



Stanford

Annual Financial Report
August 31, 2025 and 2024

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A fundamental purpose

“Our North Star is our fundamental purpose of discovery and learning. We exist as a university to create and share knowledge, and to prepare students to be curious, to think critically, to flourish, and to contribute to the world. This purpose, both simple and profound, gives us a distinctive role in society.”

- Excerpt from President Jonathan Levin’s inauguration address

Fiscal Year (FY) 2025 Financial Results

Introduction

At his inauguration, President Jonathan Levin emphasized Stanford's pioneering spirit, referring to it as "the university of the American frontier." He highlighted its fundamental purpose of discovery and learning and described Stanford as a place of innovation, where breakthroughs reshape society's understanding of the world.

Since then, President Levin and Provost Jenny Martinez have outlined key priorities to guide the university:

- Promoting a culture of curiosity and inquiry
- Advancing data-driven discovery and human-centered artificial intelligence
- Enhancing student academic and residential life
- Making Stanford work better for faculty, students, and staff
- Renewing public support for universities.

Promoting a culture of curiosity and inquiry

President Levin has emphasized that college is about questioning and learning to appreciate the limits of one's knowledge. He urged students to be comfortable with not knowing and to ask big questions, including on topics explored in COLLEGE, the core first-year Civic, Liberal, and Global Education curriculum.

Stanford has strengthened its commitment to civic purpose through academic offerings, peer-led dialogue sessions, faculty support, and civic forums. These efforts underscore the university's dedication to preparing students to engage thoughtfully and respectfully in a polarized world.

Advancing data-driven discovery and human-centered artificial intelligence

Stanford's foundational role in artificial intelligence seeded breakthroughs in a field that is rapidly transforming the world. In 1963, Professor John McCarthy founded the Stanford Artificial Intelligence Lab (SAIL), which quickly became a hub for groundbreaking innovations in fields like computer vision, bioinformatics, game theory, information retrieval, robotics, natural language processing, neural networks, and more.

Stanford continues to build on these achievements and in February 2025, announced that SAIL would become a center within the Stanford Institute for Human-Centered AI (HAI).

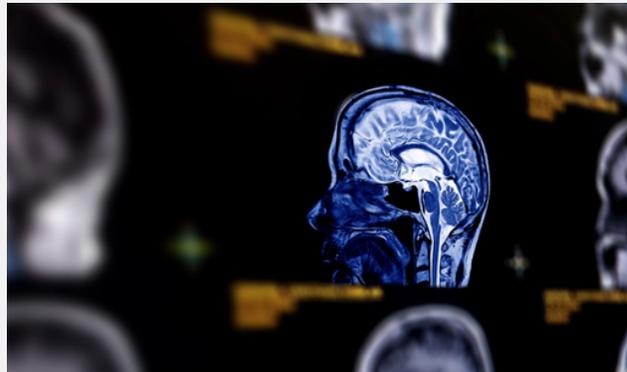
This integration positions Stanford to serve in dual roles: both as a catalyst for foundational AI research and as an institutional architect, organizing interdisciplinary expertise around essential ethical priorities. The university actively connects laboratory breakthroughs with real-world applications and safeguards, shaping how technologies are developed, evaluated, and integrated into society.

ePluribus Stanford



The ePluribus Stanford initiative, launched in fall 2024, is a university-wide initiative to bolster civic engagement and constructive dialogue across the student experience. ePluribus, meaning "from" or "out of many," is derived from the U.S. motto adopted in 1776: ePluribus Unum, or "from many, one." It recognizes that a community's strength comes from the many different interests, perspectives, backgrounds, and experiences people bring.

Using AI to understand brain diseases



In a project funded in part by the Stanford Institute for Human-Centered AI (HAI) Stanford researchers are using generative AI to create synthetic brain MRIs (magnetic resonance imaging) to increase the scale and diversity of training data sets to accelerate understanding of brain disorders. The generated MRIs can augment data sets with countless more samples to better conduct brain research. That means a data set that might have had only 100 samples before could now have 5,000 for training AI methods on.



Enhancing student academic and residential life

The university aims to foster a dynamic academic environment by leveraging opportunities that Artificial Intelligence (AI) offers for education.

As a collection of activities and resources, AI Meets Education at Stanford (AIMES) sparks engagement fueled by the kinds of deep critical thinking and discourse that are hallmarks of a Stanford education. As the homophone “aims” suggests, AIMES takes academic goals as the starting point for considering, rejecting, integrating, or leveraging generative AI affordances in Stanford teaching and learning. The purpose of AIMES is to amplify a range of approaches to AI in undergraduate education and how they function ethically, pedagogically, practically, ecologically, and disciplinarily within the university context.

Reimagining the heart of campus



Stanford's Campus Center initiative seeks to re-energize the heart of campus with reimagined indoor and outdoor spaces that encourage student interactions and create a welcoming atmosphere. The new spaces are intended to serve as a vibrant hub for intellectual vitality, social engagement, and community building, where academic and social lives intertwine.

Simplifying Stanford

The “Simplify Work” initiative aims to reduce administrative friction, streamline campus processes and make decision-making more agile, ensuring that students, faculty, and staff have the resources and freedom to realize their potential.

For example, the faculty appointment and promotion process was streamlined by empowering individual schools to make decisions at their level. Research administration was simplified to create a more efficient administrative support system, including improvements to the research contract agreement process, which enhanced intake, risk assessment, and collaboration among offices involved in research agreements.

Stanford’s simplification efforts over the past year emphasize agility and efficiency, allowing faculty, staff, and researchers to focus on academic, instruction, and research rather than administrative tasks, all while ensuring effective stewardship of university resources.

Simplifying research travel



As part of the initiative to simplify administrative processes, new technology and streamlined procedures are making travel and the related reimbursement processes simpler and more efficient. For example, the Stanford Travel program offers booking tools that comply with federal regulations, such as the Fly America Act, which requires the use of specific carriers for travel funded by the government.

Renewing public support for universities

Universities strengthen public support for higher education by demonstrating and communicating the value of research and innovation, as well as the vibrant intellectual discourse that exemplifies American universities at their best.

To foster public trust, Stanford aims to engage a broad cross-section of the university community in showcasing its contribution in addressing national challenges. By collaborating to emphasize its role in serving the country, the university can highlight the essential impact of higher education on creating a brighter future.

Together, these institutional priorities create a cohesive strategy to navigate and thrive during this period of challenge and change.

Unlocking the AI Black Box



In a new collaborative project, "Physics of Learning and Neural Computation," Stanford physicist Surya Ganguli aims to expose how AI learns, why it makes surprising errors, and how training dynamics, data, and architecture yield emergent capabilities. The interdisciplinary effort includes both physicists and computer scientists collaborating to leverage physics tools to develop more efficient AI networks. AI’s complexity lends itself well to physics, which has increasingly expanded beyond its historical boundaries to branch into many other fields, including biology and neuroscience.



Operating Results

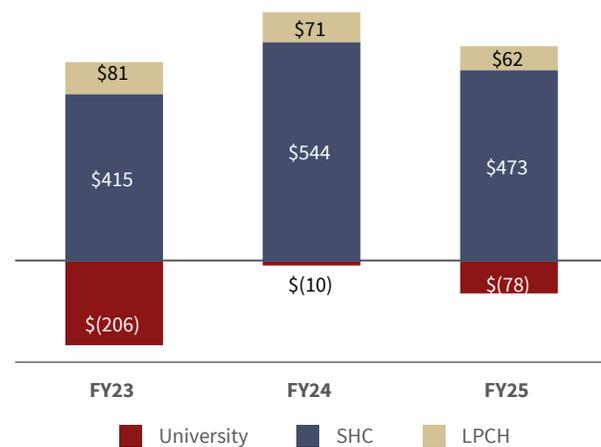
Federal policy changes and economic uncertainties have created and continue to create substantial challenges for higher education institutions. The university anticipates that it may be adversely impacted by a variety of factors, including a lower indirect cost recovery rate, an increase in the investment income excise tax, and reductions in federal research funding. As a result of these and other pressures, the university implemented staff reductions in July. In general, the university has sought to take a careful approach to addressing the challenges and uncertainty, focused on allocating resources to essential needs and advancing three core principles:

- Prioritizing support for the core missions of research, education, and health care
- Preserving need-based financial aid and five-year PhD student funding
- Simplifying administrative processes in ways that reduce expenses and increase efficiencies

Along with these principles, Stanford issued \$1.5 billion in long-term debt to refinance debt and to provide liquidity and support for critical operational and capital investments. Stanford’s financial results demonstrate continued commitment to careful stewardship of university resources. The following sections highlight key financial metrics, milestones, and strategic decisions that have shaped Stanford’s progress and will shape its future.

Stanford’s consolidated financial results include the university, Stanford Health Care (SHC) and the Lucile Salter Packard Children’s Hospital at Stanford (LPCH¹), and their respective affiliates. In fiscal year 2025, the consolidated increase in net assets from operations was \$456 million, a 25% decrease compared to fiscal year 2024.

Increase (Decrease) in Net Assets from Operations
(in millions)



The university reported a decrease in net assets from operations of \$78 million in fiscal year 2025, compared to a \$10 million decrease in the previous year. SHC reported an increase in net assets from operations of \$473 million, a decrease of \$71 million from the previous year. LPCH reported an increase in net assets from operations of \$62 million, a decrease of \$9.6 million from the previous year.

Consolidated operating revenues rose 6% to \$19.4 billion, driven by growth in health care services, sponsored support, and investment income distributed for operations.

Consolidated operating expenses grew 7% to \$18.9 billion primarily due to an 8% rise in salaries and benefits driven by competitive compensation and a 5% rise in other operating expenses driven by expanded research activities and higher patient volumes.

Operating Revenues

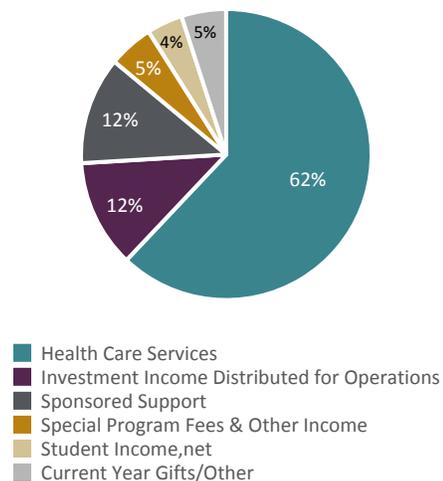
Total consolidated operating revenues rose by \$1.1 billion, or 6%, to \$19.4 billion. Health care services increased by \$584 million or 5% to \$12.1 billion, making up over 60% of total consolidated revenues.

Sponsored support grew by 6% to \$2.3 billion, including funding from the U.S. Department of Energy (DOE) for SLAC National Accelerator Laboratory, a federally funded research and development center. This increase was primarily driven by revenues from the Department of Health and Human Services (DHHS) and DOE, as detailed in the “Research” section below.

Investment income distributed for operations increased by 9% to \$2.4 billion. The drivers for this increase are further described in the “Investment Income Distributed for Operations” section below.

Student income rose by 5% to \$845 million due to increases in tuition and room and board revenues offset by student financial aid as further described in the “Teaching and Education” section below.

Consolidated Operating Revenues | \$19.4B



¹ Known in the marketplace as Stanford Medicine Children’s Health

Consolidated special program fees and other income increased by \$55 million or 6% in fiscal year 2025. The university saw an increase in special program fees and other income of \$31 million or 5%. Nearly half of this increase was driven by higher enrollments and fees for executive education programs, along with increased rental income from university-owned housing for faculty and staff.

SHC and LPCH also experienced increases in special program fees and other income. LPCH increased by \$11 million or 10% driven by higher equity method investments and other miscellaneous revenue while SHC increased by \$15 million or 7%, primarily driven by outreach clinical activities.

Operating Expenses

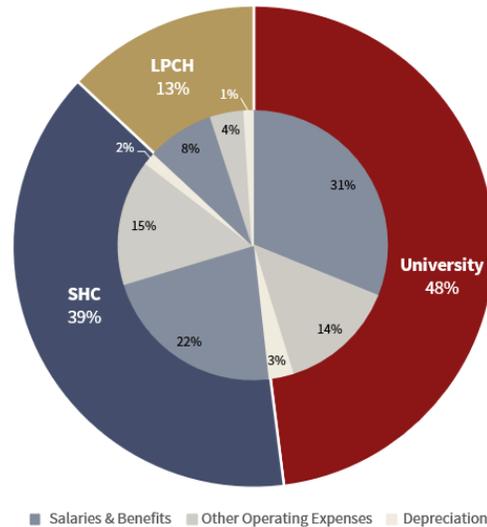
Total consolidated operating expenses grew by \$1.2 billion, or 7%, to \$18.9 billion, with salaries and benefits accounting for over 60% of the total.

Consolidated salaries and benefits increased by 8% to \$11.6 billion, driven by competitive pay, and higher employee headcount at the SoM, SHC and LPCH to support growing patient volumes.

Consolidated other operating expenses also rose by 5% to \$6.4 billion, primarily due to growth in operational activities. The university experienced an increase of 8% or \$196 million resulting from growth in operational and research activities.

SHC's other operating expenses increased by \$290 million, or 7%, to \$4.5 billion. LPCH's other operating expenses grew by \$59 million, or 4%, to \$1.4 billion. These increases were largely due to rises in purchased physician services, costs of medical, surgical and pharmaceutical supplies, and other patient care expenses due to increased patient volume.

Consolidated Operating Expenses: \$18.9B



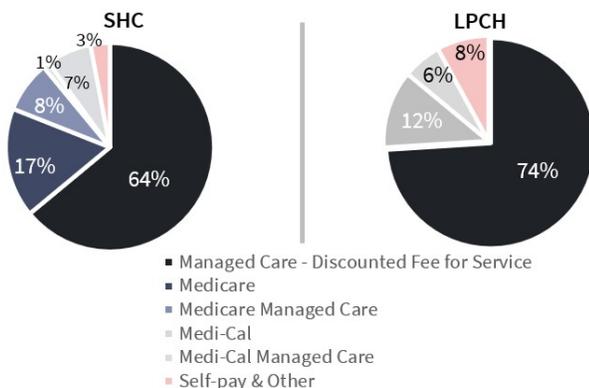
Health Care

Stanford Medicine, which includes the School of Medicine (SoM), SHC and LPCH, is an integrated academic health system that combines the university's research capabilities with SHC's and LPCH's networks of care facilities for adults and children.

The university's health care services revenue grew by \$226 million, or 12%, to \$2.1 billion, with over 95% derived from SHC's and LPCH's purchase of physician services. The growth was driven by rising patient care needs and expanded clinical programs.

outpatient volumes, representing 36% and 64% of net patient revenues, grew across multiple areas, including surgery, pharmacy, imaging and lab services. LPCH's net patient service revenue increased by \$118 million, or 4%, to \$2.9 billion, primarily due to higher patient volumes in inpatient visits, clinic visits, surgeries, and other procedures, offset by lower provider fee revenue.

Net Patient Service Revenue



SHC's net patient service revenue rose by \$484 million, or 6%, to \$9.2 billion, driven by higher patient volume and partially offset by a decline in provider fee revenue and one-time settlement for the 340B drug program in FY24. Patient day volume increased by 2%, total surgical cases by 6% (largely due to increased outpatient surgeries), and clinic visits by 10%. Inpatient and

Smartphones support disease research



Recent advancements in neuromuscular disease research revealed that smartphone technology can now effectively track patients' movement, replacing traditional stopwatch methods. The innovative approach, unveiled by Scott Delp, Ph.D. and his team, utilizes smartphone cameras and a free app to accurately detect subtle movement changes, facilitating earlier diagnosis and more accessible trials for those affected by these conditions.

Research

University sponsored support from federal and non-federal sources increased by \$117 million or 5%, compared to fiscal year 2024. The largest sources of funding, including for SLAC, are the DHHS and DOE, with 94% of SLAC’s support provided by DOE. SLAC’s overall funding increased by \$121 million or 19%, due to increased operational costs for the Linac Coherent Light Source (LCLS) user facility and expenses related to the LCLS II High Energy Project.

Excluding SLAC, the university’s sponsored support revenue fell by \$4 million due to the prior year’s \$51 million reimbursement from the Federal Emergency Management Agency (FEMA) of COVID-related expenses, partially offset by increased support from DHHS and the Department of Defense. Not accounting for the FEMA reimbursement, sponsored revenue grew by \$47 million or 3%.

Philanthropy | Gifts & Pledges

The university benefits from a community of engaged donors whose contributions provide essential funding for current operations, capital projects and new endowments. Most gifts and pledges are designated for specific purposes such as student financial aid, academic programs, and new facilities for research and clinical care.

The university recorded total net gifts and pledges of approximately \$1.3 billion in fiscal year 2025, an increase of \$104 million or 9% compared to the prior year. This includes \$299 million in current year gifts in support of operations and \$960 million in the non-operating section of the statement of activities. Gifts and pledges are recorded in the consolidated financial statements on an accrual basis, in accordance with Generally Accepted Accounting Principles (GAAP), thereby excluding payments received for prior year pledges.

A gift for the future



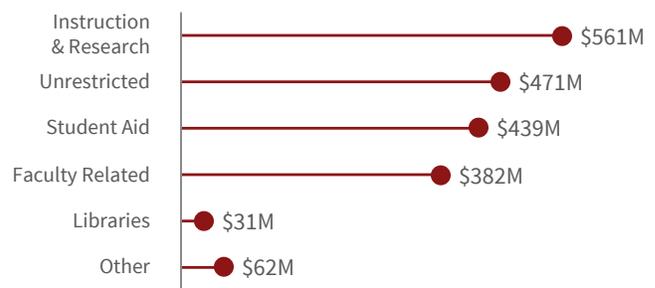
This year, Stanford named its Science and Engineering Quad to honor Robert Rosenkranz who is helping to advance the science, technology, engineering, and medicine (STEM) fields as well as the science of extending the human health span, or staying healthier for longer. This gift will fund a number of new, distinguished professorships that will be used to recognize, attract, and/or retain highly accomplished STEM faculty.

Investment Income Distributed for Operations

University investment income distributed for operations totaled \$2.4 billion with \$1.9 billion distributed from the endowment and \$456 million from the expendable funds pool and other investment income. The 9% increase in investment income distributed for operations was driven by improved investment market performance and new gifts as well as other funds invested in the Merged Pool.

The Board of Trustees approves endowment payout annually, balancing the university's current and future needs. This payout strategy aims to provide consistent monthly support, which funded 21% of fiscal year 2025 operating expenses. The endowment value at the end of fiscal year 2025 grew by \$3.2 billion, or 8%, to \$40.8 billion, after distributions to support current operations, including vital academic programs and financial aid.

University Endowment Payout by Purpose



As shown in the figure above, over 75% of the endowment payout is restricted by purpose. Endowment payout is primarily used for instruction and research activities, student aid and faculty salaries and support. Unrestricted endowment is also used to support these activities in addition to other critical strategic priorities of the university.

Teaching & Education

Student income, which includes tuition and room and board revenues less student financial aid, rose by 5%, or \$43 million, to \$845 million. Tuition revenue increased by \$42 million, due to higher tuition rates and increased graduate enrollment, offset slightly by a decrease in undergraduate enrollment. Room and board revenue grew by \$15 million, driven by rate increases and higher occupancy. The university continues to prioritize affordability to all students, with nearly 50% of undergraduate students awarded need-based financial aid, and over 80% of graduate students receiving financial support.

Student financial aid increased by \$15 million to \$473 million aligned with the increase in tuition and room and board rates and enrollment growth.

The university also provides support in the form of stipends, teaching and research assistantships and related allowances for tuition, totaling \$461 million in fiscal year 2025.

The \$934 million in total student financial aid and graduate support comes from \$422 million in endowment payouts and expendable restricted gifts, \$359 million from unrestricted university funds, and \$153 million from grants and contracts.

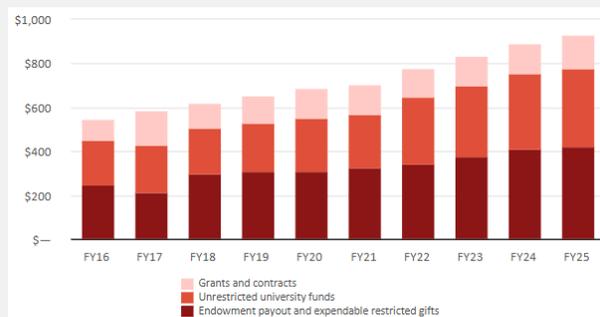


Making a Stanford education accessible



Stanford's financial aid policy requires no parental contribution toward tuition from families with incomes under \$150,000 and typical assets. Families of Stanford undergraduates with annual incomes below \$100,000 and typical assets pay no tuition, room, or board. Many families with higher incomes also receive need-based aid depending on their financial circumstances.

Total student financial aid and graduate support



Statements of Financial Position

In fiscal year 2025, total consolidated assets rose by \$7.0 billion to \$87.2 billion while total consolidated liabilities increased by \$2.5 billion to \$19.1 billion. Net assets increased \$4.6 billion to end the year at \$68.1 billion.

University Investments

As of August 31, 2025, university's investments totaled \$51.7 billion, an increase of \$3.7 billion from the prior fiscal year driven by investment returns and new investment capital, offset by income distributed for operations.

The university is subject to a 1.4% excise tax on its net investment income, as defined by the Internal Revenue Code. This includes net investment income from certain related entities, such as SHC and LPCH. In 2025, Public Law 119-21, informally referred to as the One Big Beautiful Bill Act, was enacted, which increased the excise tax rate to 8%, effective in fiscal year 2027. As of August 31, 2025, the university has recorded current tax liabilities of \$23 million and deferred tax liabilities of \$1.1 billion based on reasonable estimates.

The majority of the university's investments, \$42.6 billion, are part of a diversified portfolio aimed at long-term growth. In addition, \$6.6 billion of the university's investments are real estate assets located on a portion of Stanford's 8,352 acres designated by the Board of Trustees for income production. These lands have been developed for various uses including research, medical and commercial offices, hotels, and retail properties.

In fiscal year 2025, the value of real estate investments declined by \$115 million from fiscal year 2024 due to challenges in the real estate industry particularly in the office sector. Office market fundamentals continued to decline with lower projected market rents, higher lease concessions, and higher return requirements driving a decrease in market values.

Capital Projects

In fiscal year 2025, Stanford invested \$1.3 billion in physical facilities, funded by philanthropy, debt and reserves. These investments aim to further Stanford’s mission, by replacing and renovating aging research and other facilities and by increasing access to housing and flexible work spaces for the university community.

Significant projects completed include the construction of the Data Science and Computation Complex and renovations to the Graduate School of Education (South Building). As of the end of fiscal year 2025, significant projects are underway to provide state-of-the-art facilities that support research, teaching and athletics, including the renovation of the 3176 Porter Drive Lab, renovations to the Graduate School of Education (North Building), Maples Pavilion Expansion and construction of the Stanford Softball Stadium.

Both SHC and LPCH also continue to invest in facilities and systems to provide care to the communities they serve. In fiscal year 2025, the majority of SHC’s and LPCH’s spending was for hospital renovations, new clinic buildings, equipment upgrade and replacement, enterprise resource planning system transition, and information technology infrastructure enhancements.

Scaling data-driven discovery



As computing and data continue to influence nearly every facet of society, Stanford University has committed to the future of both with the opening of the new Computing and Data Science (CoDa) building.

“The Computing and Data Science building offers a collaborative and interdisciplinary space where members of our community across fields can work together to tackle complex, multifaceted problems – from chronic disease to climate change to food insecurity,” said President Jonathan Levin. “CoDa, and the programs that call it home, are central to our efforts to harness data-driven discovery to fuel advanced research at Stanford, a key university priority.”

Debt

During fiscal year 2025, total consolidated debt rose by \$998 million to \$9.8 billion.

University debt increased by \$744 million to \$6.3 billion. In March, the California Educational Facilities Authority (CEFA), on behalf of the university issued tax-exempt bonds of \$271 million. In addition, the university issued \$327 million and \$500 million of taxable fixed rate bonds in March and August 2025. The university continued to maintain the highest available long-term ratings of AAA, Aaa, and AAA by S&P Global Ratings (S&P), Moody’s Investor Service (Moody’s) and Fitch Ratings (Fitch), respectively.

In June 2025, the California Health Facilities Financing Authority (CHFFA), on behalf of SHC, issued fixed rate 2025 Series A and Series B Revenue Bonds in aggregate par amounts of \$150 million and \$267 million, respectively. SHC’s long-term ratings were affirmed by S&P and Fitch and upgraded by Moody’s at AA-/AA/Aa2, respectively.

LPCH’s long-term ratings of A+/A1/AA- were affirmed by S&P, Moody’s, and Fitch, respectively.

