



Mayo Clinic

Unaudited Condensed Consolidated Financial Reports
March 31, 2025



Mayo Clinic

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Unaudited Consolidated Financial Reports

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**Condensed Consolidated Statements of Financial Position
Unaudited (In Millions)**

	March 31, 2025 Unaudited	December 31, 2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 45	\$ 48
Accounts receivable for medical services	2,292	2,123
Other receivables	738	707
Other current assets	495	456
Total current assets	3,570	3,334
Investments	21,059	20,958
Other long-term assets	4,639	4,614
Property, plant, and equipment, net	7,235	7,099
Total assets	\$ 36,503	\$ 36,005
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 686	\$ 778
Accrued payroll	1,038	1,004
Accrued employee benefits	175	178
Deferred revenue	91	88
Long-term variable-rate debt	760	620
Other current liabilities	720	629
Total current liabilities	3,470	3,297
Long-term debt, net of current portion	3,848	3,989
Accrued pension and postretirement benefits, net of current portion	825	827
Other long-term liabilities	2,436	2,435
Total liabilities	10,579	10,548
Net assets:		
Without donor restrictions	20,031	19,644
With donor restrictions	5,893	5,813
Total net assets	25,924	25,457
Total liabilities and net assets	\$ 36,503	\$ 36,005

See notes to condensed consolidated financial statements.



Condensed Consolidated Statements of Activities
Unaudited (in Millions)

	Three Months Ended March 31, 2025			Three Months Ended March 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Medical service revenue	\$ 4,327	\$ —	\$ 4,327	\$ 3,957	\$ —	\$ 3,957
Grants and contracts	188	—	188	195	—	195
Investment return allocated to current activities	121	14	135	115	13	128
Contributions available for current activities	33	52	85	85	64	149
Other	370	—	370	308	—	308
Net assets released from restrictions	52	(52)	—	55	(55)	—
Total revenue, gains and other support	5,091	14	5,105	4,715	22	4,737
Expenses:						
Salaries and benefits	2,682	—	2,682	2,569	—	2,569
Supplies and services	1,715	—	1,715	1,515	—	1,515
Depreciation and amortization	184	—	184	161	—	161
Facilities	106	—	106	82	—	82
Finance and investment	45	—	45	47	—	47
Total expenses	4,732	—	4,732	4,374	—	4,374
Income from current activities	359	14	373	341	22	363
Noncurrent and other items:						
Contributions not available for current activities, net	(24)	41	17	(3)	12	9
Unallocated investment (loss) return, net	(43)	25	(18)	433	121	554
Income tax expense	(8)	—	(8)	(12)	—	(12)
Benefit credit	85	—	85	81	—	81
Other	16	—	16	(67)	—	(67)
Total noncurrent and other items	26	66	92	432	133	565
Increase in net assets before other changes in net assets	385	80	465	773	155	928
Pension and other postretirement benefit adjustments	2	—	2	(1)	—	(1)
Increase in net assets	387	80	467	772	155	927
Net assets at beginning of period	19,644	5,813	25,457	16,240	5,396	21,636
Net assets at end of period	\$ 20,031	\$ 5,893	\$ 25,924	\$ 17,012	\$ 5,551	\$ 22,563

See notes to condensed consolidated financial statements.



Condensed Consolidated Statements of Cash Flows
Unaudited (In Millions)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash flows from operating activities:		
Cash from medical services	\$ 3,909	\$ 3,607
Cash from external lab services	249	229
Cash from grants and contracts	174	206
Cash from benefactors	46	113
Cash from other activities	381	320
Cash for salaries and benefits	(2,564)	(2,314)
Cash for supplies, services, and facilities	(1,912)	(1,721)
Interest and dividends received	64	59
Interest paid	(10)	(11)
Income tax refunds received	17	10
Net cash provided by operating activities	354	498
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(328)	(310)
Purchases of investments	(5,466)	(4,499)
Sales and maturities from investments	5,412	4,217
Proceeds from sale of joint venture	—	100
Net cash used in investing activities	(382)	(492)
Cash flows from financing activities:		
Restricted gifts, bequests, and other	27	31
Payment on finance leases	(2)	(2)
Net cash provided by financing activities	25	29
Net (decrease) increase in cash and cash equivalents	(3)	35
Cash and cash equivalents at beginning of period	48	80
Cash and cash equivalents at end of period	<u>\$ 45</u>	<u>\$ 115</u>

See notes to condensed consolidated financial statements.



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 1. Basis of Presentation

Mayo Clinic (the Clinic) and its Arizona, Florida, Iowa, Minnesota, Wisconsin, and international affiliates provide comprehensive medical care and education in clinical medicine and medical sciences and conduct extensive programs in medical research. The Clinic and its affiliates also provide hospital and outpatient services, and at each major location, the clinical practice is closely integrated with advanced education and research programs. The Clinic has been determined to qualify as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code (Code) and as a public charity under Section 509(a) (2) of the Code. Included in the Clinic's condensed consolidated financial statements are all of its wholly owned or wholly controlled subsidiaries, which include both tax-exempt and taxable entities. All significant intercompany transactions have been eliminated in consolidation.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation have been included and are of a normal and recurring nature. Operating results for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the year ending December 31, 2025. For further information, refer to the audited consolidated financial statements and notes thereto for the year ended December 31, 2024.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 2. Liquidity and Availability

