

FCR 20

Office of the President
April 28, 2023

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED DECEMBER 31, 2022

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 31, 2022.

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

As of December 31, 2022, the university has recognized \$3,301,521,399 of current funds revenue representing 53 percent of the Fiscal Year 2022-23 approved budget of \$6,235,464,400. Expenses and transfers total \$2,552,986,282 or 41 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated Financial Statements

For the six months ended December 31, 2022

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,233,714,554	\$ 985,164,383
Notes, loans and accounts receivable, net	1,103,531,325	739,264,110
Inventories and other assets	113,664,133	89,337,973
Total current assets	<u>2,450,910,012</u>	<u>1,813,766,466</u>
Noncurrent Assets		
Restricted cash and cash equivalents	252,925,668	196,437,508
Endowment investments	1,772,162,618	1,928,611,900
Other long-term investments	835,169,255	437,671,229
Notes, loans and accounts receivable, net	398,661,055	295,410,838
Other noncurrent assets	5,228,141	4,279,324
Capital assets, net	3,731,720,596	3,439,237,244
Lease assets, net	76,149,347	-
Total noncurrent assets	<u>7,072,016,680</u>	<u>6,301,648,043</u>
Total assets	<u>9,522,926,692</u>	<u>8,115,414,509</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>9,530,505,039</u>	<u>8,144,193,629</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	390,803,075	347,041,957
Unearned revenue	122,401,724	107,487,304
Long-term liabilities - current portion	145,090,720	91,335,467
Total current liabilities	<u>658,295,519</u>	<u>545,864,728</u>
Noncurrent Liabilities		
Unearned revenue	204,123,028	199,057,498
Long-term liabilities	1,506,374,790	1,271,116,005
Total noncurrent liabilities	<u>1,710,497,818</u>	<u>1,470,173,503</u>
Total liabilities	<u>2,368,793,337</u>	<u>2,016,038,231</u>
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>2,949,218,954</u>	<u>2,540,241,339</u>
NET POSITION		
Net investment in capital assets	<u>2,025,940,802</u>	<u>1,944,407,856</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	223,385,772	211,531,480
Research	294,625,782	293,420,660
Instruction	88,785,310	85,677,463
Academic support	87,941,557	87,464,746
Other	16,477,696	15,364,870
Total restricted nonexpendable	<u>711,216,117</u>	<u>693,459,219</u>
Expendable		
Scholarships and fellowships	128,944,249	168,755,404
Research	128,224,427	174,388,937
Instruction	71,790,924	88,011,497
Academic support	144,113,350	158,982,498
Loans	11,671,727	12,080,025
Capital projects	212,897,352	75,066,736
Debt service	1,972,545	4,802,899
Auxiliary	49,286,224	49,765,687
Other	96,582,993	104,876,248
Total restricted expendable	<u>845,483,791</u>	<u>836,729,931</u>
Total restricted	<u>1,556,699,908</u>	<u>1,530,189,150</u>
Unrestricted		