In Closing

Although challenges in higher education - including an increase in the investment income excise tax, uncertainties in federal research funding and international student policy, as well as shifts in other federal priorities - require the university to make budgetary and operational adjustments, Stanford leadership remains committed to steadfast support for its missions, greater efficiencies, resilience as federal policy evolves, and a creative, problem-solving mindset.

This commitment includes strengthening and expanding access to a Stanford education through need-based undergraduate financial aid, guaranteed five-year PhD student funding, and exploration of further expansion of the undergraduate class. Long-term capital projects—from a new Campus Center to

transformative updates to hospitals and medical school—are reimagining public spaces and modernizing learning environments and academic facilities in line with Stanford’s mission-driven growth.

Stanford is dedicated to safeguarding its mission, reinforcing unity in the face of complexity, and continuing to lead with purpose and hope. During this period of significant change, Stanford’s focus on its north star is clear: to excel in its fundamental missions of education, research and health care. Central to this goal is a commitment to promoting a spirit of freedom and pluralism, while supporting everyone in the campus community in their individual and shared pursuit of excellence.



SELECTED FINANCIAL AND OTHER DATA

Fiscal Years Ended August 31

	2025	2024	2023	2022	2021
(dollars in millions)					
CONSOLIDATED STATEMENTS OF ACTIVITIES HIGHLIGHTS:					
Total operating revenues	\$ 19,391	\$ 18,314	\$ 16,343	\$ 15,132	\$ 13,939
Student income	845	802	761	715	508
Sponsored support	2,332	2,208	2,013	1,812	1,681
Health care services	12,060	11,476	10,101	9,232	8,302
Investment income distributed for operations	2,417	2,226	1,894	1,752	1,751
Total operating expenses	18,935	17,709	16,053	14,597	13,094
Change in net assets from operating activities	456	605	535	845	107
Other changes in net assets	4,123	1,832	1,075	(434)	11,377
Net change in total net assets	\$ 4,579	\$ 2,437	\$ 1,610	\$ 101	\$ 12,222
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS:					
Investments at fair value	\$ 60,113	\$ 55,197	\$ 52,826	\$ 52,180	\$ 54,040
Plant facilities, net of accumulated depreciation	14,917	14,512	14,184	13,377	13,079
Notes and bonds payable	9,843	8,844	8,551	8,271	8,383
Total assets	87,183	80,144	77,126	75,084	75,144
Total liabilities	19,061	16,601	16,020	15,588	15,749
Total net assets	68,122	63,543	61,106	59,496	59,394
UNIVERSITY STATEMENTS OF FINANCIAL POSITION HIGHLIGHTS:					
Investments at fair value	\$ 51,668	\$ 47,954	\$ 46,856	\$ 46,474	\$ 48,001
Plant facilities, net of accumulated depreciation	8,791	8,691	8,559	7,904	7,683
Notes and bonds payable	6,252	5,507	5,470	5,154	5,144
Total assets	68,720	63,332	61,811	60,498	60,495
Total liabilities	12,916	10,865	10,573	10,091	9,879
Total net assets	55,804	52,468	51,238	50,407	50,616
FINANCIAL DATA AND METRICS:					
University endowment at year-end	\$ 40,787	\$ 37,631	\$ 36,495	\$ 36,339	\$ 37,788
University endowment payout in support of operations	1,946	1,822	1,736	1,466	1,330
As a % of beginning of year University endowment	5.2 %	5.0 %	4.8 %	3.9 %	4.6 %
As a % of University total expenses	21.3 %	21.7 %	22.7 %	21.4 %	21.5 %
Total gifts as reported by the Office of Development (A)	1,842	1,632	1,531	1,624	1,393
STUDENTS:					
ENROLLMENT: (B)					
Undergraduate	7,289	7,554	7,841	7,761	7,645
Graduate	10,025	9,933	9,688	9,565	9,292
DEGREES CONFERRED:					
Bachelor degrees	2,203	1,903	1,654	1,699	1,511
Advanced degrees	3,688	3,648	3,583	3,533	3,310
FACULTY:					
Total Professoriate (B)	2,402	2,345	2,323	2,304	2,288
ANNUAL UNDERGRADUATE TUITION RATE (IN DOLLARS)	\$ 65,127	\$ 61,731	\$ 57,693	\$ 55,473	\$ 55,473

(A) Includes University, SHC and LPCH gifts.

(B) Fall quarter immediately following fiscal year-end.



Report of Independent Auditors

To The Board of Trustees of the Leland Stanford Junior University

Opinion

We have audited the accompanying consolidated financial statements of The Leland Stanford Junior University and its subsidiaries ("Stanford"), which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Stanford as of August 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Stanford and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Stanford's ability to continue as a going concern for one year after the date the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Stanford's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Stanford's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises pages 3 through 11, but does not include the consolidated financial statements and our auditors' report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

San Francisco, California
December 9, 2025



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION*At August 31, 2025 and 2024 (in thousands of dollars)*

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 2,684,196	\$ 1,726,991
Accounts receivable, net	2,724,859	2,509,955
Prepaid expenses and other assets	773,522	629,794
Pledges receivable, net	2,669,008	2,669,437
Student loans receivable, net	31,116	33,652
Faculty and staff mortgages and other loans receivable, net	1,330,207	1,209,048
Assets limited as to use	833,632	559,644
Investments at fair value	60,113,188	55,196,789
Right-of-use assets	1,106,204	1,096,495
Plant facilities, net of accumulated depreciation	14,917,252	14,512,311
Works of art and special collections	—	—
TOTAL ASSETS	\$ 87,183,184	\$ 80,144,116
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 3,185,650	\$ 2,993,288
Liabilities associated with investments	1,828,476	889,360
Lease liabilities	1,208,359	1,183,291
Deferred income and other obligations	2,335,994	2,062,692
Accrued pension and postretirement benefit obligations	660,199	628,306
Notes and bonds payable	9,842,647	8,844,450
TOTAL LIABILITIES	19,061,325	16,601,387
NET ASSETS:		
Without donor restrictions	39,354,629	37,101,011
With donor restrictions	28,767,230	26,441,718
TOTAL NET ASSETS	68,121,859	63,542,729
TOTAL LIABILITIES AND NET ASSETS	\$ 87,183,184	\$ 80,144,116

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

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended August 31, 2025 and 2024 (in thousands of dollars)

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS		
OPERATING REVENUES:		
TOTAL STUDENT INCOME, NET	\$ 845,268	\$ 802,484
Sponsored support:		
Direct costs - University	1,201,824	1,201,900
Direct costs - SLAC National Accelerator Laboratory	757,016	635,865
Indirect costs	373,212	369,828
TOTAL SPONSORED SUPPORT	2,332,052	2,207,593
TOTAL HEALTH CARE SERVICES , primarily net patient service revenue	12,059,955	11,475,577
TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS	329,840	265,368
Net assets released from restrictions:		
Payments received on pledges	271,555	267,185
Prior year gifts released from donor restrictions	160,627	149,303
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	432,182	416,488
Investment income distributed for operations:		
Endowment	1,960,334	1,836,108
Expendable funds pools and other investment income	456,255	389,989
TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS	2,416,589	2,226,097
TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME	975,421	920,533
TOTAL OPERATING REVENUES	19,391,307	18,314,140
OPERATING EXPENSES:		
Salaries and benefits	11,647,045	10,757,678
Depreciation	930,917	907,913
Other operating expenses	6,357,485	6,043,399
TOTAL OPERATING EXPENSES	18,935,447	17,708,990
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ 455,860	\$ 605,150

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

CONSOLIDATED STATEMENTS OF ACTIVITIES, Continued

For the years ended August 31, 2025 and 2024 (in thousands of dollars)

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)		
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ 455,860	\$ 605,150
NON-OPERATING ACTIVITIES:		
Increase in reinvested gains	1,800,285	525,346
Donor advised funds, net	(86,028)	(64,292)
Current year gifts not included in operations	14,954	911
Capital and other gifts released from restrictions	218,503	73,773
Pension and other postemployment benefit related changes other than service cost	(27,745)	(47,089)
Transfer to net assets with donor restrictions, net	(146,058)	(69,381)
Swap interest and change in value of swap agreements	22,953	(4,768)
Other	894	(1,786)
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2,253,618	1,017,864
NET ASSETS WITH DONOR RESTRICTIONS		
Gifts and pledges, net	1,157,815	1,053,616
Increase in reinvested gains	1,644,106	751,646
Change in value of split-interest agreements, net	55,467	60,539
Net assets released to operations	(452,162)	(437,011)
Capital and other gifts released to net assets without donor restrictions	(218,503)	(73,773)
Transfer from net assets without donor restrictions, net	146,058	69,381
Other	(7,269)	(5,419)
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	2,325,512	1,418,979
NET CHANGE IN TOTAL NET ASSETS	4,579,130	2,436,843
Total net assets, beginning of year	63,542,729	61,105,886
TOTAL NET ASSETS, END OF YEAR	\$68,121,859	\$63,542,729

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended August 31, 2025 and 2024 (in thousands of dollars)

	2025	2024
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 4,579,130	\$ 2,436,843
Adjustments to reconcile change in net assets to net cash used for operating activities:		
Depreciation	933,674	910,570
Amortization of bond premiums, discounts and other	10,062	12,088
Accretion of discounts on bond investments	(63,072)	(89,050)
Net gains on investments	(6,107,245)	(2,772,756)
Change in fair value of interest rate swaps	(26,146)	3,914
Change in split-interest agreements	61,372	66,732
Change in deferred tax asset and liability	912,612	16,336
Gifts restricted for long-term investments	(737,154)	(601,162)
Gifts of securities, properties and interest in trusts	(19,560)	(45,850)
Other	47,958	445
Premiums received from bond issuance	88,891	39,460
Changes in operating assets and liabilities:		
Accounts receivable	(218,077)	(331,960)
Pledges receivable, net	64,059	16,623
Prepaid expenses and other assets	(120,399)	(51,313)
Accounts payable and accrued expenses	229,727	196,963
Accrued pension and postretirement benefit obligations	31,893	45,823
Lease liabilities	(28,760)	(24,626)
Deferred income and other obligations	248,695	24,494
NET CASH USED FOR OPERATING ACTIVITIES	(112,340)	(146,426)
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to plant facilities, net	(1,299,448)	(1,323,454)
Faculty, student and other loans: new loans made	(194,649)	(185,630)
Faculty, student and other loans: principal collected	66,340	84,276
Purchases of investments	(19,642,192)	(18,853,940)
Sales and maturities of investments	20,600,250	19,160,586
Change associated with short term investments	161,259	63,854
Swap settlement payments, net	(2,697)	(776)
NET CASH USED FOR INVESTING ACTIVITIES	(311,137)	(1,055,084)
CASH FLOW FROM FINANCING ACTIVITIES		
Gifts and reinvested income for long-term purposes	619,146	690,894
Proceeds from borrowing	1,806,803	1,543,610
Repayment of notes and bonds payable	(866,669)	(1,220,317)
Contributions received for split-interest agreements	40,474	19,657
Payments made under split-interest agreements	(57,913)	(55,697)
Commercial paper and variable rate debt proceeds (repayments), net	18,400	(22,505)
Other	(14,623)	(11,879)
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,545,618	943,763
DECREASE IN CASH AND CASH EQUIVALENTS	1,122,141	(257,747)
Cash and cash equivalents, beginning of year	1,889,468	2,147,215
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 3,011,609	\$ 1,889,468
SUPPLEMENTAL DATA:		
Cash and cash equivalents as shown in the <i>Statements of Financial Position</i>	\$ 2,684,196	\$ 1,726,991
Restricted cash and cash equivalents included in assets limited as to use	233,012	61,603
Restricted cash included in other assets	15,108	15,673
Cash and restricted cash included in investments	79,293	85,201
TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS	\$ 3,011,609	\$ 1,889,468
Interest paid, net of capitalized interest	\$ 336,621	\$ 323,192
Change in payables for plant facilities	\$ 8,579	\$ (59,864)
Right-of-use assets obtained in exchange for lease liabilities	\$ 179,024	\$ 169,772

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

ORGANIZATION

The *Consolidated Financial Statements* include the accounts of The Leland Stanford Junior University (“Stanford University” or the “University”), Stanford Health Care (SHC), Lucile Salter Packard Children’s Hospital at Stanford (LPCH) and other majority-owned or controlled entities of the University, SHC and LPCH. Collectively, all of these entities are referred to as “Stanford”. LPCH and its controlled entities comprise and are known in the marketplace as Stanford Medicine Children’s Health. All significant inter-entity transactions and balances have been eliminated in consolidation.

University

The University is a private, not-for-profit educational institution, founded in 1885 by Senator Leland and Mrs. Jane Stanford in memory of their son, Leland Stanford Jr. A Board of Trustees (the “Board”) governs the University. The University information presented in the *Consolidated Financial Statements* comprises all of the accounts of the University, including its institutes and research centers, and the Stanford Management Company.

SLAC National Accelerator Laboratory (SLAC) is a federally funded research and development center owned by the U.S. Department of Energy (DOE). The University manages and operates SLAC for the DOE under a management and operating contract; accordingly, the revenues and expenditures of SLAC are included in the *Consolidated Statements of Activities*, but SLAC’s DOE funded assets and liabilities are not included in the *Consolidated Statements of Financial Position*. SLAC employees are University employees and participate in the University’s employee benefit programs. The University holds some receivables from the DOE substantially related to reimbursement for employee compensation and benefits.

Hospitals

SHC and LPCH (the “Hospitals”) are California not-for-profit public benefit corporations, each governed by a separate Board of Directors. The University is the sole member of each of these entities. SHC and LPCH support the mission of medical education and clinical research of the University’s School of Medicine (SOM). Collectively, the SOM and Hospitals comprise Stanford Medicine. SHC and LPCH operate two licensed acute care and specialty hospitals on the Stanford campus, a leading community acute care hospital, and numerous physician clinics on the campus, in community settings and in association with regional hospitals in the San Francisco Bay Area and elsewhere in California. The University has partnered with SHC and LPCH, respectively, to establish physician medical foundations to support Stanford Medicine’s mission of delivering quality care to the community and conducting research and education.

TAX STATUS

The University, SHC and LPCH are exempt from federal and state income taxes to the extent provided by Section 501(c)(3) of the Internal Revenue Code and equivalent state provisions, except with regard to unrelated business income which is taxable at corporate income tax rates, compensation excise tax, and investment income excise tax.

Management regularly evaluates its tax positions and does not believe the University, SHC or LPCH have any uncertain tax positions that require disclosure in or adjustment to the *Consolidated Financial Statements*. The University, SHC and LPCH are subject to routine audits by taxing jurisdictions. Management of each of the consolidated entities believes they are no longer subject to income tax examinations for fiscal years prior to August 31, 2021.

Net investment income excise tax - Under the Tax Cuts and Jobs Act, the University is subject to a 1.4% excise tax on its net investment income as defined under the Internal Revenue Code which, among other things, includes net investment income of certain related entities, including SHC and LPCH. In 2025, Public Law 119-21 (H.R.1) informally known as the One Big Beautiful Bill Act (OBBBA) was enacted, raising the excise tax rate to 8%, effective in fiscal year 2027. Stanford’s deferred tax liability reflects the estimated future tax payments on unrealized investment gains which are recognized for financial reporting but are not subject to excise tax until realized upon sale. The current tax liability represents taxes due on gains that have already been realized.

Based on reasonable estimates, as of August 31, 2025 and 2024, the University has recorded deferred tax liabilities of \$1.1 billion and \$200.5 million, respectively, and current tax liabilities of \$23.0 million and \$19.8 million, respectively, in “liabilities associated with

investments" in the *Consolidated Statements of Financial Position*. Of the August 31, 2025 deferred and current tax liabilities, \$90.3 million and \$30.0 million are attributable to SHC and LPCH, respectively, and have been recorded by the University as "related party tax receivables" in the *Consolidating Statements of Financial Position* in *Note 21*. Current and deferred investment income excise tax is recorded as a reduction to "increase (decrease) in reinvested gains" in the *Consolidated Statements of Activities*. For the years ended August 31, 2025 and 2024, the University recorded deferred tax expense of \$792.8 million and \$16.3 million, respectively and current tax expense of \$37.0 million and \$31.9 million, respectively.

BASIS OF PRESENTATION

The *Consolidated Financial Statements* are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the *Consolidated Financial Statements* and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain prior year amounts have been reclassified to conform to the current year's presentation. These reclassifications had no impact on total net assets or the change in total net assets.

For financial reporting purposes, net assets and revenues, expenses, gains and losses are classified into one of two categories - net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of legal or donor-imposed restrictions (see *Note 10*).

Net assets without donor restrictions are expendable resources which are not subject to donor-imposed restrictions. These net assets may be designated by Stanford for specific purposes under internal operating and administrative arrangements or be subject to contractual agreements with external parties (see *Note 10*).

Net assets with donor restrictions include gifts, pledges and split-interest agreements (a) which by donor stipulation must be made available in perpetuity for investment or specific purposes, or (b) for which legal or donor-imposed restrictions have not yet been met. Such restrictions include purpose restrictions where donors have specified the purpose for which the net assets are to be spent, time restrictions imposed by donors, or appreciation and income on certain donor-restricted endowment funds that have not yet been appropriated for spending (see *Note 11*).

Gifts and pledges subject to donor-imposed restrictions for specific purposes are recorded as net assets with donor restrictions and reclassified to net assets without donor restrictions upon expiration of time and purpose restrictions. Donor-restricted resources intended for capital projects are initially recorded as "Net assets with donor restrictions" and then released and reclassified as "Net assets without donor restrictions" when the asset is placed in service. Contributions with donor restrictions that are received and expended or deemed expended, based on the nature of donors' restrictions, in the same fiscal year are recorded as "Net assets without donor restrictions".

Transfers from net assets without donor restrictions to net assets with donor restrictions are primarily the result of donor redesignations or matching funds that are added to donor gift funds which then take on the same restrictions as the donor gift.

The operating activities of Stanford include the revenues earned and expenses incurred in the current year to support education, research, and health care. The non-operating activities of Stanford include increases in reinvested gains, current year gifts not included in operations, capital and other gifts released from restrictions, pension and other postemployment benefit related changes other than service cost, and certain other non-operating activities. All expenses are recorded as a reduction of net assets without donor restrictions with the exception of investment expenses that are required to be netted against investment returns.

CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" included in the *Consolidated Statements of Financial Position* primarily consist of cash, U.S. Treasury bills, certificates of deposit, repurchase agreements, money market funds and all other short-term investments available for current operations with original maturities of 90 days or less at the time of purchase. These amounts are carried at amortized cost, which approximates fair value. Cash and cash equivalents that are held for investment purposes are classified as investments (see *Note 6*). The University has elected the policy to treat cash equivalents held for investment as short-term investments, and are therefore excluded from "Cash and cash equivalents" on the *Consolidated Statements of Cash Flows*.



ASSETS LIMITED AS TO USE

Assets limited as to use consist of deferred compensation plan assets and tax-exempt bond proceeds as described below.

Deferred compensation plan assets

The University's custodians hold 457(b) non-qualified deferred compensation plan assets under a grantor trust which requires that they be used to satisfy plan obligations to participants and beneficiaries unless the University becomes insolvent. The funds are primarily invested in mutual funds, at the participants' discretion, which are valued based on quoted market prices (and exchange rates, if applicable) on the last trading date of the principal market on or before August 31. Plan assets are primarily classified as Level 1 based in the Fair Value Hierarchy discussed in Note 6.

Tax-exempt bond proceeds

The proceeds of tax-exempt bonds issued for the benefit of the University and trustee-held accounts holding proceeds of tax-exempt bonds issued for the benefit of SHC and LPCH are limited by the terms of indentures to use for qualified capital projects. The assets consist of cash and cash equivalents, recorded at amortized cost, which approximates fair value.

ACCOUNTS AND LOANS RECEIVABLE

Accounts and loans receivable are carried at cost, less an allowance for credit losses.

PREPAID EXPENSES

Prepaid expenses consist of amounts paid in advance for goods or services that will be received after the end of the fiscal year.

OTHER ASSETS

Other assets consist of items not classified in separate asset categories and include inventory, equity method investments, intangible assets, capitalized cloud computing implementation costs, and other.

PLEDGES RECEIVABLE

Unconditional promises to give are included in the *Consolidated Financial Statements* as "Pledges receivable, net" and are classified as net assets with donor restrictions. Pledges recognized on or after September 1, 2009 are recorded at an applicable risk-adjusted discount rate commensurate with the duration of the donor's payment plan. Pledges recognized in periods prior to September 1, 2009 were recorded at a discount based on the U.S. Treasury rate. Conditional promises to give are not recorded until specified obligations or barriers, such as milestones or performance targets, are met.

INVESTMENTS

Investments are recorded at fair value. Gains and losses (realized and unrealized) on investments are recognized in the *Consolidated Statements of Activities* (see Note 6).

PLANT FACILITIES

Plant facilities are recorded at cost or, for donated assets, at fair value at the date of donation, except for land and improvements previously reported as "Investments" and reclassified as "Plant facilities". Such land and improvements are reported at fair value as of the date of reclassification in accordance with interpreted accounting guidance. Interest expense for construction financing, net of income earned on unspent proceeds, is capitalized as a cost of construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The useful lives used in calculating depreciation for the years ended August 31, 2025 and 2024 are as follows:

Land improvements	5-25 years
Buildings and building improvements	3-50 years
Furniture, fixtures and equipment	3-20 years
Utilities	5-40 years



WORKS OF ART AND SPECIAL COLLECTIONS

Works of art, historical treasures, literary works and artifacts, which are preserved and protected for educational, research and public exhibition purposes, are not capitalized. Donations of such collections are not recorded for financial statement purposes. Purchases of collection items are recorded as operating expenses in the period in which they are acquired. Proceeds from sales of such items are used to acquire other items for the collections.

DONATED ASSETS

Donated assets, other than works of art and special collections, are recorded at fair value at the date of donation. Undeveloped land, including land acquired under the original endowment to the University from Senator Leland and Mrs. Jane Stanford, is reported at fair value as of the date of acquisition. Under the terms of the original founding grant, a significant portion of University land may not be sold.

DONOR ADVISED FUNDS

The University receives gifts from donors under donor advised fund (DAF) agreements. These funds are owned and controlled by the University and are separately identified by donor. A significant portion of the gift must be designated to the University. At August 31, 2025 and 2024, \$594.8 million and \$679.9 million, respectively, of DAFs may be used to support other approved charities; the donors have advisory privileges with respect to the distribution of these funds.

Current year gifts under the DAF agreements are included in the *Consolidated Statements of Activities* as “Donor advised funds, net” at the full amount of the gift. Transfers of funds to other charitable organizations are included in the *Consolidated Statements of Activities* as a reduction to “Donor advised funds, net” at the time the transfer is made.

SPLIT-INTEREST AGREEMENTS

Split-interest agreements consist of arrangements with donors where Stanford has an interest in the assets and receives benefits that are shared with other beneficiaries. Stanford’s split-interest agreements with donors, for which Stanford serves as trustee, consist primarily of irrevocable charitable remainder trusts, charitable gift annuities, pooled income funds, perpetual trusts and charitable lead trusts. Assets are invested and payments are made to donors or other beneficiaries in accordance with the respective agreements. Contribution revenues are recognized at the date the agreements are established. The fair value of the estimated future payments to beneficiaries under these agreements is recorded as a liability.

The assets held under split-interest agreements, where the University is the trustee, were \$1.2 billion and \$1.1 billion at August 31, 2025 and 2024, respectively, and were recorded in specific investment categories. The assets held under split-interest agreements, where LPCH is the trustee, were \$12.4 million and \$13.1 million at August 31, 2025 and 2024, respectively, and were recorded in specific investment categories. Liabilities for the discounted present value of any income beneficiary interest are reported in “Liabilities associated with investments” in the *Consolidated Statements of Financial Position*, and were \$682.7 million and \$664.5 million at August 31, 2025 and 2024, respectively, and were classified as Level 2 based on the Fair Value Hierarchy discussed in *Note 6*. At August 31, 2025 and 2024, the University and LPCH used discount rates of 4.8% and 5.2%, respectively, based on the Charitable Federal Midterm Rate.

For irrevocable split-interest agreements whose assets are held in trusts not administered by the University, Stanford recognizes the estimated fair value of its beneficial interest in the trust assets and the associated gift revenue when reported to Stanford. These split-interest agreements are recorded in the “Assets held by other trustees” category of “Investments” in the *Consolidated Statements of Financial Position* as described in *Note 6*.

During fiscal years 2025 and 2024, the discounted present value of new University gifts subject to split-interest agreements, net of any income beneficiary share, was \$32.2 million and \$53.5 million, respectively, and was included in net assets with donor restrictions as “Gifts and pledges, net” in the *Consolidated Statements of Activities*. Actuarial gains or losses were included in “Change in value of split-interest agreements, net” in the *Consolidated Statements of Activities*.