Financial assets available for general expenditure within one year of the consolidated statement of financial position date, are composed of the following:

	March 31, 2025	December 31, 2024
Cash and cash equivalents	\$ 45	\$ 48
Accounts receivable	2,292	2,123
Promises to give	252	245
Grants receivable	170	160
Other receivables	316	302
Investments	12,924	12,903
Total financial assets available within one year	<u>\$ 15,999</u>	<u>\$ 15,781</u>

Note 3. Medical Service Revenue

Medical service revenue is reported at the amount that reflects the consideration to which the Clinic expects to be entitled in exchange for providing patient care. These amounts, representing transaction prices, are due from patients, third-party payors (including health insurers and government programs), and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the Clinic bills the patients and third-party payors several days after the services are performed and/or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Clinic. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The Clinic believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients in the Clinic's hospital receiving inpatient acute care services. The Clinic measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when goods or services are provided and the Clinic does not believe it is required to provide additional goods or services to the patient.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Clinic has elected to apply the optional exemption provided in the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 606-10-50-14(a) and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The Clinic determines the transaction price based on standard charges for goods and services provided to patients, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Clinic's policy, and/or implicit price concessions based on historical collection experience.



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 3. Medical Service Revenue (Continued)

Agreements with third-party payors typically provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

- **Medicare:** Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Certain services are paid based on cost-reimbursement methodologies subject to certain limits. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates.
- **Medicaid:** Reimbursements for Medicaid services are generally paid at prospectively determined rates per discharge, per occasion of service, or per covered member.
- **Other:** Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations concerning government programs, including Medicare and Medicaid, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Clinic's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Clinic. In addition, the contracts that the Clinic has with commercial payors also provide for retroactive audit and review of claims.

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Clinic also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. The Clinic estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to medical service revenue in the period of the change. For the three months ended March 31, 2025 and 2024, revenue recognized due to changes in its estimates of transaction price concessions for performance obligations satisfied in prior years was not significant. Subsequent changes that are determined to be the result of an adverse change in the patients ability to pay are recorded as bad debt expense. Bad debt expense for the three months ended March 31, 2025 and 2024 was not significant.

Settlements with third-party payors for retroactive adjustments due to audits, reviews, or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Clinic's historical settlement activity, including an assessment to ensure it is probable a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known (that is, new information becomes available) or as years are settled or are no longer subject to such audits, reviews, and investigations. Adjustments arising from a change in the transaction price were not significant for the three months ended March 31, 2025 and 2024. Net receivables from third-party



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 3. Medical Service Revenue (Continued)

payors for final settlements were not significant for the three months ended March 31, 2025 and 2024.

Patients who meet the Clinic's criteria for charity care are provided care without charge or at amounts less than established rates. Such amounts which are determined to qualify as charity care are not reported as revenue.

The composition of medical service revenue based on the regions of the country in which the Clinic operates in, its lines of business, and timing of revenue recognition for the three months ended are as follows:

	March 31, 2025			
	Midwest	Southeast	Southwest	Total
Hospital	\$ 1,431	\$ 383	\$ 506	\$ 2,320
Clinic	1,136	277	297	1,710
Senior Care and Nursing Home	5	—	—	5
Other	28	—	—	28
Total patient care service revenue	2,600	660	803	4,063
External lab	264	—	—	264
Total medical service revenue	<u>\$ 2,864</u>	<u>\$ 660</u>	<u>\$ 803</u>	<u>\$ 4,327</u>
Timing of revenue and recognition:				
At time services are rendered	\$ 1,428	\$ 277	\$ 297	\$ 2,002
Services transferred over time	1,436	383	506	2,325
Total	<u>\$ 2,864</u>	<u>\$ 660</u>	<u>\$ 803</u>	<u>\$ 4,327</u>

	March 31, 2024			
	Midwest	Southeast	Southwest	Total
Hospital	\$ 1,425	\$ 335	\$ 430	\$ 2,190
Clinic	982	250	266	1,498
Senior Care and Nursing Home	4	—	—	4
Other	26	—	—	26
Total patient care service revenue	2,437	585	696	3,718
External lab	239	—	—	239
Total medical service revenue	<u>\$ 2,676</u>	<u>\$ 585</u>	<u>\$ 696</u>	<u>\$ 3,957</u>
Timing of revenue and recognition:				
At time services are rendered	\$ 1,247	\$ 250	\$ 266	\$ 1,763
Services transferred over time	1,429	335	430	2,194
Total	<u>\$ 2,676</u>	<u>\$ 585</u>	<u>\$ 696</u>	<u>\$ 3,957</u>



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 3. Medical Service Revenue (Continued)

Hospital revenue includes a variety of services mainly covering inpatient procedures requiring overnight stays or outpatient operations that require anesthesia or use of complex diagnostic and surgical equipment as well as emergency care for traumas and other critical conditions. Clinic revenue includes services primarily focused on the care of outpatients covering primary and specialty health care needs.

The Clinic's practice is to record certain radiology, pathology, and other hospital related services in the Midwest region as clinic revenue which amounted to \$335 and \$306, respectively, for the three months ended March 31, 2025 and 2024. Revenue related to these services is recognized as hospital revenue in other regions. Examples of revenue recognized at time services are rendered include clinical services, lab and transport, and services transferred over time include hospital and senior care revenue.

