

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER



Annual Financial Report
Fiscal Year 2025

TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

Annual Financial Report

UNAUDITED

Financial Statements

August 31, 2025

Presented herein are the financial statements for Texas Tech University Health Sciences Center for the year ended August 31, 2025. These statements have been prepared in compliance with Governmental Accounting Standards Board pronouncements and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

This document supplements the Combined Annual Financial Report of the Texas Tech University System and provides a historical record of transactions relating to this particular institution.

The Combined Annual Financial Report of the Texas Tech University System includes primary statements as well as supplemental notes and schedules. The numbers therein are presented on a combined System-wide basis.

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Organizational Data

August 31, 2025

BOARD OF REGENTS

Term Expires

Arcilia AcostaJanuary 31, 2027.....Dallas, TX
Cody Campbell (**Chair**)January 31, 2027..... Fort Worth, TX
Pat GordonJanuary 31, 2027..... El Paso, TX
Clay Cash.....January 31, 2029..... Lubbock, TX
Tim Culp.....January 31, 2029..... Midland, TX
Shelley SweattJanuary 31, 2029..... Wichita Falls, TX
Doug McReaken.....January 31, 2031.....Pearland, TX
Don SinclairJanuary 31, 2031..... Houston, TX
Dustin R. Womble (**Vice Chair**)January 31, 2031..... Lubbock, TX
Eli Heath (**Student Regent**).....May 31, 2026..... Flower Mound, TX

FISCAL OFFICERS

Lori Rice-Spearman..... President
Penny Harkey..... Executive Vice President for Finance and Operations
Micheal West..... Associate Vice President for Business Affairs

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Comparative Statement of Net Position

As of August 31, 2025 and 2024

	<u>2025</u>	<i>Restated</i> <u>2024</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 122,346,231.44	\$ 99,574,780.01
Restricted Cash and Cash Equivalents	9,333,059.51	14,998,281.33
Legislative Appropriations	98,956,083.13	53,161,853.11
Receivables:		
Federal	3,279,648.58	3,086,345.60
Patient	23,250,388.91	15,985,355.46
Student	806,761.20	724,791.10
Contracts	38,598,181.05	32,382,880.31
Interest and Dividends	1,109,202.09	1,038,448.76
Gifts	-	-
Leases	316,635.58	158,303.71
Other	517,234.73	540,871.40
Due from Other State Agencies	8,898,429.11	8,167,387.39
Due from Other Component Units	25,731.37	69,972.06
Inventories	1,664,445.23	1,592,638.79
Prepaid Items	15,943,078.67	18,832,361.40
Loans and Notes	484,581.11	406,867.39
Total Current Assets	<u>\$ 325,529,691.71</u>	<u>\$ 250,721,137.82</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ 3,637.19	\$ 1,850.37
Restricted Investments	166,436,906.17	158,699,035.27
Leases Receivable	7,919,562.94	7,091,426.90
Loans and Notes	432,875.59	491,942.29
Investments	434,187,538.01	431,867,459.68
Capital Assets:		
Non-Depreciable or Non-Amortizable	24,476,927.68	30,012,283.30
Depreciable or Amortizable	756,644,799.30	727,549,672.82
Less Accumulated Depreciation and Amortization	(446,504,683.81)	(425,803,940.66)
Right to Use Assets		
Amortizable	21,191,618.23	18,998,739.24
Less Accumulated Amortization	(11,075,978.32)	(9,661,702.63)
Total Non-Current Assets	<u>\$ 953,713,202.98</u>	<u>\$ 939,246,766.58</u>
TOTAL ASSETS	<u>\$ 1,279,242,894.69</u>	<u>\$ 1,189,967,904.40</u>

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Comparative Statement of Net Position
As of August 31, 2025 and 2024