Total net position	<u>\$ 6,581,286,085</u>	<u>\$ 5,603,952,290</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 SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Student tuition and fees	\$ 304,903,319	\$ 286,465,971
Federal grants and contracts	131,899,660	147,718,885
State and local grants and contracts	59,120,885	56,624,829
Nongovernmental grants and contracts	159,533,816	166,204,591
Recoveries of facilities and administrative costs	44,379,683	42,258,286
Sales and services	39,860,442	37,658,495
Federal appropriations	9,076,456	8,553,699
County appropriations	17,040,575	12,782,739
Hospital services	1,597,619,929	1,338,286,226
Auxiliary enterprises:		
Housing and dining	17,335,312	15,002,553
Athletics	86,438,657	81,141,707
Other auxiliaries	27,750,514	24,034,753
Other operating revenues	466,384	158,998
Total operating revenues	2,495,425,632	2,216,891,732
OPERATING EXPENSES		
Educational and general:		
Instruction	163,361,327	152,409,449
Research	176,260,179	162,389,733
Public service	125,954,013	131,725,153
Libraries	13,559,389	12,062,454
Academic support	47,514,653	42,592,037
Student services	28,429,962	28,396,569
Institutional support	28,769,696	27,676,036
Operations and maintenance of plant	48,741,506	42,648,704
Student financial aid	131,761,639	115,130,281
Depreciation	45,806,885	46,508,597
Total educational and general	810,159,249	761,539,013
Clinical operations	247,957,529	222,755,778
Hospital services (including depreciation of \$41,783,113 in 2022 and \$42,975,091 in 2021)	1,308,523,851	1,108,686,687
Auxiliary enterprises:		
Housing and dining (including depreciation of \$5,426,740 in 2022 and \$5,436,249 in 2021)	14,513,570	13,736,560
Athletics (including depreciation of \$8,417,833 in 2022 and \$8,488,832 in 2021)	86,056,824	78,527,710
Other auxiliaries (including depreciation of \$4,006,647 in 2022 and \$3,741,692 in 2021)	22,725,347	16,579,023
Other operating expenses	956,597	1,284,961
Total operating expenses	2,490,892,967	2,203,109,732
Net income from operations	4,532,665	13,782,000
NONOPERATING REVENUES (EXPENSES)		
State appropriations	179,279,300	149,224,500
COVID-19 funding	96,194	47,248,948
Gifts and non-exchange grants	93,645,428	73,224,793
Investment income (loss)	33,099,945	54,369,965
Interest on capital asset-related debt	(21,097,841)	(18,395,795)
Other nonoperating revenues and expenses, net	(14,063,563)	(29,100,618)
Net nonoperating revenues	270,959,463	276,571,793
Net income before other revenues, expenses, gains or losses	275,492,128	290,353,793
Capital grants and gifts	96,122,982	10,193,761
Additions to permanent endowments	7,687,582	12,113,108
King's Daughter Hospital System acquisition	533,684,925	-
Other, net	30,612,669	900,731
Total other revenues	668,108,158	23,207,600
INCREASE IN NET POSITION	943,600,286	313,561,393
NET POSITION, July 1	5,637,685,799	5,290,390,897
NET POSITION, December 31	\$ 6,581,286,085	\$ 5,603,952,290

