

FCR 3

Office of the President
December 13, 2022

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the three months ended September 30, 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 September 30, 2022, the university has recognized \$1,537,959,932 of current funds revenue representing 27 percent of the 2022-23 approved budget of \$5,611,692,500. Expenses and transfers total \$1,305,297,088 or 23 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated
Financial Statements

For the three months ended September 30, 2022

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,152,509,645	\$ 1,047,647,071
Notes, loans and accounts receivable, net	946,206,111	688,533,752
Inventories and other assets	103,322,014	101,257,206
Total current assets	<u>2,202,037,770</u>	<u>1,837,438,029</u>
Noncurrent Assets		
Restricted cash and cash equivalents	256,032,985	197,685,118
Endowment investments	1,724,611,715	1,872,413,795
Other long-term investments	485,365,112	468,366,170
Notes, loans and accounts receivable, net	330,660,471	303,100,114
Other noncurrent assets	5,477,172	3,895,169
Capital assets, net	3,430,565,250	3,452,919,221
Lease assets, net	63,140,409	-
Total noncurrent assets	<u>6,295,853,114</u>	<u>6,298,379,587</u>
Total assets	<u>8,497,890,884</u>	<u>8,135,817,616</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>8,502,279,971</u>	<u>8,164,361,728</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	329,961,020	310,280,978
Unearned revenue	135,565,464	166,534,148
Long-term liabilities - current portion	102,432,337	90,637,103
Total current liabilities	<u>567,958,821</u>	<u>567,452,229</u>
Noncurrent Liabilities		
Unearned revenue	209,070,641	203,784,378
Long-term liabilities	1,262,197,181	1,327,379,983
Total noncurrent liabilities	<u>1,471,267,822</u>	<u>1,531,164,361</u>
Total liabilities	<u>2,039,226,643</u>	<u>2,098,616,590</u>
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>587,644,624</u>	<u>539,209,676</u>
	<u>2,626,871,267</u>	<u>2,637,826,266</u>
NET POSITION		
Net investment in capital assets	<u>1,942,262,110</u>	<u>1,923,833,071</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	218,536,509	206,392,983
Research	294,364,516	292,763,567
Instruction	88,135,104	84,950,083
Academic support	87,813,178	87,102,139
Other	15,786,278	14,665,514
Total restricted nonexpendable	<u>704,635,585</u>	<u>685,874,286</u>
Expendable		
Scholarships and fellowships	118,889,797	156,135,363
Research	120,974,766	163,458,936
Instruction	68,081,481	83,372,526
Academic support	141,069,592	155,891,534
Loans	12,178,067	12,097,945
Capital projects	108,560,364	74,762,702
Debt service	34,500,264	32,460,155
Auxiliary	55,882,464	55,925,495
Other	69,934,159	92,482,977
Total restricted expendable	<u>730,070,954</u>	<u>826,587,633</u>
Total restricted	<u>1,434,706,539</u>	<u>1,512,461,919</u>
Unrestricted		
Total net position	<u>\$ 5,875,408,704</u>	<u>\$ 5,526,535,462</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES		
Student tuition and fees	\$ 301,090,219	\$ 283,214,481
Federal grants and contracts	62,244,923	67,635,248
State and local grants and contracts	28,976,957	27,341,476
Nongovernmental grants and contracts	83,279,811	78,246,112
Recoveries of facilities and administrative costs	21,976,173	19,533,165
Sales and services	17,824,558	17,287,878
Federal appropriations	5,162,700	4,510,353
County appropriations	8,043,158	6,137,273
Hospital services	753,659,799	650,281,367
Auxiliary enterprises:		
Housing and dining	7,933,359	6,798,161
Athletics	36,211,382	33,952,691
Other auxiliaries	21,920,113	20,284,046
Other operating revenues	<u>55,760</u>	<u>40,728</u>
Total operating revenues	<u>1,348,378,912</u>	<u>1,215,262,979</u>
OPERATING EXPENSES		
Educational and general:		
Instruction	69,844,171	68,037,016
Research	89,565,710	80,569,211
Public service	57,371,208	60,265,751
Libraries	4,877,228	4,376,167
Academic support	23,065,706	22,521,756
Student services	11,514,344	10,834,911
Institutional support	27,538,247	25,217,569
Operations and maintenance of plant	27,652,333	22,020,890
Student financial aid	125,449,588	109,371,434
Depreciation	<u>22,422,913</u>	<u>23,097,112</u>
Total educational and general	459,301,448	426,311,817
Clinical operations	123,290,599	106,225,118
Hospital services (including depreciation of \$20,896,126 in 2022 and \$21,329,018 in 2021)	601,126,639	528,067,235
Auxiliary enterprises:		
Housing and dining (including depreciation of \$2,713,819 in 2022 and \$2,718,807 in 2021)	8,587,084	8,185,047
Athletics (including depreciation of \$4,208,358 in 2022 and \$4,265,007 in 2021)	45,539,310	39,067,612
Other auxiliaries (including depreciation of \$2,003,048 in 2022 and \$1,859,806 in 2021)	11,338,469	9,967,981
Other operating expenses	<u>2,907</u>	<u>1,136,293</u>
Total operating expenses	<u>1,249,186,456</u>	<u>1,118,961,103</u>
Net income from operations	<u>99,192,456</u>	<u>96,301,876</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	101,770,500	81,395,200
COVID-19 funding	48,189	39,116,630
Gifts and non-exchange grants	54,335,239	49,270,282
Investment income (loss)	(37,927,300)	(6,846,188)
Interest on capital asset-related debt	(8,680,254)	(9,127,847)
Other nonoperating revenues and expenses, net	<u>(7,832,606)</u>	<u>(22,784,561)</u>
Net nonoperating revenues	101,713,768	131,023,516
Net income before other revenues, expenses, gains or losses	<u>200,906,224</u>	<u>227,325,392</u>
Capital grants and gifts	4,426,190	5,154,079
Additions to permanent endowments	1,459,072	4,574,015
Other, net	30,931,419	(908,921)
Total other revenues	<u>36,816,681</u>	<u>8,819,173</u>
INCREASE IN NET POSITION	<u>237,722,905</u>	<u>236,144,565</u>
NET POSITION, July 1	<u>5,637,685,799</u>	<u>5,290,390,897</u>
NET POSITION, September 30	<u>\$ 5,875,408,704</u>	<u>\$ 5,526,535,462</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
CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

