

ECR 1

Office of the President
October 10, 2022

Members, of the Board of Trustees:

RATIFICATION OF EXECUTIVE COMMITTEE ACCEPTANCE OF FY 2021-22
AUDITED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S
REPORT ON FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION

Recommendation: that the Board of Trustees ratify the following action taken by the Executive Committee on behalf of the Board of Trustees of the University of Kentucky at the Committee's special meeting on October 10, 2022:

The Executive Committee's approval of (1) the University of Kentucky Audited Financial Statements for the fiscal year ended June 30, 2022, consisting of the Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position, Notes to Financial Statements, Required Supplementary Information and Management's Discussion and Analysis; and (2) the Independent Auditor's Report on Financial Statements and Required Supplementary Information.

Background: The university's financial statements for the fiscal year ended June 30, 2022, were audited by FORVIS LLP, Certified Public Accountants. These financial statements are prepared in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities—An Amendment of GASB No. 34*, which focuses on the financial condition, results of operations and cash flows of the university as a whole, with resources classified for accounting and reporting purposes into four net asset categories: invested in capital assets (net of related debt), restricted-nonexpendable, restricted-expendable and unrestricted.

The financial statements of the university include its operations and its affiliated non-profit corporations [i.e., entities for which the university is financially accountable as defined by GASB Statement No. 14 and amended by GASB Statement No. 39, No. 61 and No. 80 and which meet the definition of an affiliated corporation under Kentucky Revised Statutes (KRS) section 164A.550]:

- University of Kentucky Research Foundation and its for-profit subsidiary, Kentucky Technology, Inc.
- 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

The financial statements also include the operations of Kentucky Medical Services Foundation, Inc. (KMSF), the University of Kentucky Alumni Association and the University of Kentucky Real Estate Foundation, non-profit entities for which the university is financially accountable as defined by GASB, but which are not affiliated corporations under KRS.

Normally, consideration of the audited statements would take place through the Audit and Compliance Committee with a recommendation to the full Board. However, because of the accreditation process with The Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), it is necessary to deviate from the normal process.

In short, the university was required to submit its Reaffirmation report to SACSCOC on September 8, 2022, prior to the completion of the FY 22 audit. SACSCOC recognizes this is an issue for many institutions and offers an alternative submission date of the audit portion of the report for October 17, 2022.

The financial statements and the independent auditor's report have been provided separately. The documents may be viewed after the Executive Committee of the Board of Trustees approval at:

<https://www.uky.edu/ufs/financial-statements>

Action taken: Approved Disapproved Other _____