

FCR 8

Office of the President
December 5, 2023

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 2023.

Background: The consolidated financial report includes the financial activities of the University of Kentucky and its affiliated corporations:

- University of Kentucky Research Foundation
- University of Kentucky Gluck Equine Research Foundation, Inc.
- University of Kentucky Humanities Foundation, Inc.
- University of Kentucky Mining Engineering Foundation, Inc.
- Central Kentucky Management Services, Inc.
- Beyond Blue Corporation and its non-profit subsidiary Royal Blue Health, LLC

As of September 30, 2023, the university has recognized \$1,862,730,084 of current funds revenue representing 27 percent of the 2023-24 approved budget of \$6,803,373,000. Expenses and transfers total \$1,657,314,335 or 24 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated Financial Statements

For the three months ended September 30, 2023

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,579,986,046	\$ 1,152,509,645
Notes, loans and accounts receivable, net	1,369,323,009	949,678,589
Investments	792,512	-
Inventories and other assets	135,987,071	103,322,014
Total current assets	<u>3,086,088,638</u>	<u>2,205,510,248</u>
Noncurrent Assets		
Restricted cash and cash equivalents	227,699,705	256,032,985
Endowment investments	1,851,614,169	1,724,611,715
Other long-term investments	883,699,040	485,365,112
Notes, loans and accounts receivable, net	716,131,742	330,660,471
Other noncurrent assets	8,666,463	5,477,172
Capital assets, net	3,922,314,012	3,430,565,250
Lease assets, net	111,427,035	63,140,409
Subscription assets, net	28,751,056	-
Total noncurrent assets	<u>7,750,303,222</u>	<u>6,295,853,114</u>
Total assets	<u>10,836,391,860</u>	<u>8,501,363,362</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>10,866,955,336</u>	<u>8,510,561,047</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	411,054,295	330,972,954
Unearned revenue	162,270,310	138,504,638
Long-term liabilities - current portion	147,145,938	102,432,337
Total current liabilities	<u>720,470,543</u>	<u>571,909,929</u>
Noncurrent Liabilities		
Unearned revenue	184,995,534	209,070,641
Long-term liabilities	1,531,917,398	1,262,197,181
Total noncurrent liabilities	<u>1,716,912,932</u>	<u>1,471,267,822</u>
Total liabilities	<u>2,437,383,475</u>	<u>2,043,177,751</u>
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>2,962,253,787</u>	<u>2,635,630,973</u>
NET POSITION		
Net investment in capital assets	<u>2,212,592,372</u>	<u>1,942,262,110</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	231,386,853	218,536,509
Research	318,910,045	294,364,516
Instruction	92,273,752	88,135,104
Academic support	88,118,753	87,813,178
Other	17,645,274	15,786,278
Total restricted nonexpendable	<u>748,334,677</u>	<u>704,635,585</u>
Expendable		
Scholarships and fellowships	127,075,108	115,235,327
Research	141,025,745	120,974,766
Instruction	74,559,213	68,081,481
Academic support	151,647,770	141,069,592
Loans	12,192,198	12,178,067
Capital projects	207,048,462	108,560,364
Debt service	31,253,133	34,500,264
Auxiliary	52,496,457	55,882,464
Other	155,263,180	69,934,159
Total restricted expendable	<u>952,561,266</u>	<u>726,416,484</u>
Total restricted	<u>1,700,895,943</u>	<u>1,431,052,069</u>
Unrestricted		
Total net position	<u>\$ 7,904,701,549</u>	<u>\$ 5,874,930,074</u>

¹ Statements include all funds with exception of fiduciary funds held in trust for beneficiaries of other postemployment benefit plans