	2022			2021	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 594,791,200	\$ 301,090,219	51%	\$ 283,214,481	52%
Federal grants and contracts	354,096,400	62,244,923	18%	67,635,248	24%
State and local grants and contracts	120,509,800	28,976,957	24%	27,341,476	23%
Nongovernmental grants and contracts	362,388,000	83,279,811	23%	78,246,112	19%
Recoveries of facilities and administrative costs	68,000,000	21,976,173	32%	19,533,165	32%
Sales and services	65,763,600	17,824,558	27%	17,287,878	25%
Federal appropriations	19,035,300	5,162,700	27%	4,510,353	24%
County appropriations	37,264,000	8,043,158	22%	6,137,273	17%
Hospital services	2,802,399,700	753,659,799	27%	650,281,367	26%
Auxiliary enterprises:					
Housing and dining	38,170,500	7,933,359	21%	6,798,161	17%
Athletics	120,969,100	36,211,382	30%	33,952,691	30%
Other auxiliaries	51,131,100	21,920,113	43%	20,284,046	42%
Total operating revenues	<u>4,634,518,700</u>	<u>1,348,323,152</u>	<u>29%</u>	<u>1,215,222,251</u>	<u>29%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	523,552,800	69,844,171	13%	68,037,016	15%
Research	521,032,100	88,867,009	17%	80,569,211	18%
Public service	267,996,600	57,371,208	21%	60,265,751	25%
Libraries	15,584,400	4,877,228	31%	4,376,167	30%
Academic support	119,982,300	23,065,706	19%	22,521,756	22%
Student services	70,974,500	11,410,182	16%	10,802,329	19%
Institutional support	162,245,700	27,538,247	17%	25,217,569	17%
Operations and maintenance of plant	105,384,800	22,635,807	21%	19,264,215	22%
Student financial aid	267,921,000	125,449,588	47%	109,371,434	45%
Total educational and general	<u>2,054,674,200</u>	<u>431,059,146</u>	<u>21%</u>	<u>400,425,448</u>	<u>22%</u>
Clinical operations	579,107,600	123,290,599	21%	106,225,118	19%
Hospital services	2,449,847,800	575,990,981	24%	497,924,856	22%
Auxiliary enterprises:					
Housing and dining	16,305,100	5,824,051	36%	5,403,204	22%
Athletics	152,398,800	38,558,773	25%	34,544,826	24%
Other auxiliaries	31,970,500	8,354,407	26%	7,730,770	26%
Total operating expenses	<u>5,284,304,000</u>	<u>1,183,077,957</u>	<u>22%</u>	<u>1,052,254,222</u>	<u>22%</u>
Net income (loss) from operations	<u>(649,785,300)</u>	<u>165,245,195</u>	<u>N/A</u>	<u>162,968,029</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, 2022 AND 2021