DEFERRED INCOME AND OTHER OBLIGATIONS

Deferred income and other obligations consist of advance payments of rental income, student tuition, student room and board, sponsored support, and support of other operating programs, as well as obligations for deferred compensation, repurchases, and

asset retirement. Revenue is recognized as it is earned or as the associated conditions are satisfied. In addition, the University records other deferred income and obligations as described below.

Deferred rental income

As part of its investment portfolio, the University holds certain investment properties that it leases to third parties under non-cancellable leases. In some lease transactions with properties in the Stanford Research Park and other properties, including the Stanford Shopping Center, prepaid rent is received, recorded as deferred rental income and amortized over the term of the lease (see also the *Future Minimum Rental Income* section in Note 6). As of August 31, 2025 and 2024, deferred rental income was \$867.7 million and \$875.5 million, respectively.

457(b) deferred compensation plan

The University offers a non-qualified deferred compensation plan under Internal Revenue Code 457(b) to a select group of highly compensated employees. The University does not make any contribution to the plan. The University has recorded both an asset and a liability related to the plan of \$600.6 million and \$498.0 million as of August 31, 2025 and 2024, respectively; the assets are included in "Assets limited as to use" in the *Consolidated Statements of Financial Position*.

Repurchase obligations

In an effort to provide affordable housing, certain residential units are offered to eligible faculty and staff under long-term restricted ground leases. These units are located on or in close proximity to Stanford's campus. The cost of the units that are constructed or purchased by the University is included in "Plant facilities, net of accumulated depreciation" in the *Consolidated Statements of Financial Position*.

The University has the obligation to repurchase certain residential units when specified triggering events occur. As of August 31, 2025 and 2024, Stanford has recognized a net repurchase obligation of \$199.1 million and \$177.3 million, respectively, to repurchase its interests in these residential units, net of home mortgage financing assistance provided by the University of \$258.2 million and \$246.3 million, respectively (see Note 5). The change in the repurchase obligation and the original purchase price is recorded as interest accretion and is reflected in "Other operating expenses" in the *Consolidated Statements of Activities*. For the years ended August 31, 2025 and 2024, interest accretion was \$19.7 million and \$18.0 million, respectively.

Asset retirement obligations

Asset retirement obligations are legal obligations associated with the retirement of long-lived assets. These liabilities are initially recorded at fair value and the related asset retirement costs are capitalized at the same amount as the liability. Asset retirement costs are subsequently amortized over the useful lives of the related assets and the obligations are increased based on an appropriate discount rate. As of August 31, 2025 and 2024, the University had asset retirement obligations of \$10.7 million and \$12.0 million, respectively. SHC had asset retirement obligations of \$119.8 million and \$117.1 million, respectively.

SELF-INSURANCE

The University self-insures at varying levels for unemployment, disability, workers' compensation, property losses, certain health care plans and general, auto, cyber and professional liability losses. SHC and LPCH self-insure at varying levels for general and cyber liability risks, postretirement medical benefits, health care plans, workers' compensation and, through their captive insurance company, for professional liability losses. In some cases, third-party insurance is purchased to cover liabilities in excess of self-insured retentions. Estimates of retained self-insured losses are reserved and accrued.

INTEREST RATE EXCHANGE AGREEMENTS

The University and SHC have entered into several interest rate exchange agreements to reduce the effect of interest rate fluctuation on their variable rate revenue bonds and notes. Accounting guidance for derivatives and hedges requires entities to recognize all derivative instruments at fair value. The University and SHC do not designate and qualify their derivatives for hedge accounting; accordingly, any changes in the fair value (i.e. gains or losses) flow directly to the *Consolidated Statements of Activities* as a non-operating activity in "Swap interest and change in value of swap agreements." The settlements (net cash payments less receipts) under the interest rate exchange agreements are also recorded in the *Consolidated Statements of Activities* in "Swap interest and change in value of swap agreements."

The University has also entered into interest rate exchange agreements to reduce the effect of interest rate fluctuations of certain investment positions (see Note 7).

REVENUE

Student income and financial aid

"Student income, net" reported in the *Consolidated Statements of Activities* consists of tuition, room and board, and other student fees from undergraduate and graduate students which are recognized as revenue ratably during the fiscal year in which the academic services are rendered. The University also provides financial aid in the form of scholarship and fellowship grants that cover a portion of tuition, room and board, and other student fees; this financial assistance is reflected as a reduction of student income. Student payments are due at the beginning of each academic term. Payments received for future academic terms are recorded as deferred income and totaled \$25.1 million and \$30.7 million for the years ended August 31, 2025 and 2024, respectively. These payments are recognized in the subsequent fiscal year. The following table presents student income, net of financial aid, for the years ended August 31, in thousands of dollars:

	2025	2024
Student income:		
Undergraduate programs	\$ 515,172	\$ 502,286
Graduate programs	485,091	455,772
Room and board	318,157	303,069
Student financial aid	(473,152)	(458,643)
TOTAL STUDENT INCOME, NET	\$ 845,268	\$ 802,484

In addition to student financial aid, the University also provided other graduate support in the form of stipends, teaching and research assistantships, and related allowances for tuition. These amounts are reflected in operating expenses.

Sponsored support

The University conducts substantial research pursuant to contracts and grants from the federal government, state and local governments, corporations, foundations and others. Sponsored support earned from the federal government (including SLAC) is the largest segment of sponsored support. For the years ended August 31, 2025 and 2024, federal sponsored support was \$1.9 billion and \$1.8 billion, respectively. The Office of Naval Research is the University’s cognizant federal agency for determining indirect cost rates charged to federally sponsored agreements. It is supported by the Defense Contract Audit Agency, which has the responsibility for auditing direct and indirect charges under those agreements.

The majority of University sponsored support is considered contribution revenue and is recognized when any sponsor-imposed conditions have been met, typically when qualifying expenditures are incurred. Sponsored contribution revenue for each of the years ended August 31, 2025 and 2024 was \$1.4 billion.

Other sponsored arrangements are considered exchange transactions and revenue is recognized in accordance with the terms of each contract or grant which are primarily based on costs incurred, completion of milestones, or other obligations as specified in the contracts. For the years ended August 31, 2025 and 2024, the University recognized \$176.4 million and \$165.1 million in revenue from exchange contracts, respectively.

SLAC is managed and operated by the University for the DOE under a management and operating contract, which is considered to be an exchange transaction. The University operates SLAC, and the DOE is obligated to pay for allowable operating costs. The University recognizes revenue from the DOE as costs are incurred in the management and operation of SLAC per the terms of the contract. Revenue of \$757.0 million and \$635.9 million was recognized for the years ended August 31, 2025 and 2024, respectively.

Deferred income of \$236.4 million and \$188.7 million was recorded at August 31, 2025 and 2024, respectively, for payments received from sponsors that have not been earned. During the years ended August 31, 2025 and 2024, \$151.1 million and \$165.7 million of revenue was recognized that was included in the prior year deferred income balance, respectively. In addition, as of both August 31, 2025 and 2024, the University had been awarded \$1.3 billion in sponsored support for which the conditions to recognize revenue have not been met. These are conditional contributions and are not recorded in the *Consolidated Financial Statements*.



Health Care Services

“Total health care services” is reported in the *Consolidated Statements of Activities* at the estimated net realizable amounts from patients, third-party payers, and others for services rendered (collectively, "Patient care revenue"). Estimated net realizable amounts represent amounts due, net of price concessions. Price concessions are based on management’s assessment of expected net collections considering economic conditions, historical experience, trends in health care coverage and other collection indicators. SHC and LPCH derive a majority of patient care revenues from contractual agreements with Medicare, Medi-Cal and other third-party payers. Payments under these agreements and programs are based on a variety of payment models (see *Note 12*). Health care revenue is recognized as services are rendered either at a point in time or, for inpatient acute care services, over time generally from admission to discharge. Generally, patients and third-party payers are billed several days after services are performed or shortly after discharge. Substantially all health care revenue relates to contracts with customers with a duration of less than one year. SHC and LPCH report accounts receivable net of estimated pricing concessions and any allowance for credit losses. The process for estimating the ultimate collectibility of receivables involves historical collection experience, changes in contracts with payors, aging behaviors of receivables, and future market and economic conditions.

The University has entered into various operating agreements with SHC and LPCH for the professional services of SOM faculty members, and for non-physician services such as telecommunications, facilities, and other services. The payments by the Hospitals to the University for professional and other services are eliminated in consolidation.

SHC and LPCH provide care to patients who meet certain criteria under their charity care policies without charge or at amounts less than their established rates. The Hospitals do not record revenue for amounts determined to qualify as charity care (see *Note 12*).

Gifts

Gifts are contributions primarily received from donors such as alumni and other private individuals, trusts, and foundations. Gifts may be designated by donors for specific purposes; accordingly, they are recognized in the period received and in the appropriate net asset category based on the presence or absence of donor restrictions on their use. Contributions designated for the acquisition of plant facilities and long-term investments are initially reported in net assets with donor restrictions.

Gifts are considered conditional if the terms of the agreement include both a requirement for Stanford to meet certain specified obligations, or barriers, such as milestones or performance targets, and a refund of amounts paid (or a release from obligation to make future payments). Conditional gifts are not recorded until the obligations or barriers are met.

Special Program Fees and Other Income

Special program fees and other income consists of several streams of income from exchange contracts including instruction fees for professional education programs, membership affiliation fees, rental income, travel and camp programs, distributions from athletic conferences, and various other types of income. Depending on the program, revenue is recognized at a point in time or over time as obligations are met.

RECENT ACCOUNTING PRONOUNCEMENTS

Periodically, the Financial Accounting Standards Board (FASB) issues updates to the Accounting Standards Codification (ASC) which impact Stanford’s financial reporting and related disclosures. The following paragraph summarizes relevant updates.

Leases: Common Control Arrangements

Accounting Standards Update (ASU) 2023-01, FASB Issue Date: March 2023, Effective Date: Fiscal Year 2025

ASU 2023-01 introduces new leasing guidance for entities under common control. The amendments provide a practical expedient for in-scope entity to use the written terms and conditions of a common control arrangement to determine whether it contains a lease and if so the classification of and the accounting for that lease. The amendments also require entities with common control leases to amortize the associated leasehold improvements over the useful life of those assets to the common control group, regardless of the lease term. The accounting requirements of these updates were adopted in fiscal year 2025 and did not have a material impact on the Consolidated Financial Statements.



2. Financial Assets and Liquid Resources

OVERVIEW

Stanford closely monitors its liquidity requirements and structures its financial assets to meet its short and long-term needs and contractual commitments. To meet these needs, Stanford holds investments in various pools or in specific assets with varying degrees of liquidity, as well as having an authorized short-term commercial paper program. Stanford also has access to additional short-term financing facilities such as revolving lines of credit that can be available for unexpected liquidity needs (see *Note 9*).

OPERATIONS

The University, SHC and LPCH each manage their own operating cash through short-term investment pools. The primary investment objective for these funds is to preserve the principal value of the portfolio while meeting the liquidity needs of each of the entities. Cash flows vary seasonably during the year due to a variety of factors including timing of donor contributions, the University's academic calendar and the Hospitals' patient admission cycles. For working capital purposes, cash is managed by matching the timing of inflows and outflows as closely as possible, combined with active use of cash forecasting models to manage investment timing. Operating liquidity is tracked daily and reported weekly to provide management visibility. As noted above, back up borrowing facilities are also available to meet working capital needs.

MERGED POOL

The Merged Pool (MP) is the primary investment pool for endowment and other long-term funds for the University and the Hospitals. Approximately 12% of the MP consists of liquid investments, with the balance representing investments which are generally subject to constraints which either limit Stanford's ability to withdraw such capital or limit the amounts available for withdrawal at given redemption dates. The MP further maintains sufficient liquidity to distribute the monthly endowment payout in support of University operating expenditures, and to meet unfunded commitments associated with certain alternative investments. It is not the intention of the University to utilize its financial assets without donor restrictions - including board designated endowment funds - that are invested for the long-term for unplanned operating commitments; however, amounts could be made available from these sources if necessary, except for those underlying investments with lock-up provisions (see *Note 6*).



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Financial assets and liquid resources available within one year of the balance sheet date at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Financial assets:				
Cash and cash equivalents	\$ 1,846,394	\$ 406,595	\$ 431,207	\$ 2,684,196
Assets limited as to use available for current use	215,984	—	—	215,984
Accounts receivable, net	341,631	1,413,354	798,291	2,553,276
Pledges receivable available for operations	372,252	—	38,221	410,473
Investments available for current use	308,556	3,227,822	847,736	4,384,114
Endowment payout in support of operations	2,011,300	—	94,412	2,105,712
Financial assets available to meet cash needs for general expenditure within one year	5,096,117	5,047,771	2,209,867	12,353,755
Liquid resources available for use:				
Taxable commercial paper	500,000	150,000	—	650,000
Tax-exempt commercial paper	300,000	200,000	—	500,000
Revolving credit facilities	400,000	100,000	200,000	700,000
TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR	\$ 6,296,117	\$ 5,497,771	\$ 2,409,867	\$ 14,203,755
2024				
Financial assets:				
Cash and cash equivalents	\$ 886,227	\$ 446,748	\$ 394,016	\$ 1,726,991
Assets limited as to use available for current use	53,311	—	—	53,311
Accounts receivable, net	353,683	1,197,687	777,650	2,329,020
Pledges receivable available for operations	363,723	—	28,084	391,807
Investments available for current use	595,208	2,909,160	752,551	4,256,919
Endowment payout in support of operations	1,902,700	—	84,862	1,987,562
Financial assets available to meet cash needs for general expenditure within one year	4,154,852	4,553,595	2,037,163	10,745,610
Liquid resources available for use:				
Taxable commercial paper	276,585	150,000	—	426,585
Tax-exempt commercial paper	242,500	200,000	—	442,500
Revolving credit facilities	466,317	100,000	200,000	766,317
TOTAL FINANCIAL ASSETS AND LIQUID RESOURCES AVAILABLE WITHIN ONE YEAR	\$ 5,140,254	\$ 5,003,595	\$ 2,237,163	\$ 12,381,012



3. Accounts Receivable

Accounts receivable, net of allowance for credit losses, at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
U.S. government sponsors	\$ 167,528	\$ —	\$ 2,456	\$ 169,984
Non-federal sponsors and programs	72,680	—	23	72,703
Accrued interest on investments	42,948	—	—	42,948
Student	16,955	—	—	16,955
Patient and third-party payers	—	1,413,354	782,060	2,195,414
Other	95,397	128,002	13,752	237,151
	395,508	1,541,356	798,291	2,735,155
Less allowance for credit losses	(10,296)	—	—	(10,296)
ACCOUNTS RECEIVABLE, NET	\$ 385,212	\$ 1,541,356	\$ 798,291	\$ 2,724,859
2024				
U.S. government sponsors	\$ 187,150	\$ 3,065	\$ 2,921	\$ 193,136
Non-federal sponsors and programs	66,049	5,308	52,051	123,408
Accrued interest on investments	22,073	—	—	22,073
Student	12,658	—	—	12,658
Patient and third-party payers	—	1,197,687	711,310	1,908,997
Other	95,675	149,762	11,368	256,805
	383,605	1,355,822	777,650	2,517,077
Less allowance for credit losses	(7,122)	—	—	(7,122)
ACCOUNTS RECEIVABLE, NET	\$ 376,483	\$ 1,355,822	\$ 777,650	\$ 2,509,955

The concentration of credit risk relating to patient and third-party payers accounts receivable for the Hospitals is limited by the diversity and number of the patients and payers. Patient accounts receivable consist of amounts due from governmental programs, commercial insurance companies, private pay patients, and other third-party payors.

The Hospitals have some payors representing more than 10% of their patient receivables balance, however, significant credit risk does not exist with these payors.



4. Pledges Receivable

Pledges are recorded at discounted rates ranging from 1.2% to 5.4%. At August 31, 2025 and 2024, pledges receivable, net of discounts and allowances, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025					
One year or less	\$ 859,141	\$ 6,328	\$ 80,191	\$ (20,470)	\$ 925,190
Between one year and five years	1,491,637	13,499	65,416	(26,413)	1,544,139
More than five years	515,042	750	8	(600)	515,200
	2,865,820	20,577	145,615	(47,483)	2,984,529
Less discounts and allowances	(305,896)	(2,490)	(7,135)	—	(315,521)
PLEDGES RECEIVABLE, NET	\$ 2,559,924	\$ 18,087	\$ 138,480	\$ (47,483)	\$ 2,669,008
2024					
One year or less	\$ 781,129	\$ 19,734	\$ 73,300	\$ (34,556)	\$ 839,607
Between one year and five years	1,567,081	19,573	54,172	(19,653)	1,621,173
More than five years	468,720	1,000	25,011	—	494,731
	2,816,930	40,307	152,483	(54,209)	2,955,511
Less discounts and allowances	(273,308)	(4,551)	(8,215)	—	(286,074)
PLEDGES RECEIVABLE, NET	\$ 2,543,622	\$ 35,756	\$ 144,268	\$ (54,209)	\$ 2,669,437

The University had total conditional pledges of \$24.9 million and \$14.6 million at August 31, 2025 and 2024, respectively, which are subject to specified future events. LPCH had conditional pledges of \$5.2 million and \$5.4 million at August 31, 2025 and 2024. SHC had no conditional pledges at August 31, 2025 and 2024.

Lucile Packard Foundation for Children's Health (LPFCH) is the primary community fundraising agent for LPCH and the pediatric faculty and programs at the University's SOM. Pledges received by LPFCH on behalf of the University are recorded by the University as beneficial interest in LPFCH. At August 31, 2025 and 2024 the University held \$47.5 million and \$54.2 million, respectively, of beneficial interest in LPFCH, which is included in "Pledges receivable, net", and eliminated in consolidation.



5. Loans Receivable

Loans receivable consist primarily of University student loans receivable and faculty and staff mortgages. University management regularly assesses the adequacy of the allowance for expected credit losses of its loans by performing ongoing evaluations considering the differing economic risks associated with each loan category, the financial condition of specific borrowers, the current and reasonable forecasts of future economic conditions in which the borrowers operate, the level of delinquent loans and the value of any collateral.

STUDENT LOANS RECEIVABLE

Student loans receivable consist of institutional and federally-sponsored loans due from both current and former students. Student loans and allowance for student loan losses at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	2025	2024
Institutional loans	\$ 31,176	\$ 30,732
Federally-sponsored loans	4,259	5,551
	35,435	36,283
Less allowance for student loan losses	(4,319)	(2,631)
STUDENT LOANS RECEIVABLE, NET	\$ 31,116	\$ 33,652

Institutional loans are funded by donor funds restricted for student loan purposes and University funds made available to meet demand for student loan borrowing in specific situations. Federally-sponsored loans are funded by advances to the University primarily under the Federal Perkins Loan Program.

FACULTY AND STAFF MORTGAGES

In a program to attract and retain excellent faculty and senior staff, the University provides home mortgage financing assistance, primarily in the form of subordinated loans. The loans and mortgages are collateralized by deeds of trust on properties concentrated in the region surrounding the University. Notes receivable amounting to \$1.3 billion and \$1.2 billion at August 31, 2025 and 2024, respectively, from University faculty and staff are included in "Faculty and staff mortgages and other loans receivable, net" in the *Consolidated Statements of Financial Position*.

The August 31, 2025 and 2024 amounts are net of the University's recorded obligation to repurchase certain residential units sold under long-term restricted ground leases of \$258.2 million and \$246.3 million, respectively. See the *Repurchase Obligations* section of *Note 1*.



6. Investments

Investments are measured and recorded at fair value. The valuation methodology, investment categories, fair value hierarchy, certain investment activities and related commitments for fiscal years 2025 and 2024 are presented below. Investments held by Stanford at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025					
Investment assets:					
Cash and short-term investments	\$ 1,157,786	\$ 69,487	\$ 4,669	\$ —	\$ 1,231,942
Public equities	9,373,201	1,302,303	62,445	—	10,737,949
Derivatives	(5,890)	—	—	—	(5,890)
Fixed income	3,541,754	1,659,733	112,894	—	5,314,381
Real estate	9,599,014	—	6,271	—	9,605,285
Natural resources	1,612,122	—	6,349	—	1,618,471
Private equity	21,512,276	—	40,247	—	21,552,523
Absolute return	8,913,787	—	20,692	—	8,934,479
Assets held by other trustees	140,932	—	19,907	—	160,839
Other	921,383	41,827	—	—	963,210
Total	56,766,365	3,073,350	273,474	—	60,113,189
Hospitals' funds invested in the University's investment pools	(5,097,953)	3,803,681	1,285,731	8,541	—
INVESTMENTS AT FAIR VALUE	\$51,668,412	\$ 6,877,031	\$ 1,559,205	\$ 8,541	\$ 60,113,189

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
Investment assets:					
Cash and short-term investments	\$ 1,033,901	\$ 104,370	\$ 5,823	\$ —	\$ 1,144,094
Public equities	9,854,591	1,629,163	58,982	—	11,542,736
Derivatives	(5,873)	—	—	—	(5,873)
Fixed income	3,292,482	1,046,482	108,328	—	4,447,292
Real estate	9,295,318	—	6,499	—	9,301,817
Natural resources	1,633,403	—	6,929	—	1,640,332
Private equity	18,124,626	—	36,660	—	18,161,286
Absolute return	7,808,048	—	21,919	—	7,829,967
Assets held by other trustees	178,870	—	19,183	—	198,053
Other	901,535	35,550	—	—	937,085
Total	52,116,901	2,815,565	264,323	—	55,196,789
Hospitals' funds invested in the University's investment pools	(4,162,630)	3,012,367	1,142,094	8,169	—
INVESTMENTS AT FAIR VALUE	\$47,954,271	\$ 5,827,932	\$ 1,406,417	\$ 8,169	\$ 55,196,789

VALUATION METHODOLOGY

To the extent available, Stanford's investments are recorded at fair value based on quoted prices in active markets on a trade-date basis. Stanford's investments that are listed on any U.S. or non-U.S. recognized exchanges are valued based on readily available market quotations. When such inputs do not exist, fair value measurements are based on the best available information and usually require a degree of judgment. For alternative investments, which are principally interests in limited partnerships or similar investments in private equity, real estate, natural resources, public equities and absolute return funds, the value is primarily based on the Net Asset Value (NAV) of the underlying investments as a practical expedient. The NAV is reported by external investment managers in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV reported is adjusted for any investment-related transactions such as capital calls or distributions and significant known valuation changes of its related portfolio through August 31, 2025 and 2024, respectively. These investments are generally less liquid

than other investments, and the values reported may differ from those that would have been reported had a readily available market existed for these investments.

The University exercises due diligence in assessing the policies, procedures, and controls implemented by its external investment managers and believes its proportionate share of the carrying amount of these alternative investments is a reasonable estimate of fair value. Such due diligence procedures include, but are not limited to, ongoing communication, on-site visits, and review of information from external investment managers as well as review of performance. In conjunction with these procedures, estimated fair value is determined by consideration of a range of factors, such as market conditions, redemption terms and restrictions, and risks inherent in the inputs of the external investment managers' valuations.

For certain alternative investments which are direct investments, Stanford considers various factors to estimate fair value, such as, but not limited to, the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections, as well as discounted cash flow analysis. The selection of an appropriate valuation technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, Stanford may review the investment's underlying portfolio as well as engage external appraisers, depending on the circumstances and the nature of the investment.

The investment portfolio may be exposed to various risks, including, but not limited to, interest rate, market, sovereign, geographic, counterparty, liquidity and credit risk. Stanford management regularly assesses these risks through established policies and procedures. Fair value reporting requires management to make estimates and assumptions about the effects of matters that are inherently uncertain. Actual results could differ from these estimates and such differences could have a material impact on the *Consolidated Financial Statements*.

INVESTMENT CATEGORIES

Investments are categorized by asset class and valued as described below:

Cash and short-term investments include cash, cash equivalents, mutual funds, and fixed income investments with original maturities of less than one year (see also *Note 1*). Cash equivalents such as money market funds and overnight repurchase agreements are carried at cost. Fixed income investments such as short-term U.S. Treasury bills are carried at amortized cost. Due to the short-term nature and liquidity of these financial instruments, the carrying values of these assets approximates fair value. Cash may include collateral provided to or received from counterparties associated with investment-related derivative contracts (see *Note 7*).

Public equities are investments valued based on quoted market prices (and exchange rates, if applicable) on the last trading date of the principal market on or before August 31. They include investments that are directly held as well as commingled funds which invest in publicly traded equities. The fair values of public equities held through alternative investments are reported by the respective external investment managers using NAV as described in the *Valuation Methodology* section above.