	<u>2025</u>	<u>Restated 2024</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 20,535,757.46	\$ 16,122,511.12
Payroll Payable	44,052,379.77	41,830,995.53
Unearned Revenue	20,722,415.88	16,929,683.62
Due to Other State Agencies	34,792.91	97,697.17
Due to Other Component Units	196,094.24	67,182.10
Employees' Compensable Leave	4,593,627.43	3,959,994.52
Right to Use Lease Obligations	1,581,290.02	2,430,357.66
Right to Use Subscription Obligations	2,061,977.59	1,333,713.61
Funds Held for Others	572,513.59	623,971.97
Other Current Liabilities	127,616.72	132,850.54
Total Current Liabilities	\$ 94,478,465.61	\$ 83,528,957.84
Non-Current Liabilities:		
Employees' Compensable Leave	\$ 35,279,587.12	\$ 34,135,765.59
Right to Use Lease Obligations	3,369,746.36	2,634,183.15
Right to Use Subscription Obligations	3,165,138.12	2,700,851.37
Other Non-Current Liabilities	49,821.92	66,506.49
Total Non-Current Liabilities	\$ 41,864,293.52	\$ 39,537,306.60
TOTAL LIABILITIES	\$ 136,342,759.13	\$ 123,066,264.44
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources:	\$ 7,664,894.46	\$ 6,823,427.44
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 7,664,894.46	\$ 6,823,427.44
NET POSITION		
Net Investment in Capital Assets	\$ 334,475,227.76	\$ 331,920,344.50
Restricted:		
Nonexpendable		
Endowments	74,383,010.44	73,953,284.36
Expendable		
Capital Projects	(1,433,945.62)	(3,093,376.05)
Other	124,239,963.79	105,989,359.06
Unrestricted	603,570,984.73	551,308,600.65
TOTAL NET POSITION	\$ 1,135,235,241.10	\$ 1,060,078,212.52

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Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2025 and 2024

	<u>2025</u>	<u>Restated 2024</u>
OPERATING REVENUES		
Tuition and Fees	\$ 1,666,081.65	\$ 1,556,444.05
Tuition and Fees - Pledged	83,356,854.52	75,907,414.43
Less Discounts and Allowances	(17,042,803.57)	(11,695,963.13)
Professional Fees	559,382,287.81	537,491,680.07
Professional Fees - Pledged	399,417.75	354,593.78
Less Discounts and Allowances	(273,882,918.79)	(266,920,115.34)
Auxiliary Enterprises - Pledged	1,099,217.88	1,054,617.02
Other Sales and Services	5,704,917.14	5,151,252.91
Other Sales and Services - Pledged	7,043,841.48	7,571,158.60
Federal Grants and Contracts	33,599,858.92	32,644,066.58
Federal Grants and Contracts - Pledged	27,061.28	5,093.31
Federal Pass-Throughs	1,239,348.53	1,582,997.35
State Grants and Contracts	1,105,810.41	408,557.32
State Grants and Contracts - Pledged	-	-
State Grant and Contract Pass-Throughs	22,853,775.09	12,475,019.43
Local Governmental Grants and Contracts	111,168,805.03	99,732,925.61
Local Governmental Grants and Contracts - Pledged	6,170,436.20	1,567,926.34
Private Grants and Contracts	75,528,376.22	73,298,181.15
Private Grants and Contracts - Pledged	2,775,832.87	2,064,714.69
Other	36,149,265.91	47,695,638.12
Total Operating Revenues	<u>\$ 658,345,466.33</u>	<u>\$ 621,946,202.29</u>
OPERATING EXPENSES		
Salaries and Wages	\$ 508,649,626.89	\$ 478,828,630.65
Payroll Related Costs	124,975,400.58	118,740,060.92
Professional Fees and Services	95,117,748.45	79,477,493.48
Travel	5,279,247.10	5,426,352.75
Materials and Supplies	35,353,671.64	35,772,238.93
Communications and Utilities	20,812,759.63	19,589,371.48
Repairs and Maintenance	17,716,346.79	16,379,961.47
Rentals and Leases	4,491,046.12	3,486,100.38
Printing and Production	1,606,808.35	1,412,981.39
Federal Grant Pass-Through Expense	558,017.33	550,463.81
State Grant Pass-Through Expense	158,666.04	26,059.03
Depreciation and Amortization	30,843,063.78	30,026,785.99
Bad Debt Expense	125,456.92	180,412.50
Interest	19,193.25	16,272.29
Scholarships	1,427,620.69	3,760,892.10
Claims and Judgments	313,288.12	-
Other Operating Expenses	82,563,025.91	82,737,974.01
Total Operating Expenses	<u>\$ 930,010,987.59</u>	<u>\$ 876,412,051.18</u>
Operating Loss	<u>\$ (271,665,521.26)</u>	<u>\$ (254,465,848.89)</u>

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Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2025 and 2024