The composition of medical service revenue by payor for the three months ended March 31, is as follows:

	2025	2024
Medicare	\$ 1,180	\$ 1,060
Medicaid	161	143
Contract	2,528	2,318
Other, including self-pay	458	436
Total	<u>\$ 4,327</u>	<u>\$ 3,957</u>

The Clinic's practice is to assign a patient to the primary payor and not reflect other uninsured balances (for example, coinsurance and deductibles) as self-pay. Therefore the payors listed above contain patient responsibility components, such as coinsurance and deductibles.

The Clinic has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Clinic's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payor pays for that service will be one year or less. However, the Clinic does, in certain instances, enter into payment agreements with patients that allow payments in excess of one year. For those cases, the financing component is not deemed to be significant to the contract.

Note 4. Investments

Investments in equity, debt securities, and alternative investments are recorded at fair value. Realized gains and losses are calculated based on the average cost method. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) are included in the condensed consolidated statements of activities.

Alternative investments (principally limited partnership interests in absolute return, hedge, private equity, real estate and natural resources funds), represents the Clinic's ownership interest in the net asset value (NAV) of the respective partnership. The investments in alternative investments may individually expose the Clinic to securities lending, short sales, and trading in futures and forward contract options and other derivative products. The Clinic's risk is limited to the investment's carrying value.

From time to time, the Clinic invests directly in certain derivative contracts that do not qualify for hedge accounting and are recorded at fair value in investments. Changes in fair value are reported as a component of net unrealized gains or losses in the investment returns. These contracts are used in the



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 4. Investments (Continued)

Clinic's investment management program to minimize certain investment risks. For the three months ended March 31, 2025 and 2024, the realized and unrealized gain/loss from derivative contracts was not significant.

It is the Clinic's intent to maintain a long-term investment portfolio to support research, education and other activities. Accordingly, the total investment return is reported in the condensed consolidated statements of activities in two categories. The investment return allocated to current activities is determined by formula. Management believes this return is approximately equal to the real return that the Clinic expects to earn on its investments over the long term. The unallocated investment return, included in noncurrent and other items in the condensed consolidated statements of activities, represents the difference between the total investment return and the amount allocated to current activities, net of investment costs.

Note 5. Fair Value Measurements

The Clinic holds certain financial instruments that are required to be measured at fair value on a recurring basis. The valuation techniques used to measure fair value under the FASB ASC 820 are based upon observable and unobservable inputs. The standard establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1: Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Clinic's policy is to recognize transfers in and transfers out as of the actual date of the event or change in circumstances that caused the transfer. There were no significant transfers within Levels for the three months ended March 31, 2025 and the year ended December 31, 2024.



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 5. Fair Value Measurements (Continued)

The following tables present the financial instruments carried at fair value as of March 31, 2025 and December 31, 2024, by caption on the condensed consolidated statements of financial position categorized by the valuation hierarchy and NAV:

	March 31, 2025				Total Fair Value
	Level 1	Level 2	Level 3	NAV	
Assets:					
Securities lending collateral	\$ 32	\$ —	\$ —	\$ —	\$ 32
Investments:					
Cash and cash equivalents	\$ 1,359	\$ 24	\$ —	\$ —	\$ 1,383
Fixed income securities:					
U.S. government	—	2,259	—	—	2,259
U.S. government agencies	—	999	—	—	999
U.S. corporate	—	1,117	—	—	1,117
Foreign	—	24	—	—	24
Common and preferred stocks:					
U.S.	1,247	—	—	—	1,247
Foreign	756	—	—	—	756
Funds:					
Fixed income	460	—	—	—	460
Equities	1,324	794	—	—	2,118
Other investments	—	—	—	—	—
Less securities under lending agreement	(204)	—	—	—	(204)
Investments at NAV	—	—	—	10,696	10,696
Total investments	\$ 4,942	\$ 5,217	\$ —	\$ 10,696	\$ 20,855
Investments under securities lending agreement	\$ 204	\$ —	\$ —	\$ —	\$ 204
Other long-term assets:					
Trust receivables	\$ 69	\$ 29	\$ 247	\$ —	\$ 345
Technology-based ventures	—	—	290	—	290
Total other long-term assets	\$ 69	\$ 29	\$ 537	\$ —	\$ 635
Total assets at fair value	\$ 5,247	\$ 5,246	\$ 537	\$ 10,696	\$ 21,726
Liabilities:					
Securities lending payable	\$ 32	\$ —	\$ —	\$ —	\$ 32
Total liabilities at fair value	\$ 32	\$ —	\$ —	\$ —	\$ 32



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 5. Fair Value Measurements (Continued)

	December 31, 2024				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Assets:					
Securities lending collateral	\$ 30	\$ —	\$ —	\$ —	\$ 30
Investments:					
Cash and cash equivalents	\$ 1,464	\$ 161	\$ —	\$ —	\$ 1,625
Fixed-income securities:					
U.S. government	—	2,244	—	—	2,244
U.S. government agencies	—	933	—	—	933
U.S. corporate	—	1,016	—	—	1,016
Foreign	—	26	—	—	26
Common and preferred stocks:					
U.S.	1,284	—	—	—	1,284
Foreign	711	—	—	—	711
Funds:					
Fixed income	452	—	—	—	452
Equities	1,346	751	—	—	2,097
Less securities under lending agreement	(76)	—	—	—	(76)
Investments at NAV	—	—	—	10,570	10,570
Total investments	\$ 5,181	\$ 5,131	\$ —	\$ 10,570	\$ 20,882
Investments under securities lending agreement	\$ 76	\$ —	\$ —	\$ —	\$ 76
Other long-term assets:					
Trust receivables	\$ 70	\$ 29	\$ 247	\$ —	\$ 346
Technology-based ventures	—	—	295	—	295
Total other long-term assets	\$ 70	\$ 29	\$ 542	\$ —	\$ 641
Total assets at fair value	\$ 5,357	\$ 5,160	\$ 542	\$ 10,570	\$ 21,629
Liabilities:					
Securities lending payable	\$ 30	\$ —	\$ —	\$ —	\$ 30
Total liabilities at fair value	\$ 30	\$ —	\$ —	\$ —	\$ 30