Derivatives are used by Stanford to manage its exposure to certain risks relating to ongoing business and investment operations. Derivatives may include swaps and forward currency contracts which are reflected at fair value by using quantitative models that utilize multiple market inputs. The market inputs are actively quoted and can be validated through external sources, including market transactions, brokers and third party pricing sources.

Fixed income investments are valued by independent pricing sources, broker dealers or pricing models that factor in, where applicable, recently executed transactions, interest rates, bond or credit default spreads and volatility. They primarily include investments that are actively traded fixed income securities or mutual funds.

Real estate represents directly owned real estate, mutual funds, interests in long-term ground leases and other real estate interests held through limited partnerships. A significant portion of the fair value of real estate directly owned by Stanford and subject to long-term ground leases, including the Stanford Shopping Center and the Stanford Research Park, is based on independent appraisals that use discounted cash flows and market data, if available. The fair value of alternative investments in real estate held through limited partnerships is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above. The fair value of real estate held through commingled and mutual funds are based on quoted market prices.

Natural resources represent commodity and energy related investments held through both public and non-public investments. Public securities are valued based on quoted market prices (and exchange rates, if applicable) on the last trading day of the principal market on or before August 31. The fair value of direct non-public investments is based on a combination of models, including appraisals, discounted cash flows and commodity price factors. The fair value of natural resources held as alternative investments is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

Private equity investments are primarily in venture capital, growth equity, and leveraged buyout strategies. Distributions from these investments are received in the form of either cash or distributed shares, which are typically valued using quoted market prices. The fair value of alternative investments is based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

Absolute return investments are typically commingled funds that employ multiple strategies to produce positive returns which may be uncorrelated to financial market activities. The fair value of these types of alternative investments is valued based on the NAV reported by the external investment managers and is adjusted as described in the *Valuation Methodology* section above.

Assets held by other trustees generally represent Stanford's residual (or beneficial) interest in split-interest agreements where the University, SHC or LPCH is not the trustee. The residual interest represents the present value of the future distributions expected to be received over the term of the agreement, which approximates fair value.

Other investments are typically non-public investments such as preferred stocks, convertible notes and mineral rights. The fair value of these types of direct investments is determined as described in the *Valuation Methodology* section above.

FAIR VALUE HIERARCHY

U.S. GAAP defines fair value as the price received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants. Current guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques used under U.S. GAAP must maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Investments whose values are based on quoted market prices in active markets for identical assets or liabilities are classified as Level 1. Level 1 investments include active listed equities and certain short-term fixed income securities. Such investments are valued based upon the closing price quoted on the last trading date on or before the reporting date on the principal market, without adjustment.

Level 2 - Investments that trade in markets that are not actively traded, but are valued based on quoted market prices, dealer quotations, or alternative pricing sources for similar assets or liabilities are classified as Level 2. These investments include certain U.S. government and sovereign obligations, government agency obligations, investment grade corporate bonds and certain limited marketable securities.

Privately negotiated over-the-counter (OTC) derivatives such as forward currency contracts, total return swaps, and interest rate swaps are typically classified as Level 2 (see *Note 7*). In instances where quotations received from counterparties or valuation models are used, the value of an OTC derivative depends upon the contractual terms of the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, or credit curves.

Level 3 - Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information available and may require significant management judgment. These investments primarily consist of Stanford's direct real estate and directly held private investments.

The following tables summarize Stanford's investment assets and liabilities within the fair value hierarchy and asset categories at August 31, 2025 and 2024, in thousands of dollars:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2025				
Investment assets:				
Cash and short-term investments	\$ 145,240	\$ 1,077,672	\$ —	\$ 1,222,912
Public equities	3,072,444	4,624	—	3,077,068
Derivatives	—	(5,890)	—	(5,890)
Fixed income	816,756	4,490,196	—	5,306,952
Real estate	67,781	—	6,662,117	6,729,898
Natural resources	156,325	—	35,532	191,857
Private equity	42,649	—	125,695	168,344
Absolute return	—	—	420	420
Assets held by other trustees	1,631	—	159,208	160,839
Other	55,582	16,960	884,206	956,748
INVESTMENTS SUBJECT TO FAIR VALUE LEVELING	\$ 4,358,408	\$ 5,583,562	\$ 7,867,178	17,809,148
Investments measured using Net Asset Value ¹				42,304,040
TOTAL CONSOLIDATED INVESTMENT ASSETS				\$ 60,113,188

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
2024				
Investment assets:				
Cash and short-term investments	\$ 187,117	\$ 949,161	\$ —	\$ 1,136,278
Public equities	4,393,891	4,909	—	4,398,800
Derivatives	—	(5,873)	—	(5,873)
Fixed income	675,394	3,765,888	—	4,441,282
Real estate	80,353	—	6,786,747	6,867,100
Natural resources	156,560	—	60,859	217,419
Private equity	39,809	—	96,409	136,218
Absolute return	—	—	20,203	20,203
Assets held by other trustees	—	—	198,053	198,053
Other	41,402	10,998	877,254	929,654
INVESTMENTS SUBJECT TO FAIR VALUE LEVELING	\$ 5,574,526	\$ 4,725,083	\$ 8,039,525	18,339,134
Investments measured using Net Asset Value ¹				36,857,655
TOTAL CONSOLIDATED INVESTMENT ASSETS				\$ 55,196,789

¹ Entities may estimate the fair value of certain investments by using NAV as a practical expedient as of the measurement date. Investments measured under this method are not categorized in the fair value hierarchy. The fair value amounts of such investments are presented for reconciliation purposes.

SUMMARY OF LEVEL 3 INVESTMENT ACTIVITIES AND TRANSFERS

The following tables present the activities for Level 3 investments for the years ended August 31, 2025 and 2024, in thousands of dollars:

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BEGINNING BALANCE AS OF SEPTEMBER 1, 2024	PURCHASES AND ADDITIONS	SALES AND MATURITIES	NET REALIZED AND UNREALIZED GAINS (LOSSES)	TRANSFERS IN*	TRANSFERS OUT*	ENDING BALANCE AS OF AUGUST 31, 2025
Real estate	\$ 6,786,747	\$ 61,259	\$ (10,721)	\$ (175,168)	\$ —	\$ —	\$ 6,662,117
Natural resources	60,859	—	(29,897)	4,570	—	—	35,532
Private equity	96,409	1,241	(7)	3,052	25,000	—	125,695
Absolute return	20,203	—	(11,147)	(8,636)	—	—	420
Assets held by other trustees	198,053	—	(49,601)	10,561	195	—	159,208
Other	877,254	37,482	(30,481)	(49)	—	—	884,206
TOTAL	\$ 8,039,525	\$ 99,982	\$ (131,854)	\$ (165,670)	\$ 25,195	\$ —	\$ 7,867,178

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BEGINNING BALANCE AS OF SEPTEMBER 1, 2023	PURCHASES AND ADDITIONS	SALES AND MATURITIES	NET REALIZED AND UNREALIZED GAINS (LOSSES)	TRANSFERS IN*	TRANSFERS OUT*	ENDING BALANCE AS OF AUGUST 31, 2024
Real estate	\$ 7,490,481	\$ 83,850	\$ (10,505)	\$ (805,916)	\$ 28,837	\$ —	\$ 6,786,747
Natural resources	57,260	—	(1,839)	5,288	150	—	60,859
Private equity	1,731	94,950	(14)	(258)	—	—	96,409
Absolute return	23,736	—	(1,858)	(1,675)	—	—	20,203
Assets held by other trustees	140,812	46,040	(2,451)	13,652	—	—	198,053
Other	1,069,494	46,839	(9,477)	(229,602)	—	—	877,254
TOTAL	\$ 8,783,514	\$ 271,679	\$ (26,144)	\$ (1,018,511)	\$ 28,987	\$ —	\$ 8,039,525

*Transfers in (out) are primarily due to reclassification of investments between asset classes and changes in the fair value hierarchy.

Net realized and unrealized gains (losses) in the tables above are included in the *Consolidated Statements of Activities* primarily as increases or decreases in reinvested gains by level of restriction. For the years ended August 31, 2025 and 2024, the change in unrealized losses for Level 3 investments still held at August 31, 2025 and 2024 was \$129.6 million and \$982.9 million, respectively.

LEVEL 3 INVESTMENT VALUATION TECHNIQUES AND SIGNIFICANT UNOBSERVABLE INPUTS

The following table summarizes the significant unobservable inputs and valuation methodologies for Level 3 investments as of August 31, 2025 and 2024, in thousands of dollars.

For each investment category and respective valuation technique, the range of the significant unobservable input is dependent on the nature and characteristics of the investment and may vary at each balance sheet date.

INVESTMENT CATEGORIES	FAIR VALUE ¹	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	RANGE		WEIGHTED AVERAGE	IMPACT TO VALUATION FROM AN INCREASE IN INPUT ²
				MIN	MAX		
2025							
Real estate	\$ 5,790,540	Discounted cash flow	Discount rate	7.1%	20.0%	8.3%	Decrease
			Capitalization rate	5.0%	9.0%	7.3%	Decrease
Assets held by other trustees	139,301	Net present value	Discount rate	4.8%	4.8%	N/A	Decrease
TOTAL AMOUNT WITH SIGNIFICANT UNOBSERVABLE INPUTS \$5,929,841							
2024							
Real estate	\$ 5,896,000	Discounted cash flow	Discount rate	7.0%	20.0%	7.8%	Decrease
			Capitalization rate	5.5%	8.8%	7.0%	Decrease
Assets held by other trustees	198,053	Net present value	Discount rate	5.2%	5.2%	N/A	Decrease
TOTAL AMOUNT WITH SIGNIFICANT UNOBSERVABLE INPUTS \$6,094,053							

¹ Level 3 investments of \$1.9 billion at both August 31, 2025 and 2024 are valued using other market comparables or recent transactions as an approximation of fair value.

² Unless otherwise noted, this column represents the directional change in the fair value of the Level 3 investments that would have resulted from an increase to the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these unobservable inputs in isolation would result in significantly higher or lower fair value measurements.

INVESTMENT-RELATED COMMITMENTS

The University is obligated under certain alternative investment agreements to advance additional funding up to specified levels over a period of several years. The following table presents significant terms of such agreements including redemption terms, notice periods, and remaining life for all related alternative investments at August 31, 2025, in thousands of dollars:

ASSET CLASS	FAIR VALUE	UNFUNDED COMMITMENT	REMAINING LIFE (YEARS)	REDEMPTION TERMS
Public equities	\$ 7,584,203	\$ 120,304	0 to 3	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock up expires, redemptions are available on a rolling basis and require 30 to 90 days prior notification.
Real estate	2,897,551	1,045,219	0 to 9	Not eligible for redemption
Natural resources	1,444,783	557,095	0 to 10	Not eligible for redemption
Private equity	21,418,082	5,532,742	0 to 20	Not eligible for redemption
Absolute return	8,913,787	479,341	0 to 3	Generally, lock-up provisions ranging from 0 to 3 years. After initial lock up expires, redemptions are available on a rolling basis and require 30 to 90 days prior notification.
TOTAL	\$42,258,406	\$ 7,734,701		

OFFSETS TO INVESTMENT-RELATED ASSETS AND LIABILITIES

Financial instruments with off-balance sheet risk such as derivatives, securities lending agreements, securities sold, not yet purchased and repurchase agreements are subject to counterparty credit risk. The University seeks to control this risk in various ways, such as entering into transactions with counterparties with high creditworthiness, establishing and monitoring credit limits, and requiring collateral in certain situations.

The University generally maintains master netting agreements and collateral agreements with its counterparties. These agreements provide the University the right to net a counterparty's rights and obligations under the agreement and to liquidate and offset collateral against any net amount owed by the counterparty, in the event of default by the counterparty, such as bankruptcy or a failure to pay or perform. For certain derivatives, a master netting arrangement allows the counterparty to net any of its applicable liabilities or payment obligations to the University against any collateral previously provided or received (see Note 7).

The University may enter into repurchase and reverse repurchase agreements to sell or purchase securities to or from the counterparty with an agreement to repurchase or sell the same securities from or to the counterparty at a predetermined price.

The following table presents information about the gross amounts of assets and liabilities, the offset of these instruments and the related collateral amounts as of August 31, 2025 and 2024, in thousands of dollars:

	GROSS AMOUNTS OF ASSETS AND LIABILITIES	OFFSET AMOUNTS	NET AMOUNTS	COLLATERAL RECEIVED (PLEGGED) ²	NET EXPOSURE
2025					
Assets:					
Derivatives ¹	\$ 809	\$ (6,699)	\$ (5,890)	\$ (5,890)	\$ —
Repurchase agreements ³	637,507	—	637,507	637,507	—
TOTAL	638,316	(6,699)	631,617	631,617	—
Liabilities:					
Derivatives ¹	6,699	(6,699)	—	—	—
TOTAL	\$ 6,699	\$ (6,699)	\$ —	\$ —	\$ —
2024					
Assets:					
Derivatives ¹	\$ 10,319	\$ (16,192)	\$ (5,873)	\$ (5,873)	\$ —
Repurchase agreements ³	531,219	—	531,219	531,219	—
TOTAL	541,538	(16,192)	525,346	525,346	—
Liabilities:					
Derivatives ¹	16,192	(16,192)	—	—	—
TOTAL	\$ 16,192	\$ (16,192)	\$ —	\$ —	\$ —

¹ Gross derivative assets less gross derivative liabilities are presented as derivatives in the investment assets table.

² These collateral amounts received (pledged) are limited to the asset balance and accordingly, do not include any excess collateral received.

³ Repurchase agreements are included in cash and short-term investments in the investment assets table.

INVESTMENT RETURNS

Total investment returns for the years ended August 31, 2025 and 2024, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Investment income	\$ 607,678	\$ 127,945	\$ 13,092	\$ 748,715
Net realized and unrealized gains	4,490,725	570,091	170,162	5,230,978
TOTAL INVESTMENT RETURNS, NET	\$ 5,098,403	\$ 698,036	\$ 183,254	\$ 5,979,693
Reconciliation to <i>Statements of Activities</i> :				
Total investment income distributed for operations	\$ 2,402,344	\$ 1,009	\$ 13,236	\$ 2,416,589
Increase (decrease) in reinvested gains:				
Without donor restrictions	998,912	689,603	111,770	1,800,285
With donor restrictions	1,578,826	7,424	57,856	1,644,106
Change in value of split-interest agreements, net	55,075	—	392	55,467
Adjustments for actuarial re-evaluations and maturities of split-interest agreements	63,246	—	—	63,246
TOTAL INVESTMENT RETURNS, NET	\$ 5,098,403	\$ 698,036	\$ 183,254	\$ 5,979,693
2024				
Investment income	\$ 567,494	\$ 37,543	\$ 3,067	\$ 608,104
Net realized and unrealized gains	2,346,570	532,327	144,437	3,023,334
TOTAL INVESTMENT RETURNS, NET	\$ 2,914,064	\$ 569,870	\$ 147,504	\$ 3,631,438
Reconciliation to <i>Statements of Activities</i> :				
Total investment income distributed for operations	\$ 2,211,063	\$ 1,851	\$ 13,183	\$ 2,226,097
Increase (decrease) in reinvested gains:				
Without donor restrictions	(127,035)	562,033	90,348	525,346
With donor restrictions	704,556	5,986	41,104	751,646
Change in value of split-interest agreements, net	57,670	—	2,869	60,539
Adjustments for actuarial re-evaluations and maturities of split-interest agreements	67,810	—	—	67,810
TOTAL INVESTMENT RETURNS, NET	\$ 2,914,064	\$ 569,870	\$ 147,504	\$ 3,631,438

Investment returns are net of current and deferred net investment income excise taxes, investment management expenses, including both external management fees and internal University investment-related salaries, benefits and operating expenses.

FUTURE MINIMUM RENTAL INCOME

As part of its investment portfolio, Stanford holds certain investment properties that it leases to third parties. Future minimum rental income due from the Stanford Shopping Center, the Stanford Research Park and other properties under non-cancellable leases in effect with tenants at August 31, 2025, in thousands of dollars, is as follows:

YEAR ENDING AUGUST 31	FUTURE MINIMUM RENTAL INCOME			
	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2026	\$ 181,243	\$ 4,565	\$ 938	\$ 186,746
2027	169,824	4,252	747	174,823
2028	170,115	3,035	393	173,543
2029	166,475	2,175	322	168,972
2030	162,683	952	27	163,662
Thereafter	2,649,209	8,056	—	2,657,265
TOTAL	\$ 3,499,549	\$ 23,035	\$ 2,427	\$ 3,525,011

7. Derivatives

Stanford, directly or through external investment managers on Stanford's behalf, utilizes various strategies to reduce investment and credit risks, to serve as a temporary surrogate for investment in stocks and bonds, to manage interest rate exposure on debt, and/or to manage specific exposure to foreign currencies. Futures, options and other derivative instruments are used to adjust elements of investment exposures to various securities, sectors, markets and currencies without actually taking a position in the underlying asset or basket of assets. Interest rate swaps are used to manage interest rate risk. With respect to foreign currencies, Stanford utilizes forward contracts and foreign currency options to manage exchange rate risk.

INVESTMENT-RELATED DERIVATIVES

The following table presents amounts for investment-related derivatives, including the notional amount, the fair values at August 31, 2025 and 2024, and gains and losses for the years ended August 31, 2025 and 2024, in thousands of dollars:

	NOTIONAL AMOUNT ¹	GROSS DERIVATIVE ASSETS ²	GROSS DERIVATIVE LIABILITIES ²	REALIZED AND UNREALIZED GAINS (LOSSES) ³
	AS OF AUGUST 31			YEAR ENDED AUGUST 31
2025				
Foreign exchange contracts	\$ 12,170	\$ 112	\$ 1	\$ (792)
Equity contracts	392,648	697	6,698	1,675
TOTAL	\$ 404,818	\$ 809	\$ 6,699	\$ 883
2024				
Foreign exchange contracts	\$ 14,607	\$ 325	\$ —	\$ (578)
Equity contracts	813,347	9,994	16,192	1,675
TOTAL	\$ 827,954	\$ 10,319	\$ 16,192	\$ 1,097

¹ The notional amount is representative of the volume and activity of the respective derivative type during the years ended August 31, 2025 and 2024.

² Gross derivative assets less gross derivative liabilities were \$(5.9) million at both August 31, 2025 and 2024 and are presented within derivatives in the investment table in Note 6.

³ Gains and losses on derivatives are included in the Statements of Activities line "Increase (decrease) in reinvested gains" in "Non-operating activities."

DEBT-RELATED DERIVATIVES

The University and SHC use interest rate exchange agreements to manage the interest rate exposure of their debt portfolios. Under the terms of the current agreements, the entities pay a fixed interest rate, determined at inception, and receive a variable rate on the underlying notional principal amount. Generally, the exchange agreements require mutual posting of collateral by the University and SHC and the counterparties if the termination values exceed a predetermined threshold dollar amount.

At August 31, 2025, the University had interest rate exchange agreements related to \$97.0 million of the outstanding balance of the CEFA Series S bonds in variable rate mode (see Note 9). The agreements, which have a weighted average interest rate of 3.68%, expire November 1, 2039. The notional amount and the fair value of the exchange agreements are included in the table below. Collateral posted with various counterparties was \$3.4 million at both August 31, 2025 and 2024, and is included in the *Consolidated Statements of Financial Position*. In addition, the University issued an irrevocable standby letter of credit of \$15.0 million to support collateral requirements at August 31, 2025 and 2024 (see Note 9).

At August 31, 2025, SHC had interest rate exchange agreements expiring through November 2051 (see Note 9). The agreements require SHC to pay fixed interest rates to the counterparties varying from 3.69% to 4.08% in exchange for variable rate payments from the counterparties based on a percentage of the Secured Overnight Financing Rate (SOFR) plus an applicable 1-Month spread. In November 2023, SHC terminated four of its nine outstanding swaps at a termination cost of \$18.5 million. The terminated swaps had a notional amount of \$234.6 million and were not classified as hedging instruments. The notional amount and the fair value of the remaining exchange agreements are included in the table below. There was no cash collateral posted with counterparties at August 31, 2025 and 2024.

The following table presents amounts for debt-related derivatives including the notional amount, the fair values at August 31, 2025 and 2024, and gains and losses for the years ended August 31, 2025 and 2024, in thousands of dollars:

	AS OF AUGUST 31, 2025		YEAR ENDED AUGUST 31, 2025	AS OF AUGUST 31, 2024		YEAR ENDED AUGUST 31, 2024
	NOTIONAL AMOUNT ¹	GROSS DERIVATIVE LIABILITIES ²	UNREALIZED GAIN ³	NOTIONAL AMOUNT ¹	GROSS DERIVATIVE LIABILITIES ²	UNREALIZED LOSS ³
Debt-related interest-rate contracts:						
University	\$ 97,000	\$ 10,481	\$ 3,795	\$ 97,000	\$ 14,276	\$ (1,843)
SHC	337,375	55,155	22,351	337,925	77,506	(2,072)
TOTAL	\$ 434,375	\$ 65,636	\$ 26,146	\$ 434,925	\$ 91,782	\$ (3,915)

¹The notional amount is representative of the volume and activity of the respective derivative type during the years ended August 31, 2025 and 2024.

²Fair value is measured using Level 2 inputs as defined in Note 6. Amounts are included in the Statements of Financial Position in "Accounts payable and accrued expenses" and discussed more fully in Note 9.

³Gain (loss) on derivatives are included in the Statements of Activities as "Swap interest and change in value of swap agreements" in "Non-operating activities".



8. Plant Facilities

Plant facilities, net of accumulated depreciation, at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Land and improvements	\$ 931,241	\$ 212,391	\$ 120,605	\$ 1,264,237
Buildings and building improvements	11,419,441	4,584,317	2,210,680	18,214,438
Furniture, fixtures and equipment	2,552,419	1,830,021	534,476	4,916,916
Utilities	1,169,752	—	—	1,169,752
Construction in progress	533,617	675,880	71,589	1,281,086
	16,606,470	7,302,609	2,937,350	26,846,429
Less accumulated depreciation	(7,815,427)	(3,031,326)	(1,082,424)	(11,929,177)
PLANT FACILITIES, NET OF ACCUMULATED DÉPRECIATION	\$ 8,791,043	\$ 4,271,283	\$ 1,854,926	\$ 14,917,252
2024				
Land and improvements	\$ 917,373	\$ 202,878	\$ 120,605	\$ 1,240,856
Buildings and building improvements	11,018,876	4,481,863	1,992,567	17,493,306
Furniture, fixtures and equipment	2,410,954	1,788,457	524,636	4,724,047
Utilities	1,117,039	—	—	1,117,039
Construction in progress	577,367	426,930	203,548	1,207,845
	16,041,609	6,900,128	2,841,356	25,783,093
Less accumulated depreciation	(7,350,841)	(2,900,612)	(1,019,329)	(11,270,782)
PLANT FACILITIES, NET OF ACCUMULATED DÉPRECIATION	\$ 8,690,768	\$ 3,999,516	\$ 1,822,027	\$ 14,512,311

9. Notes and Bonds Payable

The University borrows at tax-exempt interest rates through the California Educational Facilities Authority (CEFA), a conduit issuer. The University also issues taxable debt directly. Both taxable and tax-exempt debt are general unsecured obligations of the University, and the University is responsible for the repayment of all its debt. SHC and LPCH borrow at tax-exempt interest rates through the California Health Facilities Financing Authority (CHFFA), a conduit issuer. CHFFA debt is a general obligation of each of the hospitals. Payments of principal and interest on SHC's bonds are collateralized by a gross receivables pledge. LPCH's bonds are collateralized by a pledge of their revenues. SHC and LPCH also issue taxable debt directly. Each hospital is responsible for the repayment of its respective debt.

Notes and bonds payable for the University, SHC, and LPCH at August 31, 2025 and 2024, in thousands of dollars, are presented in the table below. The University is not an obligor or guarantor with respect to any obligations of SHC or LPCH, nor are SHC or LPCH obligors or guarantors with respect to obligations of the University or each other.

