capital	(1,384)	23,310
Change in other assets/liabilities	(13,343)	(2,233)
Debt service (principal & interest)	34,006	35,901
Total Uses of Cash	77,134	104,196
Total Cash Provided (Used)	**$ (51,428)**	**$ 72,140**

*Includes NLHC


THE UNIVERSITY OF KANSAS HOSPITAL