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION¹
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Student tuition and fees	\$ 321,811,113	\$ 301,090,219
Federal grants and contracts	63,951,646	62,244,923
State and local grants and contracts	31,050,511	28,976,957
Nongovernmental grants and contracts	81,070,496	83,279,811
Recoveries of facilities and administrative costs	22,522,957	21,976,173
Sales and services	20,202,982	17,824,558
Federal appropriations	5,041,970	5,162,700
County appropriations	8,648,349	8,043,158
Hospital services	1,069,235,203	753,659,799
Auxiliary enterprises:		
Housing and dining	9,051,643	7,933,359
Athletics	37,041,820	36,211,382
Other auxiliaries	23,438,749	22,453,417
Other operating revenues	57,681	55,760
Total operating revenues	1,693,125,120	1,348,912,216
OPERATING EXPENSES		
Educational and general:		
Instruction	76,642,336	69,844,171
Research	93,478,192	89,565,710
Public service	62,841,470	57,677,330
Libraries	4,945,092	4,877,228
Academic support	30,440,706	23,232,640
Student services	11,705,428	11,514,344
Institutional support	29,162,861	27,224,953
Operations and maintenance of plant	26,780,193	27,965,627
Student financial aid	136,070,133	125,449,588
Depreciation	23,944,716	22,422,913
Total educational and general	496,011,127	459,774,504
Clinical operations	128,022,581	122,984,477
Hospital services (including depreciation of \$20,818,339 in 2023 and \$20,896,126 in 2022)	876,313,393	601,126,639
Auxiliary enterprises:		
Housing and dining (including depreciation of \$1,298,625 in 2023 and \$2,713,819 in 2022)	9,764,472	8,587,084
Athletics (including depreciation of \$4,050,233 in 2023 and \$4,208,358 in 2022)	49,854,071	46,384,310
Other auxiliaries (including depreciation of \$2,136,120 in 2023 and \$2,003,048 in 2022)	11,548,584	11,338,469
Other operating expenses	31,329	2,907
Total operating expenses	1,571,545,557	1,250,198,390
Net income from operations	121,579,563	98,713,826
NONOPERATING REVENUES (EXPENSES)		
State appropriations	95,900,800	92,770,500
COVID-19 funding	-	48,189
Gifts and non-exchange grants	41,419,044	63,335,239
Investment income (loss)	(5,611,594)	(37,927,300)
Interest on capital asset, lease and SBITA-related debt	(12,725,801)	(8,680,254)
Other nonoperating revenues and expenses, net	(52,843)	(7,832,606)
Net nonoperating revenues	118,929,606	101,713,768
Net income before other revenues, expenses, gains or losses	240,509,169	200,427,594
Capital grants and gifts	255,208,160	4,426,190
Additions to permanent endowments	20,307,815	1,459,072
Other, net	3,293,492	30,931,419
Total other revenues	278,809,467	36,816,681
INCREASE IN NET POSITION	519,318,636	237,244,275
NET POSITION, July 1	7,385,382,913	5,637,685,799
NET POSITION, September 30	\$ 7,904,701,549	\$ 5,874,930,074

¹ Statements include all funds with exception of fiduciary funds held in trust for beneficiaries of other postemployment benefit plans.

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 623,097,000	\$ 321,811,113	52%	\$ 301,090,219	51%
Federal grants and contracts	362,623,400	63,951,646	18%	62,244,923	18%
State and local grants and contracts	39,899,100	31,050,511	78%	28,976,957	24%
Nongovernmental grants and contracts	400,144,300	81,070,496	20%	83,279,811	23%
Recoveries of facilities and administrative costs	70,000,000	22,522,957	32%	21,976,173	32%
Sales and services	59,942,500	20,202,982	34%	17,824,558	27%
Federal appropriations	19,035,300	5,041,970	26%	5,162,700	27%
County appropriations	40,061,800	8,648,349	22%	8,043,158	22%
Hospital services	3,955,713,500	1,069,235,203	27%	753,659,799	27%
Auxiliary enterprises:					
Housing and dining	37,071,000	9,051,643	24%	7,933,359	21%
Athletics	125,941,200	37,041,820	29%	36,211,382	30%
Other auxiliaries	55,287,300	23,438,749	42%	22,453,417	44%
Total operating revenues	<u>5,788,816,400</u>	<u>1,693,067,439</u>	<u>29%</u>	<u>1,348,856,456</u>	<u>29%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	593,441,500	76,642,336	13%	69,844,171	13%
Research	478,361,200	93,478,165	20%	88,867,009	17%
Public service	291,693,900	62,841,470	22%	57,677,330	22%
Libraries	15,904,100	4,945,092	31%	4,877,228	31%
Academic support	149,410,500	30,440,706	20%	23,232,640	19%
Student services	61,206,500	11,688,517	19%	11,410,182	16%
Institutional support	152,678,300	29,156,138	19%	27,224,953	17%
Operations and maintenance of plant	130,609,500	23,910,777	18%	22,949,101	22%
Student financial aid	290,780,000	136,070,133	47%	125,449,588	47%
Total educational and general	<u>2,164,085,500</u>	<u>469,173,334</u>	<u>22%</u>	<u>431,532,202</u>	<u>21%</u>
Clinical operations	575,020,900	128,022,581	22%	122,984,477	21%
Hospital services	3,521,894,200	841,762,105	24%	575,990,981	24%
Auxiliary enterprises:					
Housing and dining	23,259,300	6,727,708	29%	5,824,051	36%
Athletics	163,372,400	44,044,181	27%	39,403,773	26%
Other auxiliaries	37,577,300	7,836,122	21%	8,354,407	26%
Total operating expenses	<u>6,485,209,600</u>	<u>1,497,566,031</u>	<u>23%</u>	<u>1,184,089,891</u>	<u>22%</u>
Net income (loss) from operations	<u>(696,393,200)</u>	<u>195,501,408</u>	<u>N/A</u>	<u>164,766,565</u>	<u>N/A</u>