	<i>2025</i>	<i>Restated</i> <i>2024</i>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Revenue	\$ 221,646,383.59	\$ 194,709,085.85
Federal Grants and Contracts	3,821,638.49	2,841,410.57
Federal Pass-Throughs	-	-
State Pass-Throughs	939,014.69	29,879.00
Gifts	17,761,813.79	7,495,210.27
Gifts - Pledged	249,825.00	3,400.00
Investment Income	10,268,027.09	8,105,703.07
Investment Income - Pledged	17,687,800.95	12,755,673.21
Loss on Sale and Disposal of Capital Assets	(462,284.20)	(728,652.16)
Net Increase in Fair Value of Investments	36,710,777.83	50,504,407.89
Interest Expense Other	(394,173.58)	(432,842.46)
Other Nonoperating Revenues	2,507,995.69	3,466,169.13
Other Nonoperating Revenues - Pledged	151,556.65	313,281.15
Total Non-Operating Revenues	\$ 310,888,375.99	\$ 279,062,725.52
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Capital Appropriations (HEF)	\$ 22,305,642.00	\$ 22,305,642.00
Capital Contributions	256,897.93	1,021,985.22
Capital Contributions from Texas Tech Foundation Inc.	-	-
Contributions to Permanent and Term Endowments	101,365.19	116,854.65
Net Legislative Transfers In (Out)	4,107,525.90	4,563,347.00
Net Increase (Decrease) from Interagency Transfers of Capital Assets	13,848.82	3,087.39
Net Transfers from Texas Tech University	(45,384.30)	99,452.72
Net Transfers from (to) Texas Tech University Health Sciences Center at El Paso	175,047.88	(708,838.04)
Net Transfers from (to) Texas Tech University System Administration	8,970,713.43	2,627,605.12
Net Transfers from Other State Agencies	48,517.00	54,039.00
Net Other Revenues, Expenses, Gains, Losses and Transfers	\$ 35,934,173.85	\$ 30,083,175.06
TOTAL CHANGE IN NET POSITION	\$ 75,157,028.58	\$ 54,680,051.69
Net Position, September 1st	\$ 1,060,078,212.52	\$ 1,005,398,160.83
Net Position, August 31st	\$ 1,135,235,241.10	\$ 1,060,078,212.52

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Comparative Matrix of Operating Expenses by Function
For the Years Ended August 31, 2025 and 2024

<i>OPERATING EXPENSES</i>	<i>INSTRUCTION</i>	<i>RESEARCH</i>	<i>PUBLIC SERVICE</i>	<i>PATIENT CARE</i>	<i>ACADEMIC SUPPORT</i>	<i>STUDENT SERVICES</i>
Salaries and Wages	\$ 211,401,230.36	\$ 29,679,235.30	\$ 98,087,411.82	\$ 70,605,586.30	\$ 57,805,812.80	\$ 10,356,511.79
Payroll Related Costs	\$ 41,063,156.13	\$ 6,945,951.64	\$ 26,853,497.16	\$ 19,874,042.60	\$ 16,097,117.13	\$ 3,087,277.51
Professional Fees and Services	2,438,703.22	1,275,231.32	52,210,245.89	11,952,505.91	18,833,595.53	3,356,692.81
Travel	423,355.99	550,378.54	1,337,883.81	46,378.87	1,877,567.77	325,293.12
Materials and Supplies	652,448.76	3,767,471.93	14,961,442.44	9,049,141.38	5,004,964.89	1,517,757.55
Communications and Utilities	226,144.93	110,415.35	929,027.80	655,562.39	8,010,158.57	692,770.35
Maintenance and Repair	121,834.76	901,412.52	1,091,304.85	350,140.70	2,972,027.45	1,519,299.99
Rentals and Leases	114,522.79	64,569.95	609,895.87	1,440,606.15	2,032,270.57	100,140.66
Printing and Production	59,054.86	165,431.66	287,363.26	246,490.76	433,111.06	170,333.98
Federal Grant Pass-Through Expense	-	145,764.09	412,253.24	-	-	-
State Grant Pass-Through Expense	-	133,501.87	25,164.17	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	125,456.92
Interest Expense	908.96	534.85	3,491.39	550.87	7,825.56	199.05
Scholarships	-	13,705.59	22,527.01	-	43,763.82	2,233.69
Claims and Judgments	-	-	-	-	2,500.00	-
Other Operating Expenses	<u>2,853,244.75</u>	<u>6,058,221.77</u>	<u>10,134,744.59</u>	<u>2,621,538.44</u>	<u>40,961,466.70</u>	<u>7,406,629.70</u>
For the Year Ended August 31, 2025	<u>\$ 259,354,605.51</u>	<u>\$ 49,811,826.38</u>	<u>\$ 206,966,253.30</u>	<u>\$ 116,842,544.37</u>	<u>\$ 154,082,181.85</u>	<u>\$ 28,660,597.12</u>
For the Year Ended August 31, 2024	<u>\$ 253,159,089.85</u>	<u>\$ 44,812,262.33</u>	<u>\$ 187,155,531.76</u>	<u>\$ 108,228,883.25</u>	<u>\$ 145,043,129.53</u>	<u>\$ 27,211,360.13</u>
<i>Restated</i>						