Consolidated Financial Statements

	YEAR OF MATURITY	EFFECTIVE INTEREST RATE * 2025/2024	OUTSTANDING PRINCIPAL	
			2025	2024
UNIVERSITY:				
Tax-exempt:				
CEFA Fixed Rate Revenue Bonds:				
Series S	2040	3.18%	\$ 30,210	\$ 30,210
Series T	2026-2039	4.28%-4.30%	111,775	137,135
Series U	2033-2046	2.71%-4.25%	1,043,090	1,043,090
Series V	2029-2055	1.83%-3.12%	1,255,100	983,775
CEFA Variable Rate Revenue Bonds and Notes:				
Series S	2040-2051	2.46%-2.73%/3.10%-3.48%	141,200	141,200
Commercial Paper	2025	3.10%-3.58%	—	57,500
Taxable:				
Fixed Rate Notes and Bonds:				
Medium Term Note	2026	7.65%	—	50,000
Stanford University Series 2012	2042	4.01%	143,235	143,235
Stanford University Series 2013	2044	3.56%	150,115	150,115
Stanford University Series 2014	2054	4.25%	150,000	150,000
Stanford University Series 2015	2047	3.46%	250,000	250,000
Stanford University Series 2017	2048	3.65%	750,000	750,000
Stanford University Series 2019	2029	3.09%	121,000	121,000
Stanford University Series 2020	2027-2050	1.29%-2.41%	750,000	750,000
Stanford University Series 2025	2030-2035	4.15%-4.68%	827,000	—
Other	2036	3.37%	74,004	79,964
Commercial Paper	2025	5.20%-5.35%	—	223,415
Revolving Credit Facilities	2027	5.74%	—	8,683
University notes and bonds payable			5,796,729	5,069,322
Unamortized issuance costs, premiums, and discounts, net			454,879	438,057
UNIVERSITY TOTAL			\$ 6,251,608	\$ 5,507,379
SHC:				
CHFFA Fixed Rate Revenue Bonds:				
2015 Series A	2052-2054	4.10%	\$ 100,000	\$ 100,000
2017 Series A	2026-2041	2.93%/2.91%	406,350	423,965
2020 Series A	2050	2.70%	170,120	170,120
2021 Series A	2025	0.42%	—	157,715
2023 Series A	2033	3.20%	260,545	260,545
2025 Series A	2026-2054	4.63%	149,580	—
2025 Series B	2033-2035	3.40%	266,540	—
2018 Series Taxable Bonds	2049	3.80%	500,000	500,000
2020 Series Taxable Bonds	2030	3.31%	300,000	300,000
2021 Series Taxable Bonds	2051	3.03%	365,100	365,100
CHFFA Variable Rate Revenue Bonds:				
2008 Series B	2042-2046	2.19%/2.78%	168,200	168,200
SHC notes and bonds payable			2,686,435	2,445,645
Unamortized issuance costs, premiums, and discounts, net			124,476	97,880
SHC TOTAL			\$ 2,810,911	\$ 2,543,525
LPCH:				
CHFFA Fixed Rate Revenue Bonds:				
2016 Series A	2016-2033	2.60%/2.57%	50,505	50,505
2016 Series B	2052-2055	3.34%	100,000	100,000
2017 Series A	2019-2057	3.17%	184,550	184,745
2022 Series A	2023-2051	2.60%/2.55%	191,070	197,620
2024 Series A	2024-2043	3.55%	88,175	91,035
2024 Series B	2034	3.50%	89,280	89,280
LPCH notes and bonds payable			703,580	713,185
Unamortized issuance costs, premiums, and discounts, net			76,548	80,361
LPCH TOTAL			\$ 780,128	\$ 793,546
CONSOLIDATED TOTAL			\$ 9,842,647	\$ 8,844,450

*Exclusive of interest rate exchange agreements (see Note 7).

The University's long-term ratings of AAA/AAA/Aaa were affirmed in July 2025 by S&P Global Ratings (S&P), Fitch Ratings (Fitch) and Moody's Investors Service (Moody's), respectively. In May 2025, SHC's long-term ratings were affirmed by S&P and Fitch, and upgraded by Moody's at AA-/AA/Aa2, respectively. In May and June 2025, LPCH's long-term ratings of A+/AA-/A1 were affirmed by S&P, Fitch, and Moody's, respectively.

SHC is party to a separate master trust indenture that includes provisions that limit property liens and requires the maintenance of certain financial ratios. LPCH is party to a separate master trust indenture that includes, among other requirements, limitations on the incurrence of additional indebtedness, liens on property, restrictions on disposition or transfer of assets and compliance with certain

financial ratios. Subject to applicable no-call provisions, SHC and LPCH may cause the redemption of the bonds, in whole or in part, prior to the stated maturities.

UNIVERSITY

Debt issuances and repayment activity

In August 2025, the University issued taxable fixed rate bonds (Series 2025B) in the amount of \$500.0 million, maturing on August 1, 2030, and bearing an interest yield of 4.15%. Proceeds are to be used for general University purposes.

In March 2025, CEFA, on behalf of the University, issued its tax-exempt Series V-4 and V-5 bonds. Series V-4 was issued in the amount of \$100.0 million plus an original issue premium of \$15.3 million as a 7 year put bond with final maturity of March 1, 2055, with a coupon rate of 5.00% and an effective interest rate of 2.58%. Series V-5 was issued in the amount of \$171.3 million plus an original issue premium of \$32.4 million as a 10 year put bond with final maturity of March 1, 2055, with a coupon rate of 5.00% and an effective interest rate of 2.81%. Both series will be used to finance and/or refinance certain capital projects of the University.

Additionally in March 2025, the University issued taxable fixed rate bonds (Series 2025A) in the amount of \$327.0 million, maturing on March 1, 2035, and bearing an interest yield of 4.68%. Proceeds are to be used for general University purposes.

In December 2024, the University called and prepaid \$25.4 million of CEFA series T-3 tax-exempt bonds and \$50.0 million of taxable series Medium Term Notes (Tranche 1), due March 2026 and June 2026 respectively.

In February 2024, taxable Stanford University Bonds in the amount of \$150.0 million matured and were refinanced by taxable commercial paper and later refinanced with a portion of Series 2025A in March 2025.

The University has two unsecured revolving credit facilities. One credit facility has a capacity of \$300.0 million and maturity date of August 30, 2027 and the other has a capacity of \$100.0 million and maturity date of December 30, 2026. Funds drawn on the revolving credit facilities bear interest at the applicable SOFR plus a specified margin. The amount outstanding on these credit facilities was \$0 and \$8.7 million at August 31, 2025 and 2024, respectively.

Variable rate debt subject to remarketing or tender

The University had \$141.2 million of revenue bonds in variable rate mode outstanding at August 31, 2025. CEFA Series S bonds bear interest at a commercial paper municipal rate for various interest periods of 270 days or less. In the event the University receives notice of any optional tender of these bonds, or if the bonds become subject to mandatory tender, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, the University will have a current obligation to purchase the bonds tendered. The University has identified several sources of funding including cash, money market funds, U.S. Treasury securities and agencies' discount notes to provide for the full and timely purchase price of any bonds tendered in the event of a failed remarketing.

The University's taxable and tax-exempt commercial paper authorized borrowing capacity was \$500.0 million and \$300.0 million, respectively, at both August 31, 2025 and 2024. Taxable commercial paper of \$0 and \$223.4 million was outstanding at August 31, 2025 and 2024, respectively. Tax-exempt commercial paper of \$0 and \$57.5 million was outstanding at August 31, 2025 and 2024, respectively.

SHC

Debt activity

In June 2025, CHFFA, on behalf of SHC, issued fixed rate 2025 Series A Revenue Bonds (2025 Series A) in the aggregate principal amount of \$149.6 million plus an original issue premium of \$7.8 million. Proceeds of the 2025 Series A bonds were used to current refund the 2021 Series A bonds, which had a mandatory put date of August 15, 2025.

In June 2025, CHFFA, on behalf of SHC, issued fixed rate 2025 Series B Revenue Bonds (2025 Series B) in the aggregate principal amount of \$266.5 million plus an original issue premium of \$33.5 million. Proceeds of the 2025 Series B bonds were used to reimburse expenditures related to SHC's original hospital facility and Redwood City Medical Office Building projects. Proceeds from the issuance were also used to refinance \$50.0 million in aggregate principal of outstanding tax-exempt commercial paper.

In September 2023, CHFFA, on behalf of SHC, issued fixed rate 2023 Series A Revenue Bonds (2023 Series A) in the aggregate principal amount of \$260.5 million plus an original issue premium of \$39.5 million. Proceeds of the 2023 Series A bonds were used to reimburse expenditures related to the re-design, remodel, and renovation of SHC’s original hospital facility.

SHC has a \$200.0 million tax-exempt commercial paper facility for bridge financing of certain capital expenditures. SHC also has a \$150.0 million taxable commercial paper facility for general corporate purposes. No amounts were outstanding as of August 31, 2025 and 2024.

SHC has a revolving line of credit facility, which has a maturity date of November 2027, for general corporate purposes. Drawdowns from the facility bear interest at the SOFR plus an applicable spread. The size of the facility is \$150.0 million, of which \$50.0 million is earmarked for the issuance of stand-by letters of credit. There were no amounts drawn on this credit facility as of August 31, 2025 and 2024.

Variable rate debt

At August 31, 2025, SHC had \$168.2 million of revenue bonds in variable rate mode outstanding. The 2008 Series B bonds are supported by SHC's self-liquidity. In the event SHC receives a tender notice of any of the 2008 Series B bonds, the purchase price of the bonds will be paid from the remarketing of such bonds. However, if the remarketing proceeds are insufficient, SHC has an obligation to purchase any remaining bonds. SHC maintains sufficient liquidity to provide for the full and timely purchase price of any bonds tendered in the event of a failed remarketing.

LPCH

Debt activity

In June 2024, CHFFA issued, on behalf of LPCH, two series refunding revenue bonds in the aggregate par amount of \$180.3 million, with a premium of \$20.8 million (collectively, “2024 Bonds”). Proceeds of the 2024 Bonds were used for the legal defeasance and redemption of the 2014 Series A and B bonds and payments of costs of issuance. The coupon interest rates for the 2024 Bonds is 5.0% over the life of the bonds. The defeasance of 2014 Bonds resulted in an accounting gain of \$4.4 million recognized in "other changes in net assets without donor restrictions" in the *Consolidated Statements of Activities*. The 2024 Series B bonds include a bullet maturity feature resulting in a required refinancing in 2034.

LPCH has a \$200.0 million revolving credit facility with a maturity date of June 2026. Drawdowns from the facility bear interest at the SOFR plus an applicable margin based on credit rating. There were no amounts drawn on the line of credit as of August 31, 2025 and 2024.

LETTERS OF CREDIT

In August 2024, the University entered into a credit agreement, under which up to \$65.0 million is available for letters of credit and \$300.0 million for revolving credit. Irrevocable standby letters of credit outstanding as of August 31, 2025, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Security for workers compensation insurance	\$ 12,820	\$ 29,774	\$ 12,095	\$ 54,689
Collateral for interest rate exchange agreements	15,000	—	—	15,000
Other	3,943	2,210	1,422	7,575
TOTAL	\$ 31,763	\$ 31,984	\$ 13,517	\$ 77,264
Amounts drawn as of August 31, 2025	\$ —	\$ —	\$ —	\$ —
Amounts drawn as of August 31, 2024	\$ —	\$ —	\$ —	\$ —

INTEREST

Stanford's interest expense, which includes amortized bond issuance costs and amortized bond premium or discount, is recorded in "Other operating expenses". Interest expense for the years ended August 31, 2025 and 2024, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Interest expense, gross	\$ 182,843	\$ 83,035	\$ 30,324	\$ 296,202
Less:				
Interest income earned on unspent bond proceeds	(7,382)	—	—	(7,382)
Interest capitalized as a cost of construction	(2,814)	(3,687)	—	(6,501)
Interest expense which is classified as an investment expense	(3,556)	—	—	(3,556)
INTEREST EXPENSE, NET	\$ 169,091	\$ 79,348	\$ 30,324	\$ 278,763
2024				
Interest expense, gross	\$ 178,439	\$ 80,394	\$ 30,830	\$ 289,663
Less:				
Interest income earned on unspent bond proceeds	(6,574)	—	—	(6,574)
Interest capitalized as a cost of construction	(4,032)	(3,110)	—	(7,142)
Interest expense which is classified as an investment expense	(3,772)	—	—	(3,772)
INTEREST EXPENSE, NET	\$ 164,061	\$ 77,284	\$ 30,830	\$ 272,175

The University and SHC use interest rate exchange agreements to manage the interest rate exposure of their debt portfolios. University net payments on interest rate exchange agreements were \$495 thousand and \$27 thousand for the years ended August 31, 2025 and 2024, respectively. SHC net payments on interest rate exchange agreements were \$2.7 million and \$776 thousand for the years ended August 31, 2025 and 2024, respectively.

PRINCIPAL PAYMENTS

At August 31, 2025, scheduled principal payments on notes and bonds, in thousands of dollars, are as follows:

YEAR ENDING AUGUST 31	PRINCIPAL PAYMENTS			
	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2026 Variable debt subject to remarketing	\$ 141,200	\$ 168,200	\$ —	\$ 309,400
2026 Other	6,167	20,315	10,085	36,567
2027	306,380	21,255	10,615	338,250
2028	6,596	22,300	11,655	40,551
2029	169,660	23,375	12,245	205,280
2030	507,067	324,530	12,860	844,457
Thereafter	4,659,659	2,106,460	646,120	7,412,239
TOTAL	\$ 5,796,729	\$ 2,686,435	\$ 703,580	\$ 9,186,744

10. Net Assets

Net assets without donor restrictions include Board-designated funds functioning as endowment (see *Note 11*), net investment in plant facilities and other operating funds.

Net assets with donor restrictions consist primarily of endowment gifts that are limited for long-term investment, and accumulated appreciation that may be appropriated for expenditure by the University (see *Note 11*). Net assets with donor restrictions also include gifts and pledges that are subject to donor-imposed restrictions that expire with the passage of time, payment of pledges, and/or actions of the University, and other funds including Stanford's net equity in split-interest agreements and student loans.

Net assets at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025					
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Board designated endowment - Funds functioning as endowment	\$ 17,628,665	\$ —	\$ 165,376	\$ —	\$ 17,794,041
Net investment in plant facilities and other plant funds	4,912,041	2,245,121	1,074,798	—	8,231,960
Operating funds	5,634,064	6,498,811	1,430,501	(234,748)	13,328,628
Total net assets without donor restrictions	28,174,770	8,743,932	2,670,675	(234,748)	39,354,629
NET ASSETS WITH DONOR RESTRICTIONS					
Subject to expenditure for specified purpose:					
Unspent gifts and gifts with undecided purpose restrictions	959,937	—	—	—	959,937
Plant facilities	371,326	18,078	205,331	—	594,735
Total	1,331,263	18,078	205,331	—	1,554,672
Subject to passage of time:					
Pledges receivable	1,120,711	18,087	94,489	74,013	1,307,300
Other funds	425,305	48,132	70,393	—	543,830
Total	1,546,016	66,219	164,882	74,013	1,851,130
Subject to University's spending policy:					
Accumulated appreciation	12,898,714	34,174	269,204	—	13,202,092
Subject to restrictions in perpetuity:					
Endowment funds	10,078,253	15,662	290,231	—	10,384,146
Pledges receivable	1,439,213	—	686	—	1,439,899
Other funds	335,291	—	—	—	335,291
Total	11,852,757	15,662	290,917	—	12,159,336
Total net assets with donor restrictions	27,628,750	134,133	930,334	74,013	28,767,230
TOTAL NET ASSETS	\$55,803,520	\$8,878,065	\$3,601,009	\$ (160,735)	\$ 68,121,859



Consolidated Financial Statements

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2024					
NET ASSETS WITHOUT DONOR RESTRICTIONS					
Board designated endowment - Funds functioning as endowment	\$ 16,672,429	\$ —	\$ 152,740	\$ —	\$ 16,825,169
Net investment in plant facilities and other plant funds	4,763,983	2,242,153	1,028,480	—	8,034,616
Operating funds	5,635,273	5,447,334	1,357,149	(198,530)	12,241,226
Total net assets without donor restrictions	27,071,685	7,689,487	2,538,369	(198,530)	37,101,011
NET ASSETS WITH DONOR RESTRICTIONS					
Subject to expenditure for specified purpose:					
Gifts with undecided purpose restrictions	897,221	—	—	—	897,221
Plant facilities	434,441	12,607	180,294	—	627,342
Total	1,331,662	12,607	180,294	—	1,524,563
Subject to passage of time:					
Pledges receivable	1,222,637	35,756	96,628	35,999	1,391,020
Other funds	380,607	44,920	82,759	—	508,286
Total	1,603,244	80,676	179,387	35,999	1,899,306
Subject to University's spending policy:					
Accumulated appreciation	11,178,886	29,063	225,464	—	11,433,413
Subject to restrictions in perpetuity:					
Endowment funds	9,603,764	15,868	280,913	—	9,900,545
Pledges receivable	1,320,985	—	5,544	—	1,326,529
Other funds	357,362	—	—	—	357,362
Total	11,282,111	15,868	286,457	—	11,584,436
Total net assets with donor restrictions	25,395,903	138,214	871,602	35,999	26,441,718
TOTAL NET ASSETS	\$52,467,588	\$7,827,701	\$3,409,971	\$ (162,531)	\$ 63,542,729



11. Endowments

The University classifies a substantial portion of its financial resources as endowment, which is invested to generate income to support operating and strategic initiatives. The endowment, which includes endowed lands, is comprised of donor-restricted endowment funds and funds functioning as endowment (FFE). Depending on the nature of the donor's stipulation, these resources are recorded as net assets with donor restrictions or net assets without donor restrictions. Term endowments are similar to other endowment funds except that, upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended. Accordingly, term endowments are classified as net assets with donor restrictions until expiration of the term or completion of the donor restriction. FFE are University resources designated by the Board as endowment and are invested for long-term appreciation and current income. These assets, however, remain available and may be spent at the Board's discretion. Accordingly, FFE are recorded as net assets without donor restrictions.

Stanford classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment with donor restrictions and (b) accumulations to the endowment with donor restrictions made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining accumulation to the endowment funds that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument, is classified as net assets with donor restrictions until those amounts are authorized for expenditure.

Endowment funds by net asset classification at August 31, 2025 and 2024, in thousands of dollars, are as follows:

	2025	2024
University endowment		
Endowment funds without donor restrictions:		
Funds functioning as endowment	\$ 17,628,665	\$ 16,672,429
Endowment funds with donor restrictions:		
Original donor-restricted gift amount and gains maintained in perpetuity	10,078,253	9,603,764
Term endowment and related gains	294,342	273,665
Additional accumulated gains available for expenditure, subject to spending policy	12,785,286	11,081,201
Total endowment funds with donor restrictions	23,157,881	20,958,630
University endowment	40,786,546	37,631,059
LPCH endowment		
Endowment funds without donor restrictions:		
Funds functioning as endowment	165,376	152,740
Endowment funds with donor restrictions	545,076	509,638
LPCH endowment	710,452	662,378
SHC endowment funds with donor restrictions	49,836	44,931
TOTAL ENDOWMENT FUNDS	\$ 41,546,834	\$ 38,338,368

Most of Stanford's endowment is invested in the MP. The return objective for the MP is to generate optimal long-term total return while maintaining an appropriate level of risk. Investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). Portfolio asset allocation targets as well as expected risk, return and correlation among the asset classes are reevaluated regularly by Stanford Management Company.

UNIVERSITY

Changes in the University’s endowment, excluding pledges, for the years ended August 31, 2025 and 2024, in thousands of dollars, are as follows:

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
2025			
Endowment, beginning of year	\$ 16,672,429	\$ 20,958,630	\$ 37,631,059
Total investment returns, net	1,267,380	2,703,306	3,970,686
Amounts distributed for operations	(766,029)	(1,180,392)	(1,946,421)
Gifts, transfers and other changes in endowment:			
Current year gifts and pledge payments	14,955	487,898	502,853
Transfers of prior year gifts	322	131,541	131,863
Added to FFE reserves	463,537	—	463,537
Other funds added to (withdrawn from) the endowment, net	(23,928)	56,897	32,969
Total gifts, transfers and other changes in endowment	454,886	676,336	1,131,222
Total net increase (decrease) in endowment	956,237	2,199,250	3,155,487
ENDOWMENT, END OF YEAR	\$ 17,628,666	\$ 23,157,880	\$ 40,786,546
2024			
Endowment, beginning of year	\$ 16,841,959	\$ 19,652,934	\$ 36,494,893
Total investment returns, net	237,112	1,783,077	2,020,189
Amounts distributed for operations	(715,744)	(1,106,568)	(1,822,312)
Gifts, transfers and other changes in endowment:			
Current year gifts and pledge payments	911	562,906	563,817
Transfers of prior year gifts	3	42,374	42,377
Added to FFE reserves	264,509	—	264,509
Other funds added to the endowment, net	43,679	23,907	67,586
Total gifts, transfers and other changes in endowment	309,102	629,187	938,289
Total net increase (decrease) in endowment	(169,530)	1,305,696	1,136,166
ENDOWMENT, END OF YEAR	\$ 16,672,429	\$ 20,958,630	\$ 37,631,059

Approximately 11% of the University’s endowment is invested in real estate on Stanford's lands, including the Stanford Research Park. This portion of the endowment includes the present value of ground leases, and rental properties that have been developed on Stanford lands. The net operating income from these properties is distributed each year for University operations.

Through the combination of investment strategy and payout policy, the University strives to provide a reasonably consistent payout from endowment to support operations, while preserving the purchasing power of the endowment adjusted for inflation.

The Board approves the amounts to be paid out annually from endowment funds invested in the MP. Consistent with the Uniform Prudent Management of Institutional Funds Act, when determining the appropriate payout the Board considers the purposes of the University and the endowment, the duration and preservation of the endowment, general economic conditions, the possible effect of inflation or deflation, the expected return from income and the appreciation of investments, other resources of the University, and the University’s investment policy.

The Board approved spending rate for fiscal years 2025 and 2024 was 5.25%. The payout amount is determined by applying a smoothing rule designed to mitigate the impact of short-term market volatility on the flow of funds to support operations. The Board has the authority to override the smoothing rule and set the payout rate directly. The sources of payout are earned income on endowment assets (interest, dividends, rents and royalties), and realized capital gains, as needed and as available.

SHC

SHC's endowment is intended to generate investment income to support its current operating and strategic initiatives. SHC invests all of its endowment in the University's MP. The endowments are subject to the same investment and spending strategies that the University employs. "Amounts distributed for operations" in the table below represents SHC's current year endowment payout spent for designated purposes. All of SHC's endowment is donor restricted. Changes in SHC's endowment, excluding pledges, for the years ended August 31, 2025 and 2024, in thousands of dollars, are as follows:

	2025	2024
Endowment, beginning of year	\$ 44,931	\$ 41,729
Total investment returns, net	5,788	3,491
Amounts distributed for operations	(677)	(613)
Gifts and pledge payments	(206)	324
Total net increase in endowment	4,905	3,202
ENDOWMENT, END OF YEAR	\$ 49,836	\$ 44,931



LPCH

LPCH's endowment is intended to generate investment income to support its current operating and strategic initiatives. The endowment includes funds held by LPCH and LPFCH. LPCH is the sole member of LPFCH, a public charity, whose mission is to elevate the priority of children's health and increase the quality and accessibility of children's health care through leadership and direct investment. LPCH invests the majority of its endowment in the University's MP, and LPFCH invests its endowment in other long-term investments.

LPCH's endowment is subject to the same investment and spending strategies that the University employs for its donor-restricted and board designated funds functioning as an endowment that provide for annual amounts (payout) to be distributed to appropriate restricted funds supporting operating and strategic activities of LPCH.

LPFCH's endowment is approved as board designated funds functioning as endowment by LPFCH's Board of Directors. LPFCH has a policy of appropriating for distribution each year an amount determined annually based on budget needs. The annual distribution is expected to average no more than 5% of the endowment fund's fair value. For individual years, it is expected to fall within a target range of 4.75% to 5.25% of the endowment fund's average fair value over the prior 12 quarters. Unspent program budget may be spent in future years subject to certain limits. LPFCH's Board of Directors may also appropriate an amount outside this target range. Accordingly, depending on anticipated activity and timing of the grant opportunities, actual spending may fall outside of the range. In establishing this policy, the LPFCH considered the long term expected return on its endowment. Over the long term, the LPFCH expects the current spending policy to allow its endowment to grow at a rate of expected inflation. This is consistent with the LPFCH's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through investment return.

Changes in LPCH's endowment, excluding pledges, for the years ended August 31, 2025 and 2024, in thousands of dollars, are as follows:

	NET ASSETS WITHOUT DONOR RESTRICTIONS	NET ASSETS WITH DONOR RESTRICTIONS	TOTAL
2025			
Endowment, beginning of year	\$ 152,740	\$ 509,638	\$ 662,378
Total investment returns, net	16,547	56,328	72,875
Amounts distributed for operations	(3,911)	(13,236)	(17,147)
Gifts and pledge payments	—	3,977	3,977
Other	—	(11,631)	(11,631)
Total net increase in endowment	12,636	35,438	48,074
ENDOWMENT, END OF YEAR	\$ 165,376	\$ 545,076	\$ 710,452
2024			
Endowment, beginning of year	\$ 145,276	\$ 482,181	\$ 627,457
Total investment returns, net	13,290	41,588	54,878
Amounts distributed for operations	(5,826)	(13,183)	(19,009)
Gifts and pledge payments	—	9,498	9,498
Other	—	(10,446)	(10,446)
Total net increase in endowment	7,464	27,457	34,921
ENDOWMENT, END OF YEAR	\$ 152,740	\$ 509,638	\$ 662,378



12. Health Care Services Revenue

SHC and LPCH derive a majority of health care services revenue from contractual agreements with Medicare, Medi-Cal and other third-party payers that provide for payments at amounts different from established rates. Payments under these agreements and programs are based on a variety of payment models, including estimated retroactive audit adjustments under reimbursement agreements with third-party payers. Retroactive adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods, as final settlements are determined. Contracts, laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation. As a result, it is reasonably possible that recorded estimates may change by a material amount in the near term. A summary of payment arrangements with major third-party payers follows.