	2022			2021	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(649,785,300)</u>	<u>165,245,195</u>	<u>N/A</u>	<u>162,968,029</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	318,635,100	101,770,500	32%	81,395,200	30%
COVID-19 funding	-	48,189	100%	39,116,630	100%
Gifts and non-exchange grants	102,202,200	53,847,421	53%	48,485,628	48%
Investment income	44,560,500	9,964,704	22%	6,788,293	18%
Other nonoperating revenues and expenses, net	<u>7,347,000</u>	<u>(7,832,810)</u>	<u>-107%</u>	<u>(22,784,842)</u>	<u>-286%</u>
Net nonoperating revenues	<u>472,744,800</u>	<u>157,798,004</u>	<u>33%</u>	<u>153,000,909</u>	<u>37%</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>(177,040,500)</u>	<u>323,043,199</u>	<u>N/A</u>	<u>315,968,938</u>	<u>N/A</u>
Capital grants and gifts	20,786,700	3,905,373	19%	4,641,579	43%
Other, net	-	20,100,593	-	46,103	-
Total other revenues	<u>20,786,700</u>	<u>24,005,966</u>	<u>115%</u>	<u>4,687,682</u>	<u>44%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	452,436,400	-	-	-	-
Capital purchases and transfers	(223,875,500)	(57,285,988)	26%	(60,694,084)	37%
Debt service transfers	(91,279,600)	(39,444,891)	43%	(39,690,442)	43%
Noncapital transfers	<u>18,972,500</u>	<u>(17,655,442)</u>	<u>-93%</u>	<u>(22,736,902)</u>	<u>-155%</u>
Total non-GASB current funds activity	<u>156,253,800</u>	<u>(114,386,321)</u>	<u>N/A</u>	<u>(123,121,428)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	232,662,844		197,535,192	
NET POSITION, July 1		<u>1,773,415,439</u>		<u>1,304,227,022</u>	
NET POSITION, September 30		<u>\$ 2,006,078,283</u>		<u>\$ 1,501,762,214</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 4,634,518,700	\$ 1,348,323,152	29%	\$ 1,215,222,251	29%
Nonoperating revenues and transfers	<u>977,173,800</u>	<u>189,636,780</u>	<u>19%</u>	<u>180,473,433</u>	<u>21%</u>
Total revenues	<u>5,611,692,500</u>	<u>1,537,959,932</u>	<u>27%</u>	<u>1,395,695,684</u>	<u>27%</u>
Operating expenses	5,284,304,000	1,183,077,957	22%	1,052,254,222	22%
Nonoperating expenses and transfers	<u>327,388,500</u>	<u>122,219,131</u>	<u>37%</u>	<u>145,906,270</u>	<u>54%</u>
Total expenses and transfers	<u>5,611,692,500</u>	<u>1,305,297,088</u>	<u>23%</u>	<u>1,198,160,492</u>	<u>24%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 232,662,844</u>		<u>\$ 197,535,192</u>	