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 5. Fair Value Measurements (Continued)

The following is a description of the Clinic's valuation methodologies for assets and liabilities measured at fair value. Fair value for Level 1 is based upon quoted market prices. Fair value for Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources, including market participants, dealers, and brokers. Level 3 consists of trusts recorded at fair value based on the underlying value of the assets in the trust or discounted cash flow of the expected payment streams.

The trusts reported as Level 3 are primarily perpetual trusts managed by third parties invested in stocks, mutual funds, and fixed-income securities that are traded in active markets with observable inputs, and since the Clinic will never receive the trust assets, these perpetual trusts are reported as Level 3. In addition, technology-based ventures, composed primarily of shares in start-up companies, are recorded at fair value based on inputs relying on factors such as the financial performance of the company, sales performance, financial projections, sales projections, management representation, industry developments, market analysis, and any other pertinent factors that would affect the fair value or based on the quoted price of an otherwise identical unrestricted security of the same issuer, adjusted for the effect of the restriction.

The methods described above and those recorded at NAV may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Clinic believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The carrying values of cash and cash equivalents, short-term investments, accounts receivable, other current assets, and accounts payable are reasonable estimates of their fair value due to the short-term nature of these financial instruments.

The following information pertains to those alternative investments recorded at NAV in accordance with FASB ASC 820.

At March 31, 2025, alternative investments recorded at NAV consisted of the following:

	Fair Value	Unfunded Commitment	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return/hedge funds (a)	\$ 4,721	\$ 271	Monthly to annually	30–90 days
Private partnerships (b)	5,975	1,851		
Total alternative investments	<u>\$ 10,696</u>	<u>\$ 2,122</u>		



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 5. Fair Value Measurements (Continued)

At December 31, 2024, alternative investments recorded at NAV consisted of the following:

	Fair Value	Unfunded Commitment	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Absolute return/hedge funds (a)	\$ 4,796	\$ 414	Monthly to annually	30–90 days
Private partnerships (b)	5,774	1,897		
Total alternative investments	<u>\$ 10,570</u>	<u>\$ 2,311</u>		

(a) This category includes investments in absolute return/hedge funds, which are actively managed commingled investment vehicles that derive the majority of their returns from factors other than the directional flow of the markets in which they invest. Representative strategies include high-yield credit, distressed debt, merger arbitrage, relative value, and long-short equity strategies. The fair values of the investments in this category have been estimated using the NAV per share of the investments. Investments in this category generally carry “lockup” restrictions that do not allow investors to seek redemption in the first year after acquisition. Following the initial lockup period, liquidity is generally available monthly, quarterly, or annually following a redemption request. Over 90 percent of the investments in this category have at least annual liquidity.

(b) This category includes limited partnership interests in closed-end funds that focus on venture capital, private equity, real estate, and resource-related strategies. The fair values of the investments in this category have been estimated using the NAV of the Clinic's ownership interest in partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of most funds will generally be liquidated over a seven- to ten-year period.

Note 6. Securities Lending

The Clinic has an arrangement with its investment custodian to lend Clinic securities to approved brokers in exchange for a fee. Among other provisions that limit the Clinic's risk, the securities lending agreement specifies that the custodian is responsible for lending securities and obtaining adequate collateral from the borrower. Collateral is limited to cash, government securities, and irrevocable letters of credit. Investments are loaned to various brokers and are returnable on demand. In exchange, the Clinic receives collateral. The cash collateral is shown as both an asset and a liability on the condensed consolidated statements of financial position.

At March 31, 2025 and December 31, 2024, the aggregate market value of securities on loan under securities lending agreements totaled \$204 and \$76, respectively, and the total value of the collateral supporting the securities was \$214 and \$79, respectively, which represents 105 and 104 percent of the value of the securities on loan at March 31, 2025 and December 31, 2024, respectively. The cash portion of the collateral supporting the securities as of March 31, 2025 and December 31, 2024, is \$32 and \$30, respectively. Noncash collateral provided to the Clinic is not recorded in the condensed consolidated statements of financial position, as the collateral may not be sold or repledged. The Clinic's claim on such collateral is limited to the market value of loaned securities. In the event of nonperformance by the other parties to the securities lending agreements, the Clinic could be exposed to a loss.