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(696,393,200)</u>	<u>195,501,408</u>	<u>N/A</u>	<u>164,766,565</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	319,669,300	95,900,800	30%	92,770,500	29%
COVID-19 funding	-	-	100%	48,189	100%
Gifts and non-exchange grants	120,913,600	39,979,108	33%	62,847,421	61%
Investment income	54,631,000	24,514,892	45%	9,964,704	22%
Interest on lease and SBITA asset-related debt	-	(925,361)	100%	-	-
Other nonoperating revenues and expenses, net	<u>31,350,300</u>	<u>(52,952)</u>	<u>0%</u>	<u>(7,832,810)</u>	<u>-107%</u>
Net nonoperating revenues	<u>526,564,200</u>	<u>159,416,487</u>	<u>30%</u>	<u>157,798,004</u>	<u>33%</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>(169,829,000)</u>	<u>354,917,895</u>	<u>N/A</u>	<u>322,564,569</u>	<u>N/A</u>
Capital grants and gifts	17,686,700	5,208,160	29%	3,905,373	19%
Other, net	-	4,059,685	-	20,100,593	-
Total other revenues	<u>17,686,700</u>	<u>9,267,845</u>	<u>52%</u>	<u>24,005,966</u>	<u>115%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	483,575,200	-	-	-	-
Capital purchases and transfers	(198,516,300)	(124,844,868)	63%	(57,285,988)	26%
Debt service transfers	(110,129,300)	(35,811,802)	33%	(39,444,891)	43%
Noncapital transfers	<u>(22,787,300)</u>	<u>1,886,679</u>	<u>-8%</u>	<u>(17,655,442)</u>	<u>-93%</u>
Total non-GASB current funds activity	<u>152,142,300</u>	<u>(158,769,991)</u>	<u>N/A</u>	<u>(114,386,321)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	205,415,749		232,184,214	
NET POSITION, July 1		<u>3,041,328,460</u>		<u>1,773,415,439</u>	
NET POSITION, September 30		<u>\$ 3,246,744,209</u>		<u>\$ 2,005,599,653</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 5,789,708,300	\$ 1,693,067,439	29%	\$ 1,348,856,456	29%
Nonoperating revenues and transfers	<u>1,013,664,700</u>	<u>169,662,645</u>	<u>17%</u>	<u>189,636,780</u>	<u>19%</u>
Total revenues	<u>6,803,373,000</u>	<u>1,862,730,084</u>	<u>27%</u>	<u>1,538,493,236</u>	<u>27%</u>
Operating expenses	6,485,209,600	1,497,566,031	23%	1,184,089,891	22%
Nonoperating expenses and transfers	<u>318,163,400</u>	<u>159,748,304</u>	<u>50%</u>	<u>122,219,131</u>	<u>37%</u>
Total expenses and transfers	<u>6,803,373,000</u>	<u>1,657,314,335</u>	<u>24%</u>	<u>1,306,309,022</u>	<u>23%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 205,415,749</u>		<u>\$ 232,184,214</u>	