

FCR 3

Office of the President
June 16, 2023

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2023

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 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

As of March 31, 2023, the University has recognized \$5,163,891,624 of current funds revenue representing 83 percent of the fiscal year 2022-23 approved budget of \$6,235,464,400. Expenses and transfers total \$4,097,886,242 or 66 percent of the approved budget.

Action taken: Approved

Disapproved

Other _____



Consolidated Financial Statements

For the nine months ended March 31, 2023

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,318,654,297	\$ 1,081,059,617
Notes, loans and accounts receivable, net	1,318,815,250	851,711,046
Inventories and other assets	<u>92,844,495</u>	<u>73,788,266</u>
Total current assets	<u>2,730,314,042</u>	<u>2,006,558,929</u>
Noncurrent Assets		
Restricted cash and cash equivalents	226,330,097	196,023,812
Endowment investments	1,827,852,257	1,871,731,432
Other long-term investments	874,021,527	492,802,907
Notes, loans and accounts receivable, net	407,954,840	288,142,756
Other noncurrent assets	8,375,549	3,924,764
Capital assets, net	3,830,130,160	3,422,280,590
Lease assets, net	<u>82,724,512</u>	<u>-</u>
Total noncurrent assets	<u>7,257,388,942</u>	<u>6,274,906,261</u>
Total assets	<u>9,987,702,984</u>	<u>8,281,465,190</u>
Deferred Outflows of Resources		
	<u>5,948,213</u>	<u>29,033,340</u>
Total assets and deferred outflows of resources	<u>9,993,651,197</u>	<u>8,310,498,530</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	381,179,271	347,511,891
Unearned revenue	131,950,218	134,582,771
Long-term liabilities - current portion	<u>124,426,153</u>	<u>94,809,604</u>
Total current liabilities	<u>637,555,642</u>	<u>576,904,266</u>
Noncurrent Liabilities		
Unearned revenue	199,175,381	193,309,911
Long-term liabilities	<u>1,494,365,776</u>	<u>1,265,169,758</u>
Total noncurrent liabilities	<u>1,693,541,157</u>	<u>1,458,479,669</u>
Total liabilities	<u>2,331,096,799</u>	<u>2,035,383,935</u>
Deferred Inflows of Resources		
	<u>566,632,882</u>	<u>509,482,796</u>
Total liabilities and deferred inflows of resources	<u>2,897,729,681</u>	<u>2,544,866,731</u>
NET POSITION		
Net investment in capital assets	<u>2,089,621,051</u>	<u>1,957,751,666</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	226,427,628	215,308,674
Research	299,602,942	293,641,280
Instruction	90,440,129	86,361,668
Academic support	88,002,646	87,761,929
Other	<u>16,608,503</u>	<u>15,420,410</u>
Total restricted nonexpendable	<u>721,081,848</u>	<u>698,493,961</u>
Expendable		
Scholarships and fellowships	133,773,162	154,875,445
Research	138,808,589	161,233,374
Instruction	73,977,322	83,960,590
Academic support	147,053,809	155,694,273
Loans	9,403,088	10,158,010
Capital projects	261,194,656	86,255,773
Debt service	33,399,390	24,170,717
Auxiliary	48,856,078	49,975,577
Other	<u>98,913,813</u>	<u>89,272,122</u>
Total restricted expendable	<u>945,379,907</u>	<u>815,595,881</u>
Total restricted	<u>1,666,461,755</u>	<u>1,514,089,842</u>
Unrestricted		
	<u>3,339,838,710</u>	<u>2,293,790,291</u>
Total net position	<u>\$ 7,095,921,516</u>	<u>\$ 5,765,631,799</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 NINE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023	2022
OPERATING REVENUES		
Student tuition and fees	\$ 574,500,288	\$ 540,428,099
Federal grants and contracts	202,869,146	220,914,124
State and local grants and contracts	98,107,239	86,955,432
Nongovernmental grants and contracts	282,671,869	272,944,433
Recoveries of facilities and administrative costs	68,331,276	65,073,421
Sales and services	61,549,209	59,600,526
Federal appropriations	13,829,768	12,068,025
County appropriations	25,437,977	20,361,134
Hospital services	2,686,853,534	2,071,865,584
Auxiliary enterprises:		
Housing and dining	26,964,112	22,923,771
Athletics	112,621,894	107,987,943
Other auxiliaries	43,835,608	40,258,009
Other operating revenues	707,661	315,299
Total operating revenues	4,198,279,581	3,521,695,800
OPERATING EXPENSES		
Educational and general:		
Instruction	259,420,425	248,506,130
Research	269,672,939	249,221,637
Public service	191,305,762	198,304,405
Libraries	18,461,792	18,547,344