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 7. Board-Designated Funds

Board-designated funds are included in net assets without donor restrictions and are subject to expenditure for the following purposes for the periods ended:

	March 31, 2025	December 31, 2024
Research	\$ 1,610	\$ 1,659
Education	333	344
Buildings and equipment	3	3
Charity care	13	14
Clinical	164	168
Other	1,130	1,136
Total designation for specified purpose	<u>\$ 3,253</u>	<u>\$ 3,324</u>

Board designated funds were classified as follows for the periods ended:

	March 31, 2025	December 31, 2024
Quasi endowments	\$ 3,005	\$ 3,113
Professional liability reserve	195	178
Other reserves	53	33
Total	<u>\$ 3,253</u>	<u>\$ 3,324</u>



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 8. Net Assets with Donor Restrictions

The Clinic receives contributions in support of research, education, and clinical activities. Net assets with donor restrictions were available for the following purposes:

	March 31, 2025	December 31, 2024
Subject to expenditure for specified purposes:		
Research	\$ 854	\$ 749
Education	93	64
Buildings and equipment	206	199
Charity care	39	34
Clinical	109	86
Other	45	44
Total expenditure for specified purposes	1,346	1,176
Subject to passage of time:		
Pledges and trusts	772	730
Endowments:		
Perpetual in nature:		
Research	1,345	1,332
Education	377	374
Charity care	15	15
Clinical	218	223
Other	62	63
Pledges and trusts	260	272
Total perpetual in nature	2,277	2,279
Subject to endowment spending policy:		
Research	848	931
Education	381	408
Charity care	52	56
Clinical	171	185
Other	46	48
Total subject to endowment spending policy	1,498	1,628
Total endowments	3,775	3,907
Total net assets with donor restrictions	\$ 5,893	\$ 5,813



Notes to Unaudited Condensed Consolidated Financial Statements
March 31, 2025 (in Millions)

Note 8. Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions as expenditures were made, which satisfied the following restricted purposes for the three months ended March 31:

	2025	2024
Research	\$ 34	\$ 33
Education	10	10
Buildings and equipment	—	1
Other	8	11
Total net assets released from donor restrictions	<u>\$ 52</u>	<u>\$ 55</u>

Note 9. Functional Expenses

The condensed consolidated financial statements present certain expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Benefits and payroll taxes are allocated based on factors of either salary expense or hours worked. Overhead costs that include professional services, office expenses, information technology, interest, insurance, and other similar expenses are allocated based on a variety of factors including revenues, hours worked, and salary expense. Costs related to space including occupancy, depreciation and amortization, and property taxes are allocated on a square footage basis.

The expenses reported in the condensed consolidated statements of activities for the three months ended March 31, 2025 and 2024 supported the following programs and functions:

2025								
	Patient care	Lab and technology ventures	Research	Graduate and other education	General and administrative	Development expenses	Other activities	Total expenses
Salaries and benefits	\$ 2,231	\$ 56	\$ 209	\$ 104	\$ 57	\$ 8	\$ 17	\$ 2,682
Supplies and services	1,198	366	79	25	22	2	23	1,715
Depreciation and amortization	151	2	21	4	5	—	1	184
Facilities	80	1	7	4	13	—	1	106
Finance & investment	45	1	4	1	1	—	(7)	45
Total	<u>\$ 3,705</u>	<u>\$ 426</u>	<u>\$ 320</u>	<u>\$ 138</u>	<u>\$ 98</u>	<u>\$ 10</u>	<u>\$ 35</u>	<u>\$ 4,732</u>

2024								
	Patient care	Lab and technology ventures	Research	Graduate and other education	General and administrative	Development expenses	Other activities	Total expenses
Salaries and benefits	\$ 2,130	\$ 52	\$ 200	\$ 100	\$ 62	\$ 10	\$ 15	\$ 2,569
Supplies and services	1,071	307	76	24	16	3	18	1,515
Depreciation and amortization	132	2	18	3	5	—	1	161
Facilities	61	1	5	3	11	—	1	82
Finance & investment	47	3	4	1	1	—	(9)	47
Total	<u>\$ 3,441</u>	<u>\$ 365</u>	<u>\$ 303</u>	<u>\$ 131</u>	<u>\$ 95</u>	<u>\$ 13</u>	<u>\$ 26</u>	<u>\$ 4,374</u>



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

Note 10. Employee Benefit Programs

The Clinic serves as plan sponsor for several defined-benefit pension funds and other postretirement benefits.

Components of net periodic benefit cost for the three months ended March 31 are as follows for the defined-benefit pension plans:

	Qualified	
	2025	2024
Service cost	\$ 99	\$ 107
Interest cost	121	117
Expected return on plan assets	(220)	(208)
Amortization of unrecognized:		
Prior service benefit	2	(2)
Net benefit cost	<u>\$ 2</u>	<u>\$ 14</u>

Components of net periodic benefit cost for the three months ended March 31 are as follows for the other postretirement benefits:

	Postretirement Benefits	
	2025	2024
Service cost	\$ 1	\$ 1
Interest cost	12	11
Amortization of unrecognized:		
Prior service benefit	—	1
Net benefit cost	<u>\$ 13</u>	<u>\$ 13</u>

Note 11. Commitments and Contingencies



Notes to Unaudited Condensed Consolidated Financial Statements

March 31, 2025 (in Millions)

The Clinic has various construction projects in progress related to patient care, research, and educational facilities. The estimated costs committed to complete the various projects at March 31, 2025, approximated \$7,481, all of which is expected to be expended over the next three to five years.