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Comparative Matrix of Operating Expenses by Function
For the Years Ended August 31, 2025 and 2024

<i>OPERATING EXPENSES</i>	<i>INSTITUTIONAL SUPPORT</i>	<i>OPERATION & MAINTENANCE OF PLANT</i>	<i>SCHOLARSHIPS & FELLOWSHIPS</i>	<i>AUXILIARY ENTERPRISES</i>	<i>DEPRECIATION & AMORTIZATION</i>	<i>TOTAL EXPENSES</i>
Salaries and Wages	\$ 23,567,550.05	\$ 6,803,075.68	\$ 4,750.00	\$ 338,462.79	\$ -	\$ 508,649,626.89
Payroll Related Costs	8,392,016.65	2,545,720.73	237.04	116,383.99	-	\$ 124,975,400.58
Professional Fees and Services	3,774,718.34	1,276,055.43	-	-	-	\$ 95,117,748.45
Travel	666,917.75	42,485.49	-	8,985.76	-	\$ 5,279,247.10
Materials and Supplies	169,832.61	214,342.06	-	16,270.02	-	\$ 35,353,671.64
Communications and Utilities	785,385.78	9,398,771.46	-	4,523.00	-	\$ 20,812,759.63
Maintenance and Repair	488,950.01	10,267,302.76	-	4,073.75	-	\$ 17,716,346.79
Rentals and Leases	43,756.36	82,743.55	-	2,540.22	-	\$ 4,491,046.12
Printing and Production	218,432.14	15,688.74	-	10,901.89	-	1,606,808.35
Federal Grant Pass-Through Expense	-	-	-	-	-	\$ 558,017.33
State Grant Pass-Through Expense	-	-	-	-	-	\$ 158,666.04
Depreciation and Amortization	-	-	-	-	30,843,063.78	\$ 30,843,063.78
Bad Debt Expense	-	-	-	-	-	\$ 125,456.92
Interest Expense	2,584.36	3,098.21	-	-	-	\$ 19,193.25
Scholarships and Fellowships	1,893.96	-	1,343,496.62	-	-	\$ 1,427,620.69
Claims and Judgments	310,788.12	-	-	-	-	\$ 313,288.12
Other Expenses	<u>3,320,816.04</u>	<u>9,054,453.70</u>	<u>20,191.55</u>	<u>131,718.67</u>	<u>-</u>	<u>82,563,025.91</u>
For the Year Ended August 31, 2025	<u>\$ 41,743,642.17</u>	<u>\$ 39,703,737.81</u>	<u>\$ 1,368,675.21</u>	<u>\$ 633,860.09</u>	<u>\$ 30,843,063.78</u>	<u>\$ 930,010,987.59</u>
For the Year Ended August 31, 2024	<u>\$ 40,178,861.75</u>	<u>\$ 37,160,727.01</u>	<u>\$ 2,745,836.08</u>	<u>\$ 689,583.50</u>	<u>\$ 30,026,785.99</u>	<u>\$ 876,412,051.18</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report

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Comparative Statement of Cash Flows *For the Years Ended August 31, 2025 and 2024*