Academic support	71,828,825	64,175,689
Student services	40,866,254	42,699,920
Institutional support	41,241,225	36,032,230
Operations and maintenance of plant	80,259,936	65,936,805
Student financial aid	257,260,568	227,599,219
Depreciation	69,711,822	70,000,170
Total educational and general	1,300,029,548	1,221,023,549
Clinical operations	380,071,293	334,289,835
Hospital services (including depreciation of \$63,248,863 in 2023 and \$64,981,946 in 2022)	2,164,737,121	1,721,289,746
Auxiliary enterprises:		
Housing and dining (including depreciation of \$8,140,482 in 2023 and \$8,152,418 in 2022)	22,113,958	20,679,068
Athletics (including depreciation of \$12,793,969 in 2023 and \$12,705,349 in 2022)	131,984,888	121,570,937
Other auxiliaries (including depreciation of \$6,010,522 in 2023 and \$5,613,838 in 2022)	28,396,170	27,001,659
Other operating expenses	3,215,165	3,022,346
Total operating expenses	4,030,548,143	3,448,877,140
Net income from operations	167,731,438	72,818,660
NONOPERATING REVENUES (EXPENSES)		
State appropriations	256,734,083	217,053,800
COVID-19 funding	154,199	69,094,002
Gifts and non-exchange grants	141,079,816	112,340,434
Investment income (loss)	124,440,311	(3,674,203)
Interest on capital asset-related debt	(28,204,349)	(27,313,782)
Other nonoperating revenues and expenses, net	(13,755,037)	(41,812,192)
Net nonoperating revenues	480,449,023	325,688,059
Net income before other revenues, expenses, gains or losses	648,180,461	398,506,719
Capital grants and gifts	116,798,212	25,558,122
Additions to permanent endowments	16,284,107	16,844,946
King's Daughter Hospital System acquisition	640,606,222	-
Other, net	36,366,715	34,331,115
Total other revenues	810,055,256	76,734,183
INCREASE IN NET POSITION	1,458,235,717	475,240,902
NET POSITION, July 1	5,637,685,799	5,290,390,897
NET POSITION, March 31	<u>\$ 7,095,921,516</u>	<u>\$ 5,765,631,799</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 NINE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023			2022	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 594,791,200	\$ 574,500,288	97%	\$ 540,428,099	99%
Federal grants and contracts	354,096,400	202,869,146	57%	220,914,124	79%
State and local grants and contracts	122,009,800	98,107,239	80%	86,955,432	73%
Nongovernmental grants and contracts	362,388,000	282,671,869	78%	272,944,433	67%
Recoveries of facilities and administrative costs	68,000,000	68,331,276	100%	65,073,421	105%
Sales and services	64,263,600	61,549,209	96%	59,600,526	87%
Federal appropriations	19,035,300	13,829,768	73%	12,068,025	63%
County appropriations	37,264,000	25,437,977	68%	20,361,134	57%
Hospital services	3,367,973,300	2,686,853,534	80%	2,071,865,584	83%
Auxiliary enterprises:					
Housing and dining	38,169,500	26,964,112	71%	22,923,771	59%
Athletics	120,969,100	112,621,894	93%	107,987,943	95%
Other auxiliaries	51,068,500	43,835,608	86%	40,258,009	84%
Total operating revenues	<u>5,200,028,700</u>	<u>4,197,571,920</u>	<u>81%</u>	<u>3,521,380,501</u>	<u>83%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	446,780,800	259,420,425	58%	248,506,130	63%
Research	563,497,600	269,645,347	48%	249,175,151	51%
Public service	302,581,800	191,305,762	63%	198,304,405	76%
Libraries	19,357,400	18,461,792	95%	18,547,344	104%
Academic support	146,655,100	71,828,825	49%	64,175,689	49%
Student services	66,478,500	40,692,786	61%	42,545,115	61%
Institutional support	171,674,200	41,241,225	24%	36,031,755	31%
Operations and maintenance of plant	110,226,700	67,844,286	62%	55,273,398	62%
Student financial aid	275,826,200	257,260,568	93%	227,599,219	93%
Total educational and general	<u>2,103,078,300</u>	<u>1,217,701,016</u>	<u>58%</u>	<u>1,140,158,206</u>	<u>63%</u>
Clinical operations	579,808,700	380,071,293	66%	334,289,835	61%
Hospital services	3,015,421,400	2,082,631,904	69%	1,637,507,059	73%
Auxiliary enterprises:					
Housing and dining	20,826,100	13,783,529	66%	12,402,082	51%
Athletics	152,398,800	119,625,973	78%	107,311,004	75%
Other auxiliaries	32,988,100	21,198,021	64%	19,834,713	67%
Total operating expenses	<u>5,904,521,400</u>	<u>3,835,011,736</u>	<u>65%</u>	<u>3,251,502,899</u>	<u>68%</u>
Net income (loss) from operations	<u>(704,492,700)</u>	<u>362,560,184</u>	<u>N/A</u>	<u>269,877,602</u>	<u>N/A</u>