While the Clinic is self-insured for a substantial portion of its general, professional, and workers' compensation liabilities, the Clinic maintains commercial insurance coverage against catastrophic loss. Additionally, the Clinic maintains a self-insurance program for its long-term disability coverage. The provision for estimated self-insured claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

The Clinic is a defendant in various lawsuits arising in the ordinary course of business and records an estimated liability for probable claims. Although the outcome of these lawsuits cannot be predicted with certainty, management believes the ultimate disposition of such matters will not have a material effect on the Clinic's condensed consolidated statements of financial position or statements of activities.

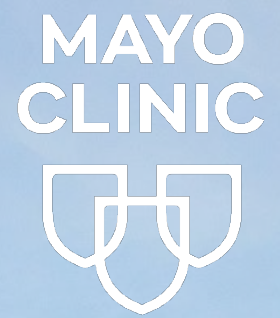
Note 12. Subsequent Events

The Clinic evaluated events and transactions occurring subsequent to March 31, 2025, through May 8, 2025, the date of issuance of the condensed consolidated financial statements. There were no nonrecognized subsequent events requiring disclosure except on April 17, 2025, the Clinic issued bonds in the amount of \$400 of par with a net premium of \$6. Coupon rates varying between 3.50% and 5.00% and are a mix of fixed and variable rate debt.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE THREE-MONTH PERIOD
ENDED MARCH 31, 2025

May 2025



A rendering of the 1.2 million square-foot expansion at Mayo Clinic in Arizona.

SCALING HEALTHCARE TRANSFORMATION

MEETING PATIENT NEEDS NOW AND IN THE FUTURE

Mayo Clinic pushes the boundaries of healthcare in advancing treatments and cures for those seeking hope and healing. Our team-based, patient-centric care model that integrates Practice, Research and Education has made Mayo Clinic the most trusted name in healthcare for over 160 years. Through our Bold. Forward. strategy, Mayo Clinic is leveraging innovation, collaborations and the power of [Mayo Clinic Platform](#) to accelerate discovery, translation and delivery of more cures for chronic and acute diseases; connect people with data to create new knowledge and deliver scalable, end-to-end solutions; and transform healthcare by creating its first scalable, AI-enabled care transformation platform. With nearly 83,000 employees and annual revenues of nearly \$20 billion, Mayo Clinic sets the standard for Category-of-One care.

CATEGORY-OF-ONE COLLABORATIONS AND RECOGNITION

Mayo Clinic makes critical connections that meet our patients' evolving needs. From a joint effort to [increase diagnostic testing for neurodegenerative disorders](#) such as Alzheimer's disease to offering [precision medicine testing for cancer](#) that combines artificial intelligence and biological data, we unite forces with organizations around the world to develop solutions for patients experiencing serious and/or complex medical conditions. The treatments and cures that result from these and many other efforts have led to Mayo Clinic in Rochester being named the [No. 1 hospital in the world](#) for the seventh straight year in [Newsweek's list of the "World's Best Hospitals."](#) Mayo Clinic in Florida and Mayo Clinic in Arizona also were highly ranked.

KEY LEADERSHIP ANNOUNCEMENTS

[Richard K. Davis](#), former president and CEO of Make-A-Wish America and former executive chair and CEO of U.S. Bancorp, has been elected chair of the [Mayo Clinic Board of Trustees](#). Mr. Davis provided valuable counsel during and after the COVID-19 pandemic and helped guide Mayo Clinic's Bold. Forward. strategy, including the successful launch of both [Mayo Clinic Platform](#) and [Bold. Forward. Unbound.](#), our transformative reimagining of the physical and digital healthcare experience for patients and staff.

Mayo Clinic has appointed Micky Tripathi, Ph.D., as chief AI implementation officer to drive AI adoption and establish a streamlined pathway for integrating these solutions into clinical practice. The former acting chief AI officer and assistant secretary for technology policy at the U.S. Department of Health and Human Services has deep experience in health IT strategy, policies, standards and investments.

EXPANDING INFRASTRUCTURE AND TEAM CULTURE

Mayo Clinic is accelerating next-generation care through Bold. Forward. Unbound. in Arizona, a [nearly \\$1.9 billion investment](#) that will expand the clinical space at Mayo Clinic's Phoenix campus by nearly 60% and include care neighborhoods that group related services for a more connected patient experience (see *cover image*). In Florida, a [hospital expansion](#) has added five new floors to the patient tower, creating 166 state-of-the-art patient rooms and respite spaces to enhance care, efficiency and experiences for both patients and staff.

RELENTLESS INNOVATION TO FIND CURES

Mayo Clinic Platform accelerates discoveries and efficiencies to find cures

[Mayo Clinic Platform](#) delivers validated digital solutions into the Mayo Clinic practice, bringing the most advanced care to our patients right away. For example, [Gelareh Zadeh, M.D., Ph.D.](#), is using the Platform's capabilities – including real-world, de-identified electronic health record data and state-of-the-art analytical tools – to explore survival rates in patients diagnosed with brain tumors, including glioblastoma, meningioma and brain metastasis. Mayo Clinic Platform revealed factors that may double survival in glioblastoma patients, and clinical trials have been designed to prospectively evaluate interventions that impact patient outcomes and transform brain cancer care.