Medicare

Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Medicare reimburses hospitals for covered outpatient services rendered to its beneficiaries by way of an outpatient prospective payment system based on ambulatory payment classifications.

Inpatient non-acute services, certain outpatient services and medical education costs related to Medicare beneficiaries are paid based, in part, on a cost reimbursement methodology subject to final settlement after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The estimated amounts due to or from the program are reviewed and adjusted annually based on the status of such audits and any subsequent appeals. Differences between final settlements and amounts accrued in previous years are reported as adjustments to net health care services revenue in the year examination is substantially completed. Medicare cost reports have been audited by the Medicare administrative contractor through August 31, 2018 for SHC and August 31, 2019 for LPCH.

Professional services are reimbursed based on a fee schedule.

Medicare Managed Care

Medicare Part C also known as Medicare Advantage is a type of Medicare plan offered by private insurance carriers that provide members with access to both inpatient and outpatient health care services. The majority of Medicare Advantage Plans include prescription drug coverage and come in the form of Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs). Medicare Advantage plans typically reimburse healthcare providers at Medicare rates

Medi-Cal

The State reimburses hospitals for inpatient services rendered to Medi-Cal program beneficiaries using an All Patient Refined-Diagnosis Related Group (APR-DRG) methodology. Hospital outpatient and professional services are reimbursed based upon prospectively determined fee schedules.

The California Children's Services (CCS) Program is a partnership between state and counties that provides medical case management for children in California diagnosed with serious chronic diseases. Currently, approximately 70% of CCS-eligible children are also Medi-Cal eligible. The Medi-Cal program reimburses their care.

Medi-Cal Managed Care

Health plans for patients who qualify for Medi-Cal are first covered under Medi-Cal Fee for Service ('FFS') before the patients choose a health plan which provides health care services through established networks of organized systems of care. Negotiated contracts with Medi-Cal managed care health plans typically reimburse 100% of Medi-Cal fee for service rates.

Managed Care - discounted fee for services

SHC and LPCH have entered into agreements with numerous third-party payers to provide patient care to beneficiaries under a variety of payment arrangements. These include arrangements with:

- Commercial insurance companies which reimburse at negotiated charges.
- Managed care contracts such as those with HMOs and PPOs, which reimburse at contracted or per diem rates, which are usually less than full charges.
- Counties in the State of California, which reimburse for certain indigent patients covered under county contracts.



Uninsured

For uninsured patients that do not qualify for charity care, revenue is recognized on the basis of standard rates for services less an uninsured discount applied to the patient’s account and an implicit pricing concession that approximates the average discount for managed care payers.

Premium Revenue

SHC has capitated agreements with various HMOs to provide medical services to enrollees. Under these agreements, monthly payments are received based on the number of health plan enrollees. Premium revenue is recognized in the month in which the member is eligible for Medicare services as "Health care services" in the *Consolidated Statements of Activities*. Costs are accrued when services are rendered under these contracts, including cost estimates of incurred but not reported (“IBNR”) claims. The IBNR accrual (which is included in "Accounts payable and accrued expenses") includes an estimate of the costs of services for which SHC is responsible, including referrals to outside healthcare providers.

The following table presents health care services revenue, net of price concessions, for the years ended August 31, in thousands of dollars:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025					
Patient care revenue, net:					
Medicare	\$ —	\$ 1,538,580	\$ 10,780	\$ —	\$ 1,549,360
Medicare managed care	—	694,558	—	—	694,558
Medi-Cal	—	63,164	336,749	—	399,913
Medi-Cal managed care	—	612,737	163,260	—	775,997
Managed care - discounted fee for services	—	5,887,315	2,105,249	—	7,992,564
Self pay and other	—	318,331	244,429	—	562,760
Physician services and support (see Note 1)	2,072,657	50,686	—	(2,123,343)	—
Total patient care revenue, net	2,072,657	9,165,371	2,860,467	(2,123,343)	11,975,152
Premium revenue	—	41,318	—	—	41,318
Other services and support	53,498	—	—	(10,013)	43,485
HEALTH CARE SERVICES REVENUE, NET	\$2,126,155	\$9,206,689	\$2,860,467	\$ (2,133,356)	\$ 12,059,955
2024					
Patient care revenue, net:					
Medicare	\$ —	\$ 1,519,060	\$ 6,142	\$ —	\$ 1,525,202
Medicare managed care	—	575,948	—	—	575,948
Medi-Cal	—	255,202	651,888	—	907,090
Medi-Cal managed care	—	500,387	—	—	500,387
Managed care - discounted fee for services	—	5,405,126	1,881,501	—	7,286,627
Self pay and other	—	376,163	202,643	—	578,806
Physician services and support (see Note 1)	1,844,608	49,436	—	(1,894,044)	—
Total patient care revenue, net	1,844,608	8,681,322	2,742,174	(1,894,044)	11,374,060
Premium revenue	—	56,709	—	—	56,709
Other services and support	55,200	—	—	(10,392)	44,808
HEALTH CARE SERVICES REVENUE, NET	\$1,899,808	\$8,738,031	\$2,742,174	\$ (1,904,436)	\$ 11,475,577

For the years ended August 31, 2025 and 2024, SHC recognized net health care services revenue adjustments of \$21.4 million and \$144.6 million, respectively, as a result of prior years’ favorable developments related to reimbursement and appeals. LPCH had no significant adjustments to revenue for the years ended August 31, 2025 and 2024.

Charity Care and Community Benefits

SHC and LPCH provide charity care, free of charge, to vulnerable populations. SHC’s estimated cost of providing charity care was \$25.4 million and \$29.1 million, and LPCH’s estimated cost of providing charity care was \$1.8 million and \$2.7 million for the years ended August 31, 2025 and 2024, respectively. This cost is estimated by calculating a ratio of total costs to gross patient service charges at established rates, and then multiplying that ratio by gross uncompensated patient service charges at established rates associated with providing care to charity patients.

SHC and LPCH also provide services to other patients under the Medicare, Medi-Cal and other publicly sponsored programs, which reimburse at amounts less than the cost of the services provided to the recipients. Estimated costs in excess of reimbursements for the Medicare, Medi-Cal and other publicly sponsored programs for the years ended August 31, 2025 and 2024 were \$2.1 billion and \$2.0 billion for SHC, respectively. For LPCH, estimated cost in excess of reimbursements for Medi-Cal and other publicly sponsored programs for the years ended August 31, 2025 and 2024 were \$343.6 million and \$365.7 million, respectively.

Provider Fee

The State of California enacted legislation in 2013 which established a Hospital Quality Assurance Fee (QAF) Program and a Hospital Fee Program. These programs impose a provider fee on certain California general acute care hospitals that, combined with federal matching funds, is used to provide supplemental payments to certain hospitals and support the State’s effort to maintain health care coverage for children. California’s participation in these programs was made permanent by a ballot initiative passed in November 2016. Specific portions of the program covering the period from January 1, 2023 to December 31, 2024 have not yet been approved by the Centers for Medicare and Medicaid Services (CMS). Accordingly, for unapproved programs related to January 1, 2023 through August 31, 2025 provider fees paid are recorded as prepaid expense and supplemental payments received are recorded as deferred revenue, and no revenue or expense has been recognized in the *Consolidated Statements of Activities*.

Provider fee revenue is recorded in "Health care services" while provider fee expense is recorded in "Other operating expenses" in the *Consolidated Statements of Activities*. Provider fee revenue, net of expense, under the approved portions of the programs for the years ended August 31, in thousands of dollars, is as follows:

	SHC	LPCH	CONSOLIDATED
2025			
Revenue	\$ 13,544	\$ 18,091	\$ 31,635
Expense	(12,847)	(7,055)	(19,902)
TOTAL	\$ 697	\$ 11,036	\$ 11,733
2024			
Revenue	\$ 206,672	\$ 205,008	\$ 411,680
Expense	(117,910)	(68,491)	(186,401)
TOTAL	\$ 88,762	\$ 136,517	\$ 225,279

Deferred revenue and prepaid expense associated with unapproved programs will be recognized as revenue and expense upon CMS approval. Deferred revenue and prepaid expense as of August 31, 2025 and 2024, in thousands of dollars, is as follows:

	SHC	LPCH	CONSOLIDATED
2025			
Deferred revenue	\$ 60,665	\$ 63,293	\$ 123,958
Prepaid expense	\$ 44,185	\$ 26,206	\$ 70,391
2024			
Deferred revenue	\$ 12,175	\$ 22,806	\$ 34,981
Prepaid expense	\$ 8,730	\$ 5,357	\$ 14,087

13. Gifts and Pledges

Gifts and pledges reported for financial statement purposes are recorded on the accrual basis. The following summarizes gifts and pledges reported for the years ended August 31, 2025 and 2024, per the *Consolidated Statements of Activities*, in thousands of dollars:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025					
Current year gifts in support of operations	\$ 298,718	\$ 25,452	\$ 5,670	\$ —	\$ 329,840
Donor advised funds, net	(86,028)	—	—	—	(86,028)
Current year gifts not included in operations	14,954	—	—	—	14,954
Gifts and pledges, net - with donor restrictions	1,030,874	(838)	121,053	6,726	1,157,815
TOTAL	\$ 1,258,518	\$ 24,614	\$ 126,723	\$ 6,726	\$ 1,416,581
2024					
Current year gifts in support of operations	\$ 259,879	\$ 177	\$ 5,312	\$ —	\$ 265,368
Donor advised funds, net	(64,292)	—	—	—	(64,292)
Current year gifts not included in operations	911	—	—	—	911
Gifts and pledges, net - with donor restrictions	958,312	7,145	73,509	14,650	1,053,616
TOTAL	\$ 1,154,810	\$ 7,322	\$ 78,821	\$ 14,650	\$ 1,255,603

14. Functional Expenses

Expenses are presented by functional classification in alignment with Stanford’s mission of teaching, research and health care.

Major functional categories consist of the following:

- **Instruction and departmental research** includes teaching and internally funded research expenses.
- **Organized research - direct costs** include sponsored support costs.
- **Health care services** include patient care provided by SHC, LPCH, SOM faculty, and other health care related activities.
- **Auxiliary activities** include housing and dining services, intercollegiate athletics, Stanford Alumni Association, and other activities.
- **SLAC construction** includes the costs associated with major projects and facilities at the SLAC National Accelerator Laboratory.

Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques such as square footage and time and effort. Depreciation and facility operations and maintenance expenses are allocated to the functional categories directly or based on the square footage occupancy. Salaries and benefits expenses are allocated to functional categories directly based on time and effort incurred. Expense allocation methods for financial statements differ from those used for other purposes, such as governmental surveys.



Expenses by functional and natural classification for the years ended August 31, 2025 and 2024, in thousands of dollars, are as follows:

	SALARIES AND BENEFITS	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL OPERATING EXPENSES
2025				
UNIVERSITY				
Instruction and departmental research	\$ 2,156,973	\$ 164,559	\$ 819,974	\$ 3,141,506
Organized research - direct costs	1,075,709	90,095	713,068	1,878,872
Health care services	1,406,257	4,071	27,158	1,437,486
Auxiliary activities	259,211	161,685	390,172	811,068
Administration and general	517,767	57,376	267,826	842,969
Student services	261,203	7,882	201,764	470,849
Libraries	85,445	77,826	73,402	236,673
Development	130,177	4,489	21,395	156,061
SLAC construction	70,956	—	104,713	175,669
TOTAL EXPENSES	5,963,698	567,983	2,619,472	9,151,153
SHC				
Health care services	3,904,839	258,453	4,247,752	8,411,044
Administration and general	319,258	17,570	226,964	563,792
Development	1,562	—	16,437	17,999
TOTAL EXPENSES	4,225,659	276,023	4,491,153	8,992,835
LPCH				
Health care services	1,312,288	81,112	1,243,567	2,636,967
Administration and general	117,835	5,106	144,852	267,793
Development	27,565	693	12,797	41,055
TOTAL EXPENSES	1,457,688	86,911	1,401,216	2,945,815
ELIMINATIONS				
Health care services	—	—	(2,014,075)	(2,014,075)
Administration and general	—	—	(116,333)	(116,333)
Development	—	—	(23,948)	(23,948)
TOTAL ELIMINATIONS	—	—	(2,154,356)	(2,154,356)
CONSOLIDATED				
Instruction and departmental research	2,156,973	164,559	819,974	3,141,506
Organized research - direct costs	1,075,709	90,095	713,068	1,878,872
Health care services	6,623,384	343,636	3,504,402	10,471,422
Auxiliary activities	259,211	161,685	390,172	811,068
Administration and general	954,860	80,052	523,309	1,558,221
Student services	261,203	7,882	201,764	470,849
Libraries	85,445	77,826	73,402	236,673
Development	159,304	5,182	26,681	191,167
SLAC construction	70,956	—	104,713	175,669
TOTAL EXPENSES	\$11,647,045	\$ 930,917	\$ 6,357,485	\$18,935,447



	SALARIES AND BENEFITS	DEPRECIATION	OTHER OPERATING EXPENSES	TOTAL EXPENSES
2024				
UNIVERSITY				
Instruction and departmental research	\$ 1,999,106	\$ 151,917	\$ 800,343	\$ 2,951,366
Organized research - direct costs	1,019,035	83,162	620,853	1,723,050
Health care services	1,230,475	3,915	27,813	1,262,203
Auxiliary activities	238,190	155,984	376,154	770,328
Administration and general	473,710	52,961	250,674	777,345
Student services	246,610	7,276	183,803	437,689
Libraries	78,039	73,725	69,022	220,786
Development	119,362	4,142	20,729	144,233
SLAC construction	55,746	—	74,346	130,092
TOTAL EXPENSES	5,460,273	533,082	2,423,737	8,417,092
SHC				
Health care services	3,616,758	272,513	3,935,250	7,824,521
Administration and general	297,137	19,517	249,863	566,517
Development	1,479	—	16,148	17,627
TOTAL EXPENSES	3,915,374	292,030	4,201,261	8,408,665
LPCH				
Health care services	1,245,448	77,745	1,202,916	2,526,109
Administration and general	106,488	3,625	121,892	232,005
Development	30,095	1,431	17,279	48,805
TOTAL EXPENSES	1,382,031	82,801	1,342,087	2,806,919
ELIMINATIONS				
Health care services	—	—	(1,870,179)	(1,870,179)
Administration and general	—	—	(36,071)	(36,071)
Development	—	—	(17,436)	(17,436)
TOTAL ELIMINATIONS	—	—	(1,923,686)	(1,923,686)
CONSOLIDATED				
Instruction and departmental research	1,999,106	151,917	800,343	2,951,366
Organized research - direct costs	1,019,035	83,162	620,853	1,723,050
Health care services	6,092,681	354,173	3,295,800	9,742,654
Auxiliary activities	238,190	155,984	376,154	770,328
Administration and general	877,335	76,103	586,358	1,539,796
Student services	246,610	7,276	183,803	437,689
Libraries	78,039	73,725	69,022	220,786
Development	150,936	5,573	36,720	193,229
SLAC construction	55,746	—	74,346	130,092
TOTAL EXPENSES	\$10,757,678	\$ 907,913	\$ 6,043,399	\$17,708,990



15. University Retirement Plans

The University provides retirement benefits through both defined contribution and defined benefit retirement plans for substantially all of its employees.

DEFINED CONTRIBUTION PLAN

The University offers a defined contribution plan to eligible faculty and staff through the *Stanford Contributory Retirement Plan (SCR)*. Employer contributions are based on a percentage of participant annual compensation, participant contributions and years of service. University and participant contributions are primarily invested in annuities and mutual funds. University contributions under the SCR, which are vested immediately to participants, were \$283.7 million and \$259.5 million for the years ended August 31, 2025 and 2024, respectively.

DEFINED BENEFIT PLANS

The University provides retirement and postretirement medical and other benefits through the *Staff Retirement Annuity Plan*, the *Faculty Retirement Incentive Program*, and the *Postretirement Benefit Plan* (the “Plans”). The obligations for the Plans, net of plan assets, are recorded in the *Consolidated Statements of Financial Position* as “Accrued pension and postretirement benefit obligations.” These plans are described in more detail below.

Staff Retirement Annuity Plan

Retirement benefits for certain employees are provided through the *Staff Retirement Annuity Plan (SRAP)*, a noncontributory plan. While the SRAP is closed to new participants, certain employees continue to accrue benefits. Contributions to the plan are made in accordance with the Employee Retirement Income Security Act (ERISA) based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants.

Faculty Retirement Incentive Program

The University provides a retirement incentive bonus for eligible faculty through the University *Faculty Retirement Incentive Program (FRIP)*. The University’s faculty may become eligible for the FRIP program if they commit to retire within a designated window of time. At August 31, 2025 and 2024, there were no program assets. The University funds benefit payouts as they are incurred.

Postretirement Benefit Plan

The University provides medical, dental, and vision benefits for retired employees through its *Postretirement Benefit Plan (PRBP)*. The University’s employees and their covered dependents may become eligible for the PRBP upon the employee’s retirement and meeting specific years of service and age criteria. Retiree health plans are paid for, in part, by retiree contributions, which are adjusted annually. The University’s subsidy varies depending on whether the retiree is covered under the legacy design or the defined dollar benefit design. The University provides Medicare and non-Medicare medical plans to eligible retirees and their dependents.



The change in the Plans' assets, the related change in benefit obligations and the amounts recognized in the financial statements, in thousands of dollars, are as follows:

	SRAP	FRIP	PRBP	TOTAL
2025				
Fair value of plan assets, beginning of year	\$ 210,083	\$ —	\$ 292,919	\$ 503,002
Change in plan assets:				
Actual return on plan assets	7,183	—	32,080	39,263
Employer contributions	—	12,926	13,299	26,225
Plan participants' contributions	—	—	21,319	21,319
Benefits and plan expenses paid	(20,623)	(12,926)	(55,541) *	(89,090)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	196,643	—	304,076	500,719
Benefit obligation, beginning of year	212,077	172,930	621,209	1,006,216
Change in projected benefit obligation:				
Service cost	841	9,344	22,346	32,531
Interest cost	9,804	8,326	31,379	49,509
Plan participants' contributions	—	—	21,319	21,319
Plan amendments	320	—	26,160	26,480
Actuarial gain	(3,000)	(11,177)	(20,895)	(35,072)
Benefits and plan expenses paid	(20,623)	(12,926)	(55,541) *	(89,090)
BENEFIT OBLIGATION, END OF YEAR	199,419	166,497	645,977	1,011,893
NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION	\$ (2,776)	\$ (166,497)	\$ (341,901)	\$ (511,174)
<i>* Net of Medicare subsidy of \$1.7 million</i>				
2024				
Fair value of plan assets, beginning of year	\$ 203,196	\$ —	\$ 261,260	\$ 464,456
Change in plan assets:				
Actual return on plan assets	26,097	—	46,368	72,465
Employer contributions	—	11,155	10,805	21,960
Plan participants' contributions	—	—	21,064	21,064
Benefits and plan expenses paid	(19,210)	(11,155)	(46,578) *	(76,943)
FAIR VALUE OF PLAN ASSETS, END OF YEAR	210,083	—	292,919	503,002
Benefit obligation, beginning of year	216,017	164,013	545,157	925,187
Change in projected benefit obligation:				
Service cost	742	8,737	17,613	27,092
Interest cost	10,731	8,349	28,636	47,716
Plan participants' contributions	—	—	21,064	21,064
Actuarial loss	3,797	2,986	55,317	62,100
Benefits and plan expenses paid	(19,210)	(11,155)	(46,578) *	(76,943)
BENEFIT OBLIGATION, END OF YEAR	212,077	172,930	621,209	1,006,216
NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION	\$ (1,994)	\$ (172,930)	\$ (328,290)	\$ (503,214)
<i>* Net of Medicare subsidy of \$1.6 million</i>				

The accumulated benefit obligation for the SRAP was \$199.2million and \$211.7million at August 31, 2025 and 2024, respectively.

Net periodic benefit expense and non-operating activities related to the Plans for the years ended August 31, 2025 and 2024, in thousands of dollars, includes the following components:

	SRAP	FRIP	PRBP	TOTAL
2025				
Service cost	\$ 841	\$ 9,344	\$ 22,346	\$ 32,531
PERIODIC BENEFIT EXPENSE	841	9,344	22,346	32,531
Non-operating:				
Interest cost	9,804	8,326	31,379	49,509
Expected return on plan assets	(10,787)	—	(19,040)	(29,827)
Amortization of:				
Prior service cost	706	—	373	1,079
Actuarial gain	—	(583)	—	(583)
Non-operating periodic benefit cost	(277)	7,743	12,712	20,178
NET PERIODIC BENEFIT COST¹	564	17,087	35,058	52,709
Non-operating periodic benefit cost	(277)	7,743	12,712	20,178
New prior service cost	320	—	26,160	26,480
Net actuarial loss (gain)	604	(11,177)	(33,935)	(44,508)
Amortization of:				
Prior service cost	(706)	—	(373)	(1,079)
Actuarial gain	—	583	—	583
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	\$ (59)	\$ (2,851)	\$ 4,564	\$ 1,654
2024				
Service cost	\$ 742	\$ 8,737	\$ 17,613	\$ 27,092
PERIODIC BENEFIT EXPENSE	742	8,737	17,613	27,092
Non-operating:				
Interest cost	10,731	8,349	28,636	47,716
Expected return on plan assets	(11,339)	—	(16,982)	(28,321)
Amortization of:				
Prior service cost	850	—	373	1,223
Actuarial loss (gain)	433	(919)	(1,450)	(1,936)
Non-operating periodic benefit cost	675	7,430	10,577	18,682
NET PERIODIC BENEFIT COST¹	1,417	16,167	28,190	45,774
Non-operating periodic benefit cost	675	7,430	10,577	18,682
Net actuarial loss (gain)	(10,961)	2,986	25,931	17,956
Amortization of:				
Prior service cost	(850)	—	(373)	(1,223)
Actuarial gain (loss)	(433)	919	1,450	1,936
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	\$ (11,569)	\$ 11,335	\$ 37,585	\$ 37,351

¹The components of net periodic benefit cost other than service cost are included in "Pension and other postemployment benefit related changes other than service cost" in the Statement of Activities.

Cumulative amounts recognized in non-operating activities, but not yet recognized in net periodic benefit cost in the *Consolidated Statements of Activities*, are presented in the following table for the years ended August 31, 2025 and 2024, in thousands of dollars:

	SRAP	FRIP	PRBP	TOTAL
2025				
Prior service cost	\$ 894	\$ —	\$ 27,169	\$ 28,063
Net actuarial loss (gain)	19,923	(35,959)	(83,632)	(99,668)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	\$ 20,817	\$ (35,959)	\$ (56,463)	\$ (71,605)
2024				
Prior service cost	\$ 1,280	\$ —	\$ 1,382	\$ 2,662
Net actuarial loss (gain)	19,319	(25,365)	(49,697)	(55,743)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	\$ 20,599	\$ (25,365)	\$ (48,315)	\$ (53,081)

ACTUARIAL ASSUMPTIONS

The weighted average assumptions used to determine the benefit obligations and net periodic benefit cost for the Plans are shown below:

	SRAP		FRIP		PRBP	
	2025	2024	2025	2024	2025	2024
BENEFIT OBLIGATIONS						
Discount rate	5.22%	4.94%	5.39%	5.03%	5.70%	5.16%
Covered payroll growth rate	3.00%	3.00%	4.78%	4.78%	N/A	N/A
NET PERIODIC BENEFIT COST						
Discount rate	4.94%	5.31%	5.03%	5.35%	5.16%	5.37%
Expected returns on plan assets	5.50%	6.00%	N/A	N/A	6.50%	6.50%
Covered payroll growth rate	3.00%	3.00%	4.78%	4.80%	N/A	N/A

The expected long-term rate of return on asset assumptions for the SRAP and PRBP plans is 6.00% and 7.00%, respectively. The assumption is used in determining the expected returns on plan assets, a component of net periodic benefit expense (income), representing the expected return for the upcoming fiscal year on plan assets. This assumption is developed based on future expectations for returns in each asset class, as well as the target asset allocation of the portfolios. The use of expected long-term returns on plan assets may result in income that is greater or less than the actual returns of those plan assets in any given year. Over time, however, the expected long-term returns are designed to approximate the actual long-term returns, and therefore result in a pattern of income and cost recognition that more closely matches the pattern of the services provided by the employees. Differences between actual and expected returns are recognized as a component of non-operating activities and amortized as a component of net periodic benefit expense (income) over the service or life expectancy of the plan participants, depending on the plan, provided such amounts exceed the accounting standards threshold.