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 SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 594,791,200	\$ 304,903,319	51%	\$ 286,465,971	53%
Federal grants and contracts	354,096,400	131,899,660	37%	147,718,885	53%
State and local grants and contracts	120,509,800	59,120,885	49%	56,624,829	47%
Nongovernmental grants and contracts	362,388,000	159,533,816	44%	166,204,591	41%
Recoveries of facilities and administrative costs	68,000,000	44,379,683	65%	42,258,286	68%
Sales and services	65,763,600	39,860,442	61%	37,658,495	55%
Federal appropriations	19,035,300	9,076,456	48%	8,553,699	45%
County appropriations	37,264,000	17,040,575	46%	12,782,739	36%
Hospital services	3,367,973,300	1,597,619,929	47%	1,338,286,226	54%
Auxiliary enterprises:					
Housing and dining	38,169,500	17,335,312	45%	15,002,553	38%
Athletics	120,969,100	86,438,657	71%	81,141,707	72%
Other auxiliaries	51,068,500	27,750,514	54%	24,034,753	50%
Total operating revenues	<u>5,200,028,700</u>	<u>2,494,959,248</u>	<u>48%</u>	<u>2,216,732,734</u>	<u>52%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	510,930,900	163,361,327	32%	152,409,449	33%
Research	544,153,200	176,245,039	32%	162,389,623	35%
Public service	284,911,000	125,954,013	44%	131,725,153	54%
Libraries	15,584,400	13,559,389	87%	12,062,454	82%
Academic support	121,183,500	47,514,653	39%	42,592,037	41%
Student services	68,094,100	28,259,123	42%	28,314,762	51%
Institutional support	182,723,100	28,769,696	16%	27,676,036	19%
Operations and maintenance of plant	108,137,800	41,108,093	38%	36,503,006	42%
Student financial aid	275,055,200	131,761,639	48%	115,130,281	47%
Total educational and general	<u>2,110,773,200</u>	<u>756,532,972</u>	<u>36%</u>	<u>708,802,801</u>	<u>39%</u>
Clinical operations	579,808,700	247,957,529	43%	222,755,778	41%
Hospital services	3,015,421,400	1,257,745,715	42%	1,053,314,114	47%
Auxiliary enterprises:					
Housing and dining	16,305,100	9,029,947	55%	8,235,159	34%
Athletics	152,398,800	77,456,873	51%	69,614,673	49%
Other auxiliaries	32,988,100	17,714,280	54%	11,474,084	39%
Total operating expenses	<u>5,907,695,300</u>	<u>2,366,437,316</u>	<u>40%</u>	<u>2,074,196,609</u>	<u>43%</u>
Net income (loss) from operations	<u>(707,666,600)</u>	<u>128,521,932</u>	<u>N/A</u>	<u>142,536,125</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 SIX MONTHS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(707,666,600)</u>	<u>128,521,932</u>	<u>N/A</u>	<u>142,536,125</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	318,635,100	179,279,300	56%	149,224,500	55%
COVID-19 funding	-	96,194	100%	47,248,948	100%
Gifts and non-exchange grants	102,202,200	92,116,436	90%	71,679,484	72%
Investment income	44,560,500	34,885,225	78%	12,815,194	35%
Other nonoperating revenues and expenses, net	<u>7,347,100</u>	<u>(14,063,897)</u>	<u>-191%</u>	<u>(29,101,216)</u>	<u>-366%</u>
Net nonoperating revenues	<u>472,744,900</u>	<u>292,313,258</u>	<u>62%</u>	<u>251,866,910</u>	<u>61%</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>(234,921,700)</u>	<u>420,835,190</u>	<u>N/A</u>	<u>394,403,035</u>	<u>N/A</u>
Capital appropriations	-	-	-	-	-
Capital grants and gifts	20,786,700	18,595,743	89%	9,657,944	90%
King's Daughter Hospital System acquisition	-	460,088,538	-	-	-
Other, net	-	21,500,715	-	2,261,007	-
Total other revenues	<u>20,786,700</u>	<u>500,184,996</u>	<u>2406%</u>	<u>11,918,951</u>	<u>111%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	510,698,300	-	-	-	-
Capital purchases and transfers	(224,256,200)	(108,144,180)	48%	(102,215,561)	62%
Debt service transfers	(91,279,600)	(50,715,896)	56%	(51,489,151)	56%
Noncapital transfers	18,972,500	(13,624,993)	-72%	(18,471,950)	-126%
Total non-GASB current funds activity	<u>214,135,000</u>	<u>(172,485,069)</u>	<u>N/A</u>	<u>(172,176,662)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	748,535,117		234,145,324	
NET POSITION, July 1		<u>1,773,415,439</u>		<u>1,304,227,022</u>	
NET POSITION, December 31		<u>\$ 2,521,950,556</u>		<u>\$ 1,538,372,346</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 5,200,028,700	\$ 2,494,959,248	48%	\$ 2,216,732,734	52%
Nonoperating revenues and transfers	<u>1,035,435,700</u>	<u>806,562,151</u>	<u>78%</u>	<u>292,887,077</u>	<u>35%</u>
Total revenues	<u>6,235,464,400</u>	<u>3,301,521,399</u>	<u>53%</u>	<u>2,509,619,811</u>	<u>49%</u>
Operating expenses	5,907,695,200	2,366,437,316	40%	2,074,196,609	43%
Nonoperating expenses and transfers	<u>327,769,200</u>	<u>186,548,966</u>	<u>57%</u>	<u>201,277,878</u>	<u>74%</u>
Total expenses and transfers	<u>6,235,464,400</u>	<u>2,552,986,282</u>	<u>41%</u>	<u>2,275,474,487</u>	<u>45%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 748,535,117</u>		<u>\$ 234,145,324</u>	