Mayo Clinic supports early-stage healthcare technology development companies

In the first quarter, [four companies](#) joined [Mayo Clinic Platform Accelerate](#), an innovative 30-week program that helps early-stage health tech AI startups get market ready. These companies include digital platforms for clinical decision-making, analyzing renal and cardiac data, and enhancing patient engagement via wearables. Also, [10 companies joined](#) the [Mayo Clinic/Arizona State University MedTech Accelerator](#), a healthcare alliance that advances the science of healthcare delivery and practice. These companies from around the world leverage digital and AI capabilities to create solutions for brain health, fertility, cancer and more. Mayo Clinic's experience and expertise accelerate all these companies' efforts to address unmet patient needs everywhere.

Cancer CARE Beyond Walls transforms care for patients in Florida and North Dakota

[Cancer CARE Beyond Walls](#) (CCBW) is transforming care delivery to allow patients to receive part of their cancer care from the comfort of their homes while integrating digital technology and remote patient monitoring capabilities to improve clinical outcomes. Through a partnership between [Mayo Clinic Platform](#) and [Mayo Clinic Comprehensive Cancer Center](#), CCBW is available at [Mayo Clinic in Florida](#) and [Altru Health System](#) in North Dakota, a member of [Mayo Clinic Care Network](#). In the first three months of 2025, CCBW served nearly 80 patients and administered 316 treatments. The program has one active clinical trial and two pending trials.

Mayo Clinic contributes to national Alzheimer's disease research priorities

Mayo Clinic neuroscientist [Nilüfer Ertekin-Taner, M.D., Ph.D.](#), [served on the select ad hoc committee](#) of the National Academies of Sciences, Engineering and Medicine to assess [the state of research](#) on Alzheimer's disease and Alzheimer's disease-related dementias. The study outlined critical research priorities for treatment and prevention, as well as potential barriers to progress. The report calls for breaking down silos for more collaborative, multidisciplinary research; fostering inclusive research to eliminate health disparities; developing innovative funding strategies and increasing innovation in research through the expansion of public-private partnerships, among others.

Students learn where they'll continue Mayo Clinic's Model of Care on Match Day

Students at [Mayo Clinic Alix School of Medicine](#) in Arizona, Florida and Minnesota [simultaneously opened envelopes on March 21](#) to reveal their residency training placements through the National Resident Matching Program (NRMP). [Mayo Clinic School of Graduate Medical Education](#) is one of the nation's largest graduate medical education schools, with a total enrollment of more than 1,900 physicians in training. It has trained half of Mayo's current physicians. The school's 65 programs in Arizona, Florida, Minnesota and Wisconsin participated in Match Day and offered 372 residency positions to students nationwide.

Mayo Clinic discovers new role for protein to fight tumors

Mayo Clinic researchers have [discovered a role that a specific protein plays in regulating cell resistance and fighting tumors](#) in certain types of cancer, offering hope for improved cancer therapies and patient outcomes. The protein is found in CD8+ T cells, a type of immune cell that recognizes and kills cancer cells. The protein allows CD8+ T cells to continue killing cancer cells even under stress and can prevent cancer from spreading. The [study's](#) senior author, [Dan Billadeau, Ph.D.](#), said the discovery holds promise for manipulating T cells against cancer.

Mayo Clinic launches landmark study on rare neurological disease

A groundbreaking natural history [study led by researchers at Mayo Clinic's Center for Individualized Medicine and Department of Clinical Genomics](#) aims to advance research for one rare disease with the potential to benefit many others. This extensive study will track autosomal dominant leukodystrophy, a rare, hereditary neurodegenerative disorder, from its earliest stages to advanced progression in patients around the world. By analyzing medical records, brain imaging, genetic data, neurological assessments and more, researchers will develop a comprehensive data set to identify key biological markers in people with the disease.

Mayo Clinic researchers and surgeons test virtual reality to calm presurgery jitters

A new study [published in Mayo Clinic Proceedings](#) suggests that [virtual reality \(VR\)](#) can be an effective tool to reduce preoperative anxiety in older patients undergoing their first [open-heart surgery](#). These reductions in anxiety are significant given the known link between preoperative anxiety and negative postoperative outcomes, including increased pain, reduced activity and higher medication use. [Jordan Miller, Ph.D.](#), a cardiovascular disease researcher at Mayo Clinic and senior author of the study, said the research represents a step toward improving the patient experience and using this approach to optimize postoperative recovery.

BRCA2 testing uncertainty is markedly decreased, improving cancer risk assessment and care

Findings from a multi-institutional, international study led by researchers from [Mayo Clinic Comprehensive Cancer Center](#) have significantly advanced the understanding of genetic alterations in the BRCA2 gene, a key player in hereditary cancer risk. This finding dramatically improves the accuracy of genetic testing and will allow healthcare professionals to offer more precise risk assessments and personalized treatment plans for people carrying these variants. The [study](#) utilized CRISPR-Cas9 gene-editing technology to analyze nearly 7,000 BRCA2 variants.

DISCUSSION OF FIRST QUARTER 2025 RESULTS

For the three months ending March 31, 2025, Mayo Clinic generated income from operating activities of \$153 million, equivalent to a 3.0% margin. Income from current activities, including philanthropy and investment returns available for operating activities, was \$373 million, a 7.3% margin. During this period, the increase in net assets before other changes, including noncurrent and other items, was \$465 million.