To determine the accumulated PRBP obligation at August 31, 2025, a 8.30% and 7.70% annual rate of increase in the cost of covered health care for Medical Pre-65 and Medical Post-65, respectively, was assumed for calendar year 2025 with these rates declining gradually to 4.00% by 2051 and remaining at this rate thereafter.

EXPECTED CONTRIBUTIONS

The University expects to contribute \$12.0 million to the FRIP, \$30.1 million to the PRBP, and does not expect to contribute to the SRAP during the fiscal year ending August 31, 2026.

EXPECTED BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid for the years ending August 31, in thousands of dollars:

YEAR ENDING AUGUST 31	PRBP				
	SRAP	FRIP	EXCLUDING MEDICARE SUBSIDY	EXPECTED MEDICARE PART D SUBSIDY	
2026	\$ 26,129	\$ 11,970	\$ 31,124	\$ 1,069	
2027	18,061	13,406	31,746	—	
2028	17,671	12,751	33,629	—	
2029	16,737	11,369	35,482	—	
2030	16,188	12,134	37,318	—	
2031 - 2035	69,240	73,644	213,009	—	

INVESTMENT STRATEGY

The University’s Retirement Program Investment Committee, acting in a fiduciary capacity, has established formal investment policies for the assets associated with the University’s funded plans (SRAP and PRBP). The investment strategy of the plans is to preserve and enhance the value of the plans’ assets within acceptable levels of risk. Investments in the plans are diversified among asset classes, striving to achieve an optimal balance between risk and return, and income and capital appreciation. Because the liabilities of each of the plans are long-term, the investment horizon is primarily long-term, with adequate liquidity to meet short-term benefit payment obligations.

CONCENTRATION OF RISK

The University manages a variety of risks, including market, credit, and liquidity risks, across its plan assets. Concentration of risk is defined as an undiversified exposure to one of the above-mentioned risks that increases the exposure of the loss of plan assets unnecessarily. Risk is minimized by predominately investing in broadly diversified index funds for public equities and fixed income. As of August 31, 2025, the University did not have concentrations of risk in any single entity, counterparty, sector, industry or country.

PLAN ASSETS AND ALLOCATIONS

Current U.S. GAAP defines a hierarchy of valuation inputs for the determination of the fair value of plan assets as described in Note 6. As of August 31, 2025 and 2024, all of the assets of the PRBP and substantially all of the assets of the SRAP were categorized as Level 1 investments. The fair value of plan assets by asset category, in thousands of dollars, at August 31, 2025 and 2024 and actual allocations and weighted-average target allocations at August 31, 2025 are as follows:

	2025	2024	2025 ACTUAL ALLOCATION	2025 TARGET ALLOCATION
SRAP:				
Cash and cash equivalents	\$ 2,525	\$ 15,909	1%	—%
Public equities	50,615	61,666	26%	26%
Fixed income	143,503	132,508	73%	74%
TOTAL	196,643	210,083	100%	100%
PRBP:				
Cash and cash equivalents	3,328	—	1%	—%
Public equities	225,144	221,609	74%	75%
Fixed income	75,604	71,310	25%	25%
TOTAL	304,076	292,919	100%	100%
TOTAL PLAN ASSETS AT FAIR VALUE	\$ 500,719	\$ 503,002		

16. SHC and LPCH Retirement Plans

SHC and LPCH provide retirement benefits through defined benefit and defined contribution retirement plans covering substantially all of its regular employees.

DEFINED CONTRIBUTION PLAN

The Hospitals offer a defined contribution plan to eligible employees. Employer contributions to the defined contribution retirement plan are based on a percentage of participant annual compensation, participant contributions and years of service. SHC contributions under the plan, which are vested immediately to participants, were \$249.5 million and \$225.8 million, and LPCH contributed \$92.4 million and \$82.9 million for the years ended August 31, 2025 and 2024, respectively.

DEFINED BENEFIT PLANS

The Hospitals provide retirement and postretirement medical benefits through the SHC *Staff Pension Plan*, and the SHC *Postretirement Medical Benefit Plan*, collectively (the “Plans”). The obligations for the Plans, net of plan assets, are recorded in the *Consolidated Statements of Financial Position* as “Accrued pension and postretirement benefit obligations.” These plans are described in more detail below.

Staff Pension Plan

Certain employees of SHC and LPCH were covered by the SHC *Staff Pension Plan* (the “Pension Plan”), a noncontributory, defined benefit pension plan. Benefits were based on years of service and the employee’s compensation. Contributions to the plan were made in accordance with ERISA based on actuarially determined amounts sufficient to meet the benefits to be paid to plan participants. SHC and LPCH have an arrangement whereby SHC assumed the pension liability of the LPCH employees and previously leased employees. LPCH was required to reimburse SHC for the annual expense incurred for these employees and previously leased employees.

In April 2021, the SHC Board of Directors approved a resolution to terminate the Pension Plan. As of January 31, 2024, the Pension Plan was fully settled, and all benefit obligations released. Plan participants elected to receive either a lump-sum distribution or to transfer benefits to a third-party annuity provider. As a result of the settlement, SHC was relieved of any further obligations under the Pension Plan. During fiscal year 2024, pension settlement charges totaling \$51.7 million were recognized. In addition to contributions of \$3.9 million in the year ended August 31, 2024, there were contributions of \$2.3 million to settle the Pension Plan.

Postretirement Medical Benefit Plan

SHC and LPCH provide health care benefits for certain retired employees through the SHC *Postretirement Medical Benefit Plan* (PRMB). The Hospitals’ employees and their covered dependents may become eligible for the PRMB upon the employee’s retirement as early as age 55, with years of service as defined by specific criteria. Retiree health plans are paid, in part, by retiree contributions, which are adjusted annually. The Hospitals’ subsidies vary depending on whether the retiree is covered under the legacy design or the defined dollar benefit design. Medicare supplement options are provided for retirees over age 65. LPCH reimburses SHC for costs related to this plan on a periodic basis.



The change in the Plans' assets, the related change in benefit obligations and the amounts recognized in the financial statements, in thousands of dollars, are as follows:

	STAFF PENSION PLAN		PRMB
2025			
Fair value of plan assets, beginning of year	\$	—	\$ —
Change in plan assets:			
Employer contributions		—	7,632
Plan participants' contributions		—	1,039
Benefits and plan expenses paid		—	(8,671) *
FAIR VALUE OF PLAN ASSETS, END OF YEAR		—	—
Benefit obligation, beginning of year		—	125,092
Change in projected benefit obligation:			
Service cost		—	5,474
Interest cost		—	6,134
Plan participants' contributions		—	1,039
Actuarial gain		—	(1,197)
Benefits and plan expenses paid		—	(8,671) *
Plan amendments		—	21,154
BENEFIT OBLIGATION, END OF YEAR		—	149,025
NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION	\$	—	\$ (149,025)
<i>* Net of Medicare subsidy of \$60 thousand</i>			
2024			
Fair value of plan assets, beginning of year	\$	151,390	\$ —
Change in plan assets:			
Actual return on plan assets		6,264	—
Employer contributions		6,055	7,798
Plan participants' contributions		—	1,068
Benefits and plan expenses paid		(7,365)	(8,866) *
Plan settlements		(156,344)	—
FAIR VALUE OF PLAN ASSETS, END OF YEAR		—	—
Benefit obligation, beginning of year		157,554	115,588
Change in projected benefit obligation:			
Service cost		1,350	5,282
Interest cost		3,448	5,949
Plan participants' contributions		—	1,068
Actuarial loss		1,357	6,071
Benefits and plan expenses paid		(7,365)	(8,866) *
Plan settlements		(156,344)	—
BENEFIT OBLIGATION, END OF YEAR		—	125,092
NET LIABILITY RECOGNIZED IN THE STATEMENTS OF FINANCIAL POSITION	\$	—	\$ (125,092)
<i>* Net of Medicare subsidy of \$64 thousand</i>			



Net periodic benefit cost and non-operating activities related to the Plans for the years ended August 31, 2025 and 2024, in thousands of dollars, includes the following components:

	STAFF PENSION PLAN		PRMB
2025			
Service cost	\$	—	\$ 5,474
PERIODIC BENEFIT EXPENSE		—	5,474
Non-operating:			
Interest cost		—	6,134
Amortization of:			
Prior service cost		—	3,361
Actuarial gain		—	(1,081)
Non-operating net periodic benefit cost		—	8,414
NET PERIODIC BENEFIT COST¹		—	13,888
Non-operating net periodic benefit cost		—	8,414
Net actuarial loss (gain)		—	(1,197)
New prior service cost		—	21,154
Amortization of:			
Prior service cost		—	(3,361)
Actuarial gain		—	1,081
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	\$	—	\$ 26,091
2024			
Service cost	\$	1,350	\$ 5,282
PERIODIC BENEFIT EXPENSE		1,350	5,282
Non-operating:			
Interest cost		3,448	5,949
Expected return on plan assets		(2,602)	—
Amortization of:			
Prior service cost		66	3,361
Actuarial loss (gain)		132	(1,534)
Curtailment loss		821	—
Settlement loss		51,688	—
Non-operating net periodic benefit cost		53,553	7,776
NET PERIODIC BENEFIT COST¹		54,903	13,058
Non-operating net periodic benefit cost		53,553	7,776
Net actuarial loss (gain)		(2,305)	6,071
Amortization of:			
Prior service cost		(887)	(3,361)
Actuarial gain (loss)		(51,820)	1,534
TOTAL AMOUNTS RECOGNIZED IN NON-OPERATING ACTIVITIES	\$	(1,459)	\$ 12,020

¹The components of net periodic benefit cost other than service cost are included in "Pension and other postemployment benefit related changes other than service cost" in the Statements of Activities.



The net periodic benefit cost and amounts recognized in non-operating activities for the PRMB include amounts for both SHC and LPCH employees and is recognized on the Hospitals' respective *Statements of Activities*. The table below presents the amount for each entity as of August 31, 2025 and 2024, in thousands of dollars:

	SHC	LPCH	TOTAL
2025			
Net periodic benefit cost	\$ 10,016	\$ 3,872	\$ 13,888
Amounts recognized in non-operating activities	12,410	5,267	17,677
TOTAL AMOUNT RECOGNIZED IN NET PERIODIC BENEFIT COST AND NON-OPERATING ACTIVITIES	\$ 22,426	\$ 9,139	\$ 31,565
2024			
Net periodic benefit cost	\$ 9,435	\$ 3,623	\$ 13,058
Amounts recognized in non-operating activities	2,112	2,132	4,244
TOTAL AMOUNT RECOGNIZED IN NET PERIODIC BENEFIT COST AND NON-OPERATING ACTIVITIES	\$ 11,547	\$ 5,755	\$ 17,302

Cumulative amounts recognized in non-operating activities, but not yet recognized in net periodic benefit cost in the *Consolidated Statements of Activities*, are presented in the following table for the years ended August 31, 2025 and 2024, in thousands of dollars:

	PRMB	
	2025	2024
Prior service cost	\$ 48,419	\$ 30,626
Net actuarial gain	(19,065)	(18,949)
ACCUMULATED PLAN BENEFIT COSTS NOT YET RECOGNIZED IN NET PERIODIC BENEFIT COST	\$ 29,354	\$ 11,677

ACTUARIAL ASSUMPTIONS

The weighted average assumptions used to determine the benefit obligations and net periodic benefit cost for the Plans are shown below:

	PRMB	
	2025	2024
BENEFIT OBLIGATIONS		
Discount rate	5.57%	5.05%
NET PERIODIC BENEFIT COST		
Discount rate	5.05%	5.34%

To determine the accumulated PRMB obligation at August 31, 2025, a 8.02% for Medical Pre-65 and 8.09% for Medical Post-65 annual rates of increase in the per capita cost of covered health care were assumed for calendar year 2025, declining gradually to 4.00% for both Pre-65 and Post 65, by 2049, and remaining at this rate thereafter.

EXPECTED CONTRIBUTIONS

SHC expects to contribute \$6.3 million to the PRMB during the fiscal year ending August 31, 2026.



EXPECTED BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid for the fiscal years ending August 31, in thousands of dollars:

YEAR ENDING AUGUST 31	PRMB	
	EXCLUDING MEDICARE SUBSIDY	EXPECTED MEDICARE PART D SUBSIDY
2026	\$ 8,365	\$ 121
2027	8,330	47
2028	8,735	40
2029	9,283	34
2030	9,883	29
2031 - 2035	60,146	86



17. Leases

LESSEE

Stanford leases research and development facilities, office spaces, buses, and equipment under operating and finance leases expiring through November 2057. Under the accounting standard for leases, a lease conveys the right to control the use of an identified asset for a period of time in exchange for consideration. On the *Consolidated Statements of Financial Position*, "Right-of-use assets" represent Stanford's right to use an underlying asset for the lease term and "Lease liabilities" represent Stanford's obligation to make lease payments arising from the lease based on the present value of lease payments over the lease term. Lease liabilities do not include lease payments that were not fixed at commencement or lease modification. The lease terms may include options to extend or terminate the lease when it is reasonably certain that Stanford will exercise that option. The exercise of lease renewal options is at Stanford's sole discretion. Stanford uses an incremental borrowing rate for discounting leases, as applicable. Short-term leases less than one year are expensed as incurred. Lease costs are included in "Other operating expenses" on the *Consolidated Statements of Activities*. The University has elected the short-term lease recognition exemption; accordingly, leases with original terms of 12 months or less are expensed as incurred and no right-of-use assets or lease liabilities are recorded.

Supplemental information related to leases, in thousands of dollars, except lease term and discount rate, is as follows:

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
2025					
Operating lease	\$ 416,124	\$ 333,148	\$ 186,697	\$ (104,920)	\$ 831,049
Finance lease	274,679	476	—	—	275,155
TOTAL LEASE RIGHT-OF-USE ASSETS	\$ 690,803	\$ 333,624	\$ 186,697	\$ (104,920)	\$ 1,106,204
Operating lease	\$ 460,863	\$ 350,773	\$ 201,282	\$ (104,920)	\$ 907,998
Finance lease	299,883	478	—	—	300,361
TOTAL LEASE LIABILITY	\$ 760,746	\$ 351,251	\$ 201,282	\$ (104,920)	\$ 1,208,359
2024					
Operating lease	\$ 409,137	\$ 381,413	\$ 192,383	\$ (99,801)	\$ 883,132
Finance lease	213,363	—	—	—	213,363
TOTAL LEASE RIGHT-OF-USE ASSETS	\$ 622,500	\$ 381,413	\$ 192,383	\$ (99,801)	\$ 1,096,495
Operating lease	\$ 446,745	\$ 396,355	\$ 207,087	\$ (99,801)	\$ 950,386
Finance lease	232,905	—	—	—	232,905
TOTAL LEASE LIABILITY	\$ 679,650	\$ 396,355	\$ 207,087	\$ (99,801)	\$ 1,183,291

	UNIVERSITY		SHC		LPCH	
	2025	2024	2025	2024	2025	2024
WEIGHTED-AVERAGE REMAINING LEASE TERM IN YEARS:						
Operating lease	21.88	22.56	5.21	6.05	5.47	6.11
Finance lease	23.11	25.85	4.51	N/A	N/A	N/A
WEIGHTED-AVERAGE DISCOUNT RATE:						
Operating lease	4.71%	3.32%	4.66%	4.49%	3.20%	2.94%
Finance lease	3.94%	2.75%	4.78%	N/A	N/A	N/A

The components of lease expenses, in thousands of dollars, are as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Operating lease cost	\$ 50,232	\$ 92,282	\$ 41,580	\$ 184,094
Finance lease cost:				
Amortization of leased assets	15,130	49	—	15,179
Interest on lease liabilities	6,515	11	—	6,526
Variable lease cost	7,837	15,381	6,971	30,189
Short-term lease cost	11,142	7,607	1,165	19,914
Sublease income	(6,495)	(3,794)	(4,040)	(14,329)
TOTAL LEASE COST	\$ 84,361	\$ 111,536	\$ 45,676	\$ 241,573
2024				
Operating lease cost	\$ 47,915	\$ 89,997	\$ 38,872	\$ 176,784
Finance lease cost:				
Amortization of leased assets	14,654	—	—	14,654
Interest on lease liabilities	6,097	—	—	6,097
Variable lease cost	7,130	11,877	8,876	27,883
Short-term lease cost	11,434	7,151	334	18,919
Sublease income	(7,137)	(4,114)	(2,565)	(13,816)
TOTAL LEASE COST	\$ 80,093	\$ 104,911	\$ 45,517	\$ 230,521

Supplemental cash flow information related to leases, in thousands of dollars, is as follows:

	UNIVERSITY	SHC	LPCH	CONSOLIDATED
2025				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 43,100	\$ 93,833	\$ 41,680	\$ 178,613
Operating cash flows from finance leases	6,515	11	—	6,526
Financing cash flows from finance leases	9,471	48	—	9,519
Obtaining right-of-use assets in exchange for lease liabilities:				
Operating leases	\$ 38,209	\$ 33,344	\$ 29,933	\$ 101,486
Finance leases	77,012	526	—	77,538
2024				
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from operating leases	\$ 40,432	\$ 86,900	\$ 38,613	\$ 165,945
Operating cash flows from finance leases	6,097	—	—	6,097
Financing cash flows from finance leases	9,131	—	—	9,131
Obtaining right-of-use assets in exchange for lease liabilities:				
Operating leases	\$ 10,807	\$ 138,450	\$ 19,513	\$ 168,770
Finance leases	1,002	—	—	1,002

Maturities of lease liabilities for periods subsequent to August 31, 2025, in thousands of dollars, are as follows:

YEAR ENDING AUGUST 31	MATURITY OF LEASE LIABILITIES					CONSOLIDATED
	UNIVERSITY	SHC	LPCH	ELIMINATIONS		
2026	\$ 62,751	\$ 94,838	\$ 42,638	\$ (22,035)	\$	178,192
2027	67,752	86,134	40,352	(22,501)		171,737
2028	64,195	71,718	39,861	(22,912)		152,862
2029	61,768	53,208	36,893	(22,812)		129,057
2030	44,922	32,760	32,164	(24,250)		85,596
Thereafter	804,793	56,178	26,450	(13,862)		873,559
TOTAL LEASE PAYMENTS	1,106,181	394,836	218,358	(128,372)		1,591,003
LESS IMPUTED INTEREST	(345,435)	(43,585)	(17,076)	23,452		(382,644)
TOTAL	\$ 760,746	\$ 351,251	\$ 201,282	\$ (104,920)	\$	1,208,359

LESSOR

Stanford holds investment properties that it leases to external parties under non-cancellable operating leases. Stanford receives minimum rental income over the life of the lease; however, certain of the leases include variable rental payments that are based on a percentage of the tenant sales in excess of contractual amount. Certain leases include options for lessee to extend or terminate the lease. The University employs a comprehensive risk management strategy for the residual value of the leased assets. This strategy includes ground lease agreements that require the return of assets in first-class condition, regular inspections of the properties, market assessments, and the analysis of historical data to predict asset values at the end of the lease term. The University also monitors economic trends and industry forecasts to adjust our leasing terms and pricing models accordingly.

Rental income is recognized over time in accordance with the contractual term of the related lease agreements. Total rental income under these leases for the years ended August 31, 2025 and 2024 was \$319.5 million and \$287.6 million for the University, \$3.8 million and \$7.6 million for SHC, and \$1.1 million and \$1.2 million for LPCH, respectively. See Note 6 for future minimum rental income under non-cancellable leases.



18. Related Party Transactions

Members of the University, SHC, and LPCH boards and senior management may, from time to time, be associated, either directly or indirectly, with companies that conduct business with Stanford. Related party transactions such as gifts and pledges, net, faculty and staff mortgages, and investments occur in the normal course of operations and do not have a material effect on Stanford's financial position. Stanford related parties include affiliates, trusts, members of the Board of Trustees and senior management, their family members, and any entities with which they are associated that may conduct business with Stanford.

The University, SHC and LPCH have separate written conflict of interest policies that require, among other items, that no member of their respective board can participate in any decision in which he or she (or an immediate family member) has a material financial interest. Each board member is required to certify compliance with his or her respective entity's conflict of interest policy on an annual basis and indicate whether his or her respective entity does business with any entity in which the board member has a material financial interest. When such relationships exist, measures are taken to mitigate any actual or perceived conflict, including requiring that such transactions be conducted at arm's length, for good and sufficient consideration, based on terms that are fair and reasonable to and for the benefit of the respective entity, and in accordance with applicable conflict of interest laws and policies. No such associations are considered to be significant.

The University, SHC, and LPCH each requires its senior management to disclose annually any significant financial interests in, or employment or consulting relationships with, entities doing business with it. These annual disclosures cover both senior management and their immediate family members. When such relationships exist, measures are taken to appropriately manage the actual or perceived conflict in the best interests of the relevant entity.



19. Commitments and Contingencies

LABOR AGREEMENTS

Approximately 6% of the University's, 39% of SHC's and 47% of LPCH's employees are covered under union contract arrangements and are, therefore, subject to labor stoppages when contracts expire. The University's agreement with the Service Employees International Union (SEIU) will expire in 2028 and the agreement with the Stanford Deputy Sheriffs' Association will expire in 2026. SHC's and LPCH's agreements with SEIU will expire in 2026 and the agreements with the Committee for Recognition of Nursing Achievement (CRONA) will expire in 2028. SHC's agreements with the California Nurses Association (CNA) and with the United Security Associates Union (USAU) will expire in 2027. SHC's agreement with the Committee of Interns and Residents (CIR-SEIU) will expire in 2026.

LITIGATION

The University, SHC and LPCH are defendants in a number of investigations. While the final outcome cannot be determined at this time, management is of the opinion that the liability, if any, resulting from these investigations will not have a material adverse effect on the consolidated financial position.

CONTRACTUAL COMMITMENTS

At August 31, 2025, the University had contractual obligations of approximately \$247.6 million in connection with major construction projects. Remaining expenditures on construction in progress are estimated to be \$1.2 billion, which will be financed with certain unexpended plant funds, gifts and debt. Commitments on construction contracts, including the construction and remodeling of Hospital facilities, were approximately \$709.0 million for SHC and \$29.2 million for LPCH at August 31, 2025. SHC had contractual obligations of approximately \$880.5 million to support SHC's operations, such as maintenance, food services, software subscription related services, valet services and other purchased services at August 31, 2025.

Over the course of the next several years, SHC will complete renovations to enable the relocation of inpatient units that remain in the 1959-era portion of the hospital, and fulfill the seismic safety mandate to have all inpatient beds located in compliant structures. As of August 31, 2025, \$705.0 million was recorded to property and equipment of which \$271.0 million was recorded to construction in progress and \$434.0 million was capitalized to property and equipment. Estimated cost of the renewal project is approximately \$1.6 billion.

The University executed two 25-year agreements with two solar electricity developers and operators in 2015 and 2018 to purchase the output from their solar photovoltaic facilities and battery storage. The first facility was placed in service in December 2016 and the second facility began operation in April 2022. The University's total unpaid commitment under the agreements over the life of the agreements, undiscounted, is \$268.9 million.

In addition, as described in *Note 6*, the University is obligated under certain alternative investment agreements to advance additional funding up to specified levels over a period of years.

FEDERAL GOVERNMENT

Stanford continues to monitor developments involving the federal government. Actions at the federal level may have the direct or indirect effect of reducing federal support for Stanford's research or other operations, reducing Stanford's fundraising or other revenue sources, and increasing taxes or other costs borne by Stanford.

The One Big Beautiful Bill Act (OBBBA) increased the current excise tax on Stanford's net investment income from 1.4% to 8.0% beginning in fiscal year 2027. The OBBBA also includes provisions that broaden the scope of excise taxes on compensation, impose restrictions on federal student loans, and aim to restructure healthcare funding which may affect Stanford's Medicaid funding allocations and related revenues. The full extent of these changes is currently under review, and Stanford is actively monitoring legislative developments to assess their potential effect on Stanford's financial performance.

The federal government has historically provided substantial funding for University research and SLAC operations and capital. Earlier in 2025, each of the National Institutes of Health ("NIH") and the National Science Foundation ("NSF") announced that institutions of higher education and other organizations will be subject to a new limit on indirect cost recovery rate with regard to NIH and NSF grants. While both limitations on indirect cost recovery have been blocked by lower courts, if these limitations are implemented in

current or similar form, this limit may result in a substantial reduction in federal funding for Stanford's costs associated with its research facilities and administration. In addition, there is ongoing uncertainty regarding future federal support for research, as the current administration has indicated potential reductions in funding for agencies such as the NIH, NSF, and other federal sources which may result in an adverse financial impact on Stanford.