UNIVERSITY OF KENTUCKY
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CURRENT FUNDS
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FOR THE NINE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023			2022	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(704,492,700)</u>	<u>362,560,184</u>	<u>N/A</u>	<u>269,877,602</u>	<u>N/A</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	318,635,100	256,734,083	81%	217,053,800	80%
COVID-19 funding	-	154,199	-	69,094,002	-
Gifts and non-exchange grants	102,202,200	138,764,252	136%	110,383,420	110%
Investment income	44,560,500	69,925,290	157%	11,704,177	32%
Other nonoperating revenues and expenses, net	<u>7,347,100</u>	<u>(13,755,373)</u>	<u>-187%</u>	<u>(41,812,975)</u>	<u>-525%</u>
Net nonoperating revenues	<u>472,744,900</u>	<u>451,822,451</u>	<u>96%</u>	<u>366,422,424</u>	<u>88%</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>(231,747,800)</u>	<u>814,382,635</u>	<u>N/A</u>	<u>636,300,026</u>	<u>N/A</u>
Capital grants and gifts	20,786,700	24,646,022	119%	25,022,305	233%
King's Daughter Hospital System acquisition	-	447,396,175	-	-	-
Other, net	-	28,699,683	-	8,167,141	-
Total other revenues	<u>20,786,700</u>	<u>500,741,880</u>	<u>2409%</u>	<u>33,189,446</u>	<u>309%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	510,698,200	-	-	-	-
Capital purchases and transfers	(227,430,000)	(153,661,216)	68%	(155,302,949)	92%
Debt service transfers	(91,279,600)	(87,547,113)	96%	(81,777,579)	89%
Noncapital transfers	18,972,500	(7,910,804)	-42%	(13,897,192)	-95%
Total non-GASB current funds activity	<u>210,961,100</u>	<u>(249,119,133)</u>	<u>N/A</u>	<u>(250,977,720)</u>	<u>N/A</u>
INCREASE IN NET POSITION	-	1,066,005,382		418,511,752	
NET POSITION, July 1		<u>1,773,415,439</u>		<u>1,304,227,022</u>	
NET POSITION, March 31		<u>\$ 2,839,420,821</u>		<u>\$ 1,722,738,774</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 5,200,028,700	\$ 4,197,571,920	81%	\$ 3,521,380,501	83%
Nonoperating revenues and transfers	1,035,435,700	966,319,704	93%	441,424,845	53%
Total revenues	<u>6,235,464,400</u>	<u>5,163,891,624</u>	<u>83%</u>	<u>3,962,805,346</u>	<u>78%</u>
Operating expenses	5,904,521,400	3,835,011,736	65%	3,251,502,899	68%
Nonoperating expenses and transfers	330,943,000	262,874,506	79%	292,790,695	107%
Total expenses and transfers	<u>6,235,464,400</u>	<u>4,097,886,242</u>	<u>66%</u>	<u>3,544,293,594</u>	<u>70%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 1,066,005,382</u>		<u>\$ 418,511,752</u>	