Three Months Ended March 31,

(\$ in Millions):	2024	2025	Change From 2024
Revenue from operating activities	\$4,460	\$4,885	9.5%
Expenses from operating activities	4,374	4,732	8.2%
Income from operating activities	\$86	\$153	77.9%
Investment return and contributions available for current activities	277	220	-20.6%
Income from current activities	\$363	\$373	2.8%
Noncurrent and other items	565	92	-83.7%
Increase in net assets before other changes	\$928	\$465	-49.9%
Postretirement adjustment/other	(1)	2	300.0%
Increase in net assets	\$927	\$467	-49.6%

REVENUE

Three Months Ended March 31,

(\$ in Millions):	2024	2025	Change From 2024
Revenue			
Net medical service revenue	\$3,957	\$4,327	9.4%
Grants and contracts	195	188	-3.6%
Contributions	149	85	-43.0%
Investments	128	135	5.5%
Other	308	370	20.1%
Total operating revenue	\$4,737	\$5,105	7.8%

As of March 31, 2025, net medical service revenue of \$4.3 billion comprised 84.8% of total revenue and reflected a 9.4% increase from the prior year. This growth was driven by strong outpatient, surgical and hospital volumes and increased service demand. Mayo Clinic's total operating revenue for the period was \$5.1 billion, a 7.8% increase over the same period in 2024.

Contributions available for operating activities decreased from 2024 to 2025 due to an increase in gifts directed to non-operating activities. Investment income available for operating activities increased slightly from 2024 to 2025 due to a slightly higher rate of return on short-term and working capital funds.

VOLUME METRICS

The table below shows year-to-date 2025 clinical volumes. All measures show an increase compared to 2023 and 2024, reflecting strong, sustained demand for services.

	Three Months Ended March 31,			Change	
	2023	2024	2025	From 2024	From 2023
Outpatient visits	1,267,103	1,361,605	1,387,213	1.9%	9.5%
Surgical cases	36,990	38,497	39,034	1.4%	5.5%
Admissions	29,926	31,994	34,315	7.3%	14.7%
Patient days	179,323	186,508	198,163	6.2%	10.5%

EXPENSES

Operating expenses were \$4.73 billion for the three-month period ended March 31, 2025, reflecting year-over-year growth of 8.2%. Salaries and benefits, totaling \$2.68 billion, rose by 4.4% from the prior period and accounted for 56.7% of total expenses. This increase is attributed to staff growth to accommodate higher volumes, as well as annual salary increases for all staff. Volume increases similarly drove the rise in supplies and services expenses. Increase in facilities and depreciation is due to recently completed construction projects and campus improvements.

(\$ in Millions):	Three Months Ended March 31,		Change
	2024	2025	From 2024
Expenses			
Salaries and benefits	\$2,569	\$2,682	4.4%
Supplies and services	1,515	1,715	13.2%
Facilities	243	290	19.3%
Finance and investment	47	45	-4.3%
Total expenses	\$4,374	\$4,732	8.2%

NONCURRENT AND OTHER ITEMS

Noncurrent and other items include portions of philanthropic contributions and investment income not available to support operating activities, specific deferred compensation and other charges. The decrease is largely driven by non-operating investment returns during 2025, which were an \$18 million net loss compared to a \$554 million net gain for the same period in 2024.

CASH, INVESTMENTS AND BALANCE SHEET STRENGTH

Cash and investments totaled \$21.10 billion, an increase of \$98 million since the end of 2024, largely driven by investment gains. Of this total, \$3.99 billion, or 18.9%, is held for liquidity in working capital and short-term funds.

LONG TERM FUND

As of March 31, 2025, Mayo's cash and investment position included \$15.68 billion in long-term investments in our primary investment vehicle, the Long Term Fund (LTF). The LTF comprises \$6.52 billion of endowed funds (both donor and board-restricted) and \$9.16 billion of unrestricted reserves. Investment earnings on Mayo's endowed funds are a vital source of support for our research and education programs. The LTF generated a 1.1% gain for the quarter ended March 31, 2025. On a three-year, five-year and 10-year basis, the LTF's investment returns continued to meet investment objectives with 3.9%, 11.3% and 8.5% returns, respectively, over these periods.

CAPITAL EXPENDITURES

Capital expenditures totaled \$339 million as of March 31, 2025. The total includes \$147 million for major projects, \$164 million for equipment and \$28 million for other projects. Major spending for Bold. Forward. Unbound. includes the bed tower modernization and expansions in Mankato, Minnesota, and La Crosse, Wisconsin; the Arizona campus expansion and Integrated Education and Research Building; the Florida Duan Family Building, the hospital expansion and the central utility plant; and Rochester improvement and expansion projects, including the Anna-Maria and Stephen Kellen Building and the proton beam facility expansion.

The table below shows continued strength in key balance sheet metrics, all of which remain strong and within "AA" rating parameters.

	12/31/2023	12/31/2024	3/31/2025
Days revenue outstanding	45.2	44.4	46.4
Days cash on hand	358	362	357
Max debt service coverage ratio	7.2x	9.1x	9.1x
Cash to debt	336%	384%	386%
Debt to capitalization	23%	19%	19%

SUMMARY

Driven by our enduring commitment to put the needs of the patient first, Mayo Clinic made significant strides in the first quarter of 2025 to Cure, Connect and Transform healthcare for people everywhere. Strong financial performance enabled Mayo Clinic to invest in our staff, physical and digital infrastructure, and technologies to accelerate and drive the transformation of healthcare. As always, Mayo Clinic's performance was made possible by our dedicated, innovative and caring staff who work tirelessly to advance our mission.