Further, the U.S. Department of Education has indicated that it views as unlawful racial discrimination a wide variety of actions that may be taken by institutions of higher education to increase diversity, and that such actions may result in the loss of federal funding.

20. Subsequent Events

Stanford has evaluated subsequent events for the period from August 31, 2025 through December 9, 2025, the date the *Consolidated Financial Statements* were issued.



21. Consolidating Entity Statements

The pages which follow present consolidating statements of financial position as of August 31, 2025 and 2024 and consolidating statements of activities and cash flows for the years then ended, in thousands of dollars. The information has been prepared in a manner consistent with U.S. GAAP and was derived from and relates directly to the underlying accounting and other records used to prepare the *Consolidated Financial Statements*.

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

At August 31, 2025 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
ASSETS					
Cash and cash equivalents	\$ 1,846,394	\$ 406,595	\$ 439,748	\$ (8,541)	\$ 2,684,196
Accounts receivable, net	385,212	1,541,356	798,291	—	2,724,859
Related party receivables	366,727	308,480	111,398	(786,605)	—
Prepaid expenses and other assets	113,107	570,713	205,901	(116,199)	773,522
Pledges receivable, net	2,559,924	18,087	138,480	(47,483)	2,669,008
Student loans receivable, net	31,116	—	—	—	31,116
Related party tax receivables	120,277	—	—	(120,277)	—
Faculty and staff mortgages and other loans receivable, net	1,330,207	—	—	—	1,330,207
Assets limited as to use	816,604	—	17,028	—	833,632
Investments at fair value	51,668,411	6,877,031	1,559,205	8,541	60,113,188
Right-of-use assets	690,803	333,624	186,697	(104,920)	1,106,204
Plant facilities, net of accumulated depreciation	8,791,043	4,271,283	1,854,926	—	14,917,252
Works of art and special collections	—	—	—	—	—
TOTAL ASSETS	\$ 68,719,825	\$ 14,327,169	\$ 5,311,674	\$ (1,175,484)	\$ 87,183,184
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 1,178,899	\$ 1,541,777	\$ 464,974	\$ —	\$ 3,185,650
Liabilities associated with investments	1,828,476	—	—	—	1,828,476
Lease liabilities	760,746	351,251	201,282	(104,920)	1,208,359
Deferred income and other obligations	2,005,773	245,125	85,096	—	2,335,994
Related party liabilities	379,629	299,718	110,205	(789,552)	—
Related party tax liabilities	—	90,287	29,990	(120,277)	—
Accrued pension and postretirement benefit obligations	511,174	110,035	38,990	—	660,199
Notes and bonds payable	6,251,608	2,810,911	780,128	—	9,842,647
TOTAL LIABILITIES	12,916,305	5,449,104	1,710,665	(1,014,749)	19,061,325
NET ASSETS:					
Without donor restrictions	28,174,770	8,743,932	2,670,675	(234,748)	39,354,629
With donor restrictions	27,628,750	134,133	930,334	74,013	28,767,230
TOTAL NET ASSETS	55,803,520	8,878,065	3,601,009	(160,735)	68,121,859
TOTAL LIABILITIES AND NET ASSETS	\$ 68,719,825	\$ 14,327,169	\$ 5,311,674	\$ (1,175,484)	\$ 87,183,184

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

At August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
ASSETS					
Cash and cash equivalents	\$ 886,227	\$ 446,748	\$ 402,185	\$ (8,169)	\$ 1,726,991
Accounts receivable, net	376,483	1,355,822	777,650	—	2,509,955
Related party receivables	352,792	260,365	92,885	(706,042)	—
Prepaid expenses and other assets	111,615	490,864	138,693	(111,378)	629,794
Pledges receivable, net	2,543,622	35,756	144,268	(54,209)	2,669,437
Student loans receivable, net	33,652	—	—	—	33,652
Faculty and staff mortgages and other loans receivable, net	1,209,048	—	—	—	1,209,048
Assets limited as to use	551,352	—	8,292	—	559,644
Investments at fair value	47,954,271	5,827,932	1,406,417	8,169	55,196,789
Right of use assets	622,500	381,413	192,383	(99,801)	1,096,495
Plant facilities, net of accumulated depreciation	8,690,768	3,999,516	1,822,027	—	14,512,311
Works of art and special collections	—	—	—	—	—
TOTAL ASSETS	\$ 63,332,330	\$ 12,798,416	\$ 4,984,800	\$ (971,430)	\$ 80,144,116
LIABILITIES AND NET ASSETS					
LIABILITIES:					
Accounts payable and accrued expenses	\$ 1,113,185	\$ 1,465,433	\$ 414,670	\$ —	\$ 2,993,288
Liabilities associated with investments	889,360	—	—	—	\$ 889,360
Lease liabilities	679,650	396,355	207,087	(99,801)	1,183,291
Deferred income and other obligations	1,847,946	172,979	41,767	—	2,062,692
Related party liabilities	324,008	299,844	85,246	(709,098)	—
Accrued pension and postretirement benefit obligations	503,214	92,579	32,513	—	628,306
Notes and bonds payable	5,507,379	2,543,525	793,546	—	8,844,450
TOTAL LIABILITIES	10,864,742	4,970,715	1,574,829	(808,899)	16,601,387
NET ASSETS:					
Without donor restrictions	27,071,685	7,689,487	2,538,369	(198,530)	37,101,011
With donor restrictions	25,395,903	138,214	871,602	35,999	26,441,718
TOTAL NET ASSETS	52,467,588	7,827,701	3,409,971	(162,531)	63,542,729
TOTAL LIABILITIES AND NET ASSETS	\$ 63,332,330	\$ 12,798,416	\$ 4,984,800	\$ (971,430)	\$ 80,144,116



CONSOLIDATING STATEMENTS OF ACTIVITIES

For the year ended August 31, 2025 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS					
OPERATING REVENUES:					
TOTAL STUDENT INCOME, NET	\$ 845,268	\$ —	\$ —	\$ —	\$ 845,268
Sponsored support:					
Direct costs - University	1,194,516	6,033	1,275	—	1,201,824
Direct costs - SLAC National Accelerator Laboratory	757,016	—	—	—	757,016
Indirect costs	373,212	—	—	—	373,212
TOTAL SPONSORED SUPPORT	2,324,744	6,033	1,275	—	2,332,052
Health care services:					
Net patient service revenue	—	9,165,371	2,860,467	(50,686)	11,975,152
Premium revenue	—	41,318	—	—	41,318
Physicians' services and support - SHC and LPCH, net	2,072,657	—	—	(2,072,657)	—
Physicians' services and support - other facilities, net	53,498	—	—	(10,013)	43,485
TOTAL HEALTH CARE SERVICES	2,126,155	9,206,689	2,860,467	(2,133,356)	12,059,955
TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS	298,718	25,452	5,670	—	329,840
Net assets released from restrictions:					
Payments received on pledges	271,401	154	—	—	271,555
Prior year gifts released from donor restrictions	150,852	4,204	5,571	—	160,627
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	422,253	4,358	5,571	—	432,182
Investment income distributed for operations:					
Endowment	1,946,421	677	13,236	—	1,960,334
Expendable funds pools and other investment income	455,923	332	—	—	456,255
TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS	2,402,344	1,009	13,236	—	2,416,589
TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME	653,277	221,963	121,181	(21,000)	975,421
TOTAL OPERATING REVENUES	9,072,759	9,465,504	3,007,400	(2,154,356)	19,391,307
OPERATING EXPENSES:					
Salaries and benefits	5,963,698	4,225,659	1,457,688	—	11,647,045
Depreciation	567,983	276,023	86,911	—	930,917
Other operating expenses	2,619,472	4,491,153	1,401,216	(2,154,356)	6,357,485
TOTAL OPERATING EXPENSES	9,151,153	8,992,835	2,945,815	(2,154,356)	18,935,447
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ (78,394)	\$ 472,669	\$ 61,585	\$ —	\$ 455,860



CONSOLIDATING STATEMENTS OF ACTIVITIES, Continued

For the year ended August 31, 2025 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)					
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ (78,394)	\$ 472,669	\$ 61,585	\$ —	\$ 455,860
NON-OPERATING ACTIVITIES:					
Increase in reinvested gains	998,912	689,603	111,770	—	1,800,285
Donor advised funds, net	(86,028)	—	—	—	(86,028)
Current year gifts not included in operations	14,954	—	—	—	14,954
Equity and fund transfers, net	209,674	(129,555)	(117,707)	37,588	—
Capital and other gifts released from restrictions	187,121	15,902	15,480	—	218,503
Pension and other postemployment benefit related changes other than service cost	(1,654)	(18,393)	(7,698)	—	(27,745)
Transfer from (to) net assets with donor restrictions, net	(146,058)	—	68,876	(68,876)	(146,058)
Swap interest and change in value of swap agreements	3,300	19,653	—	—	22,953
Other	1,258	4,566	—	(4,930)	894
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	1,103,085	1,054,445	132,306	(36,218)	2,253,618
NET ASSETS WITH DONOR RESTRICTIONS					
Gifts and pledges, net	1,030,874	(838)	121,053	6,726	1,157,815
Increase in reinvested gains	1,578,826	7,424	57,856	—	1,644,106
Change in value of split-interest agreements, net	55,075	—	392	—	55,467
Net assets released to operations	(422,253)	(5,432)	(24,477)	—	(452,162)
Capital and other gifts released to net assets without donor restrictions	(187,121)	(15,902)	(15,480)	—	(218,503)
Gift transfers, net	38,657	10,667	(11,736)	(37,588)	—
Transfer from (to) net assets without donor restrictions, net	146,058	—	(68,876)	68,876	146,058
Other	(7,269)	—	—	—	(7,269)
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	2,232,847	(4,081)	58,732	38,014	2,325,512
NET CHANGE IN TOTAL NET ASSETS	3,335,932	1,050,364	191,038	1,796	4,579,130
Total net assets, beginning of year	52,467,588	7,827,701	3,409,971	(162,531)	63,542,729
TOTAL NET ASSETS, END OF YEAR	\$ 55,803,520	\$ 8,878,065	\$ 3,601,009	\$ (160,735)	\$ 68,121,859



CONSOLIDATING STATEMENTS OF ACTIVITIES

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS					
OPERATING REVENUES:					
TOTAL STUDENT INCOME, NET	\$ 802,484	\$ —	\$ —	\$ —	\$ 802,484
Sponsored support:					
Direct costs - University	1,201,597	303	—	—	1,201,900
Direct costs - SLAC National Accelerator Laboratory	635,865	—	—	—	635,865
Indirect costs	369,828	—	—	—	369,828
TOTAL SPONSORED SUPPORT	2,207,290	303	—	—	2,207,593
Health care services:					
Net patient service revenue	—	8,681,322	2,742,174	(49,436)	11,374,060
Premium revenue	—	56,709	—	—	56,709
Physicians' services and support - SHC and LPCH, net	1,844,608	—	—	(1,844,608)	—
Physicians' services and support - other facilities, net	55,200	—	—	(10,392)	44,808
TOTAL HEALTH CARE SERVICES	1,899,808	8,738,031	2,742,174	(1,904,436)	11,475,577
TOTAL CURRENT YEAR GIFTS IN SUPPORT OF OPERATIONS	259,879	177	5,312	—	265,368
Net assets released from restrictions:					
Payments received on pledges	266,965	220	—	—	267,185
Prior year gifts released from donor restrictions	137,694	4,515	7,094	—	149,303
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	404,659	4,735	7,094	—	416,488
Investment income distributed for operations:					
Endowment	1,822,312	613	13,183	—	1,836,108
Expendable funds pools and other investment income	388,751	1,238	—	—	389,989
TOTAL INVESTMENT INCOME DISTRIBUTED FOR OPERATIONS	2,211,063	1,851	13,183	—	2,226,097
TOTAL SPECIAL PROGRAM FEES AND OTHER INCOME	622,088	207,327	110,368	(19,250)	920,533
TOTAL OPERATING REVENUES	8,407,271	8,952,424	2,878,131	(1,923,686)	18,314,140
OPERATING EXPENSES:					
Salaries and benefits	5,460,273	3,915,374	1,382,031	—	10,757,678
Depreciation	533,082	292,030	82,801	—	907,913
Other operating expenses	2,423,737	4,201,261	1,342,087	(1,923,686)	6,043,399
TOTAL OPERATING EXPENSES	8,417,092	8,408,665	2,806,919	(1,923,686)	17,708,990
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ (9,821)	\$ 543,759	\$ 71,212	\$ —	\$ 605,150



CONSOLIDATING STATEMENTS OF ACTIVITIES, Continued

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)					
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	\$ (9,821)	\$ 543,759	\$ 71,212	\$ —	\$ 605,150
NON-OPERATING ACTIVITIES:					
Increase (decrease) in reinvested gains	(127,035)	562,033	90,348	—	525,346
Donor advised funds, net	(64,292)	—	—	—	(64,292)
Current year gifts not included in operations	911	—	—	—	911
Equity and fund transfers, net	191,096	(104,534)	(114,809)	28,247	—
Capital and other gifts released from restrictions	66,065	6,384	1,324	—	73,773
Pension and other postemployment benefit related changes other than service cost	(37,351)	(5,396)	(4,342)	—	(47,089)
Transfer from (to) net assets with donor restrictions, net	(69,381)	—	63,709	(63,709)	(69,381)
Swap interest and change in value of swap agreements	(1,870)	(2,898)	—	—	(4,768)
Other	(70,495)	(8,767)	4,368	73,108	(1,786)
NET CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(122,173)	990,581	111,810	37,646	1,017,864
NET ASSETS WITH DONOR RESTRICTIONS					
Gifts and pledges, net	958,312	7,145	73,509	14,650	1,053,616
Increase in reinvested gains	704,556	5,986	41,104	—	751,646
Change in value of split-interest agreements, net	57,670	—	2,869	—	60,539
Net assets released to operations	(404,659)	(6,763)	(25,589)	—	(437,011)
Capital and other gifts released to net assets without donor restrictions	(66,065)	(6,384)	(1,324)	—	(73,773)
Gift transfers, net	37,681	301	(9,735)	(28,247)	—
Transfer from (to) net assets without donor restrictions, net	69,381	—	(63,709)	63,709	69,381
Other	(5,419)	—	—	—	(5,419)
NET CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	1,351,457	285	17,125	50,112	1,418,979
NET CHANGE IN TOTAL NET ASSETS	1,229,284	990,866	128,935	87,758	2,436,843
Total net assets, beginning of year	51,238,304	6,836,835	3,281,036	(250,289)	61,105,886
TOTAL NET ASSETS, END OF YEAR	\$ 52,467,588	\$7,827,701	\$3,409,971	\$ (162,531)	\$ 63,542,729



CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended August 31, 2025 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
CASH FLOW FROM OPERATING ACTIVITIES					
Change in net assets	\$ 3,335,932	\$ 1,050,364	\$ 191,038	\$ 1,796	\$ 4,579,130
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	567,983	278,780	86,911	—	933,674
Amortization of bond premiums, discounts and other	25,591	(10,872)	(4,657)	—	10,062
Accretion of discounts on bond investments	(63,072)	—	—	—	(63,072)
Net gains on investments	(5,305,259)	(570,261)	(111,728)	(119,997)	(6,107,245)
Change in fair value of interest rate swaps	(3,795)	(22,351)	—	—	(26,146)
Change in split-interest agreements	61,466	—	(94)	—	61,372
Change in deferred tax asset and liability	912,612	—	—	—	912,612
Gifts restricted for long-term investments	(653,969)	(10,928)	(72,257)	—	(737,154)
Equity and fund transfers, net	(248,330)	118,887	60,567	68,876	—
Gifts of securities, properties, and interest in trusts	(19,560)	—	—	—	(19,560)
Other	48,977	(1,583)	564	—	47,958
Premiums received from bond issuance	47,673	41,218	—	—	88,891
Changes in operating assets and liabilities:					
Accounts receivable	(11,902)	(185,534)	(20,641)	—	(218,077)
Related party receivables	(153,770)	8,330	25,443	119,997	—
Pledges receivable, net	59,588	6,991	4,206	(6,726)	64,059
Prepaid expenses and other assets	(3,358)	(68,058)	(48,983)	—	(120,399)
Accounts payable and accrued expenses	90,384	89,319	50,024	—	229,727
Accrued pension and postretirement benefit obligations	7,960	17,456	6,477	—	31,893
Lease liabilities	(31,277)	2,636	(119)	—	(28,760)
Deferred income and other obligations	135,977	69,389	43,329	—	248,695
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,200,149)	813,783	210,080	63,946	(112,340)
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to plant facilities, net	(692,690)	(489,076)	(117,682)	—	(1,299,448)
Faculty, student and other loans: new loans made	(206,291)	(42,903)	(23,627)	78,172	(194,649)
Faculty, student and other loans: principal collected	68,438	11,218	4,630	(17,946)	66,340
Purchases of investments	(18,003,495)	(1,621,810)	(21,445)	4,558	(19,642,192)
Sales and maturities of investments	19,398,230	1,181,096	20,924	—	20,600,250
Change associated with short term investments	161,259	—	—	—	161,259
Swap settlement payments, net	—	(2,697)	—	—	(2,697)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	725,451	(964,172)	(137,200)	64,784	(311,137)
CASH FLOW FROM FINANCING ACTIVITIES					
Gifts and reinvested income for long-term purposes	563,870	10,678	44,598	—	619,146
Equity and fund transfers from Hospitals	267,888	(138,445)	(60,567)	(68,876)	—
Proceeds from related party housing loans	78,172	—	—	(78,172)	—
Repayments to related party housing loans	(17,946)	—	—	17,946	—
Proceeds from borrowing	1,390,683	416,120	—	—	1,806,803
Repayment of notes and bonds payable	(681,675)	(175,389)	(9,605)	—	(866,669)
Contributions received for split-interest agreements	40,474	—	—	—	40,474
Payments made under split-interest agreements	(57,151)	—	(762)	—	(57,913)
Commercial paper and variable rate debt proceeds (repayments), net	18,400	—	—	—	18,400
Other	(11,895)	(2,728)	—	—	(14,623)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	1,590,820	110,236	(26,336)	(129,102)	1,545,618
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,116,122	(40,153)	46,544	(372)	1,122,141
Cash and cash equivalents, beginning of year	1,030,850	446,748	420,039	(8,169)	1,889,468
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,146,972	\$ 406,595	\$ 466,583	\$ (8,541)	\$ 3,011,609
SUPPLEMENTAL DATA:					
Cash and cash equivalents as shown in the <i>Statements of Financial Position</i>	\$ 1,846,394	\$ 406,595	\$ 439,748	\$ (8,541)	\$ 2,684,196
Restricted cash included in assets limited as to use	215,984	—	17,028	—	233,012
Restricted cash included in other assets	5,301	—	9,807	—	15,108
Cash and restricted cash included in investments	79,293	—	—	—	79,293
TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS	\$ 2,146,972	\$ 406,595	\$ 466,583	\$ (8,541)	\$ 3,011,609
Interest paid, net of capitalized interest	\$ 209,530	\$ 93,523	\$ 33,568	\$ —	\$ 336,621
Change in payables for plant facilities	\$ (19,010)	\$ 26,622	\$ 967	\$ —	\$ 8,579
Right-of-use assets obtained in exchange for lease liabilities	\$ 115,221	\$ 33,870	\$ 29,933	\$ —	\$ 179,024

CONSOLIDATING STATEMENTS OF CASH FLOWS

For the year ended August 31, 2024 (in thousands of dollars)

	UNIVERSITY	SHC	LPCH	ELIMINATIONS	CONSOLIDATED
CASH FLOW FROM OPERATING ACTIVITIES					
Change in net assets	\$ 1,229,284	\$ 990,866	\$ 128,935	\$ 87,758	\$ 2,436,843
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Depreciation	533,082	294,687	82,801	—	910,570
Amortization of bond premiums, discounts and other	25,772	(11,199)	(2,485)	—	12,088
Accretion of discounts on bond investments	(89,050)	—	—	—	(89,050)
Net gains on investments	(2,300,614)	(413,605)	(58,537)	—	(2,772,756)
Change in fair value of interest rate swaps	1,842	2,072	—	—	3,914
Change in split-interest agreements	71,620	—	(4,888)	—	66,732
Change in deferred tax asset and liability	16,336	—	—	—	16,336
Gifts restricted for long-term investments	(559,383)	(10,612)	(31,167)	—	(601,162)
Equity and fund transfers, net	(228,777)	104,230	60,838	63,709	—
Gifts of securities, properties, and interest in trusts	(45,850)	—	—	—	(45,850)
Other	(3,686)	7,760	(3,629)	—	445
Premiums received from bond issuance	—	39,460	—	—	39,460
Changes in operating assets and liabilities:					
Accounts receivable	(78,644)	(171,515)	(81,801)	—	(331,960)
Related party receivables	(64,913)	31,863	33,050	—	—
Pledges receivable, net	31,971	9,426	(10,124)	(14,650)	16,623
Prepaid expenses and other assets	(8,996)	(30,282)	(12,035)	—	(51,313)
Accounts payable and accrued expenses	97,351	61,751	37,861	—	196,963
Accrued pension and postretirement benefit obligations	42,483	1,078	2,262	—	45,823
Lease liabilities	(28,939)	3,080	1,233	—	(24,626)
Deferred income and other obligations	64,377	(25,837)	(14,046)	—	24,494
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,294,734)	883,223	128,268	136,817	(146,426)
CASH FLOW FROM INVESTING ACTIVITIES					
Additions to plant facilities, net	(674,190)	(499,213)	(150,051)	—	(1,323,454)
Faculty, student and other loans: new loans made	(185,990)	(49,226)	(17,410)	66,996	(185,630)
Faculty, student and other loans: principal collected	84,645	8,858	6,275	(15,502)	84,276
Purchases of investments	(17,491,794)	(1,257,431)	(31,182)	(73,533)	(18,853,940)
Sales and maturities of investments	18,563,131	573,351	24,104	—	19,160,586
Change associated with short term investments	63,854	—	—	—	63,854
Swap settlement payments, net	—	(776)	—	—	(776)
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	359,656	(1,224,437)	(168,264)	(22,039)	(1,055,084)
CASH FLOW FROM FINANCING ACTIVITIES					
Gifts and reinvested income for long-term purposes	622,705	11,663	56,526	—	690,894
Equity and fund transfers from Hospitals	204,659	(80,112)	(60,838)	(63,709)	—
Proceeds from related party housing loans	66,996	—	—	(66,996)	—
Repayments to related party housing loans	(15,502)	—	—	15,502	—
Proceeds from borrowing	1,081,979	260,545	201,086	—	1,543,610
Repayment of notes and bonds payable	(997,272)	(13,475)	(209,570)	—	(1,220,317)
Contributions received for split-interest agreements	19,657	—	—	—	19,657
Payments made under split-interest agreements	(54,982)	—	(715)	—	(55,697)
Commercial paper and variable rate debt proceeds (repayments), net	(22,505)	—	—	—	(22,505)
Other	(8,371)	(2,251)	(1,257)	—	(11,879)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	897,364	176,370	(14,768)	(115,203)	943,763
DECREASE IN CASH AND CASH EQUIVALENTS	(37,714)	(164,844)	(54,764)	(425)	(257,747)
Cash and cash equivalents, beginning of year	1,068,564	611,592	474,803	(7,744)	2,147,215
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,030,850	\$ 446,748	\$ 420,039	\$ (8,169)	\$ 1,889,468
SUPPLEMENTAL DATA:					
Cash and cash equivalents as shown in the <i>Statements of Financial Position</i>	\$ 886,227	\$ 446,748	\$ 402,185	\$ (8,169)	\$ 1,726,991
Restricted cash and cash equivalents included in assets limited as to use	53,311	—	8,292	—	61,603
Restricted cash included in other assets	6,111	—	9,562	—	15,673
Cash and restricted cash included in investments	85,201	—	—	—	85,201
TOTAL CASH AND CASH EQUIVALENTS AS SHOWN ON THE STATEMENTS OF CASH FLOWS	\$ 1,030,850	\$ 446,748	\$ 420,039	\$ (8,169)	\$ 1,889,468
Interest paid, net of capitalized interest	\$ 199,054	\$ 90,398	\$ 33,740	\$ —	\$ 323,192
Change in payables for plant facilities	\$ (5,198)	\$ (59,849)	\$ 5,183	\$ —	\$ (59,864)
Right-of-use assets obtained in exchange for lease liabilities	\$ 11,809	\$ 138,450	\$ 19,513	\$ —	\$ 169,772



Stanford University