	<u>2025</u>	<i>Restated</i> <u>2024</u>
Cash Flows from Operating Activities		
Proceeds from Patients and Insurers	\$ 278,639,560.58	\$ 269,568,088.69
Proceeds from Tuition and Fees	74,741,269.75	60,618,030.00
Proceeds from Grants and Contracts	244,429,471.73	224,408,629.68
Proceeds from Loans	70,889,721.00	63,027,268.71
Proceeds from Fiduciary Activities	1,440,140.22	1,069,705.18
Proceeds from Auxiliary Enterprises	1,104,017.88	1,054,617.02
Proceeds from Other Operating Revenues	48,858,624.05	60,292,883.51
Payments to Suppliers	(176,457,288.96)	(160,590,269.30)
Payments to Employees for Salaries	(505,577,840.61)	(475,366,714.68)
Payments to Employees for Benefits	(124,048,348.18)	(118,659,353.37)
Payments for Loans Issued	(70,256,117.02)	(62,880,476.81)
Payments for Fiduciary Activities	(1,390,774.88)	(1,034,358.47)
Payments for Other Operating Expenses	(82,345,038.02)	(85,164,677.82)
Net Cash Used for Operating Activities	<u>\$ (239,972,602.46)</u>	<u>\$ (223,656,627.66)</u>
Cash Flows from Non-Capital Financing Activities		
Proceeds from Legislative Appropriations	\$ 175,852,153.57	\$ 187,261,787.51
Proceeds from Gifts	18,113,003.98	7,615,464.92
Proceeds from Nonoperating Grants and Contracts	4,760,653.18	2,871,289.57
Proceeds from Other Noncapital Financing Activities	2,413,727.73	3,669,726.60
Proceeds from Transfers - Texas Tech University	300,236.25	303,845.72
Proceeds from Transfers - Texas Tech University System Administration	2,718,337.98	13,868.00
Proceeds from Transfers - Texas Tech University Health Sciences Center at El Pas	197,746.35	30,981.57
Proceeds from Transfers - Other State Agencies	21,111,754.40	21,485,144.00
Payments for Transfers - Texas Tech University	(345,620.55)	(204,393.00)
Payments for Transfers - Texas Tech University System Administration	(7,131,611.18)	(5,837,219.18)
Payments for Transfers - Texas Tech University Health Sciences Center at El Paso	(22,698.47)	(739,819.61)
Payments for Transfers - Other State Agencies	-	-
Payments for Other Uses	-	-
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 217,967,683.24</u>	<u>\$ 216,470,676.10</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	\$ 555,159.69	\$ 329,457.71
Proceeds from Legislative Appropriations for Capital	22,305,642.00	22,305,642.00
Proceeds from Capital Gifts - Texas Tech Foundation, Inc.	-	-
Proceeds from Transfers - Texas Tech University System Administration	11,866,384.63	7,018,947.30
Payments for Transfers - Texas Tech University System Administration	(15,438,109.50)	(15,435,749.00)
Payments for Additions to Capital Assets	(30,118,428.32)	(29,938,489.28)
Payments for Leases and Subscriptions	(4,420,389.44)	(4,248,463.16)
Net Cash Used for Capital and Related Financing Activities	<u>\$ (15,249,740.94)</u>	<u>\$ (19,968,654.43)</u>

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Comparative Statement of Cash Flows
For the Years Ended August 31, 2025 and 2024

	<i>2025</i>	<i>Restated</i> <i>2024</i>
Cash Flows from Investing Activities		
Proceeds (Loss) from Sales and Maturities of Investments	\$ 81,858,352.47	\$ 71,248,360.77
Proceeds from Interest and Investment Income	31,519,947.88	25,543,274.97
Payments to Acquire Investments	(59,015,623.76)	(59,295,425.30)
Net Cash Provided by (Used for) Investing Activities	\$ 54,362,676.59	\$ 37,496,210.44
 TOTAL NET CASH FLOWS	 \$ 17,108,016.43	 \$ 10,341,604.45
Cash and Cash Equivalents, September 1st	\$ 114,574,911.71	\$ 104,233,307.26
Cash and Cash Equivalents, August 31st	\$ 131,682,928.14	\$ 114,574,911.71

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss	\$ (271,665,521.26)	\$ (254,465,848.89)
Adjustments		
Depreciation Expense	30,843,063.78	30,026,785.99
Increase in Receivables	(13,731,970.60)	(6,336,375.43)
Decrease in Loans and Notes Receivable	(18,647.02)	51,023.19
Decrease (Increase) in Inventories	(71,806.44)	337,413.27
Decrease (Increase) in Due from Other Agency	(511,574.31)	5,287,907.84
Increase in Prepaid Expenses	2,889,282.73	(327,355.85)
Increase (Decrease) in Payables	6,634,630.58	3,156,553.06
Increase (Decrease) in Deferred Revenue	3,792,732.26	(4,780,365.06)
Increase in Compensable Leave	1,777,454.44	3,441,765.07
Decrease in Due to Other Agencies	66,007.88	(75,375.83)
Increase in Fiduciary Funds Held 3 Months or Less	49,365.34	35,346.71
Increase (Decrease) in Other Liabilities	(25,619.84)	(8,101.73)
Net Cash Used for Operating Activities	\$ (239,972,602.46)	\$ (223,656,627.66)

Non-Cash Transactions

Donations of Capital Assets	\$ 256,897.93	\$ 1,021,985.22
Net Increase in Fair Value of Investments	36,710,777.83	50,504,407.89
Disposal of Capital Assets	1,017,443.89	(1,058,109.87)