

FCR 5

Office of the President
June 13, 2024

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT
FOR THE NINE MONTHS ENDED MARCH 31, 2024

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the nine months ended March 31, 2024.

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 March 31, 2024, the University has recognized \$5,409,928,709 of current funds revenue representing 79 percent of the Fiscal Year 2023-24 approved budget of \$6,890,210,300. Expenses and transfers total \$4,897,832,364 or 71 percent of the approved budget.

Action taken: Approved Disapproved Other _____



Consolidated Financial Statements

For the nine months ended March 31, 2024

UNIVERSITY OF KENTUCKY
A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY
STATEMENTS OF NET POSITION¹
MARCH 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash and cash equivalents	\$ 1,572,651,311	\$ 1,320,528,659
Notes, loans and accounts receivable, net	1,621,620,666	1,327,392,727
Inventories and other assets	<u>109,790,250</u>	<u>93,013,763</u>
Total current assets	<u>3,304,062,227</u>	<u>2,740,935,149</u>
Noncurrent Assets		
Restricted cash and cash equivalents	360,218,558	226,330,097
Endowment investments	2,020,013,215	1,827,852,257
Other long-term investments	971,389,731	894,498,678
Notes, loans and accounts receivable, net	768,866,451	407,183,336
Other noncurrent assets	7,928,876	8,375,549
Capital assets, net	4,050,018,453	3,833,112,854
Lease assets, net	125,226,127	81,968,775
Subscription assets, net	<u>24,205,789</u>	<u>14,013,875</u>
Total noncurrent assets	<u>8,327,867,200</u>	<u>7,293,335,421</u>
Total assets	<u>11,631,929,427</u>	<u>10,034,270,570</u>
Deferred Outflows of Resources		
Total assets and deferred outflows of resources	<u>11,663,212,363</u>	<u>10,041,233,783</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Accounts payable and accrued liabilities	437,872,074	383,103,799
Unearned revenue	143,076,205	131,950,218
Long-term liabilities - current portion	<u>160,147,077</u>	<u>141,971,813</u>
Total current liabilities	<u>741,095,356</u>	<u>657,025,830</u>
Noncurrent Liabilities		
Unearned revenue	175,344,138	199,175,381
Long-term liabilities	<u>1,686,335,113</u>	<u>1,510,789,917</u>
Total noncurrent liabilities	<u>1,861,679,251</u>	<u>1,709,965,298</u>
Total liabilities	<u>2,602,774,607</u>	<u>2,366,991,128</u>
Deferred Inflows of Resources		
Total liabilities and deferred inflows of resources	<u>3,103,281,083</u>	<u>2,933,624,010</u>
NET POSITION		
Net investment in capital assets	<u>2,188,385,705</u>	<u>2,066,402,701</u>
Restricted		
Nonexpendable		
Scholarships and fellowships	237,516,776	226,427,628
Research	333,334,991	299,602,942
Instruction	94,953,775	90,440,129
Academic support	88,730,110	88,002,646
Other	<u>19,789,433</u>	<u>16,608,503</u>
Total restricted nonexpendable	<u>774,325,085</u>	<u>721,081,848</u>
Expendable		
Scholarships and fellowships	162,645,212	133,773,162
Research	178,414,207	138,808,589
Instruction	86,775,197	73,977,322
Academic support	162,301,298	147,053,809
Loans	11,471,715	9,403,088
Capital projects	386,095,219	261,194,656
Debt service	31,441,447	31,554,734
Auxiliary	43,524,828	48,856,078
Other	<u>170,951,675</u>	<u>98,913,813</u>
Total restricted expendable	<u>1,233,620,798</u>	<u>943,535,251</u>
Total restricted	<u>2,007,945,883</u>	<u>1,664,617,099</u>
Unrestricted		
Total net position	<u>\$ 8,559,931,280</u>	<u>\$ 7,107,609,773</u>

¹ Statements include all funds with exception of fiduciary funds held in trust for beneficiaries of 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, 2024 AND 2023

	2024	2023
OPERATING REVENUES		
Student tuition and fees	\$ 618,599,274	\$ 574,500,288
Federal grants and contracts	208,278,097	205,155,652
State and local grants and contracts	107,217,446	98,498,430
Nongovernmental grants and contracts	259,814,258	240,610,691
Recoveries of facilities and administrative costs	70,957,765	68,331,276
Sales and services	66,751,447	61,549,209
Federal appropriations	12,542,911	13,829,768
County appropriations	27,028,117	25,437,977
Hospital services	3,269,808,234	2,687,472,183
Auxiliary enterprises:		
Housing and dining	29,463,291	26,964,112
Athletics	116,516,387	112,621,894
Other auxiliaries	45,764,181	43,835,608
Other operating revenues	358,714	707,661
Total operating revenues	4,833,100,122	4,159,514,749
OPERATING EXPENSES		
Educational and general:		
Instruction	280,324,422	259,405,569
Research	288,830,469	269,661,123
Public service	200,239,317	191,293,939
Libraries	20,175,511	18,461,224
Academic support	86,651,361	71,824,823
Student services	44,210,390	40,864,430
Institutional support	39,923,023	41,235,978
Operations and maintenance of plant	80,310,071	80,259,456
Student financial aid	279,122,872	257,260,487
Depreciation and amortization	78,545,169	69,711,822
Total educational and general	1,398,332,605	1,299,978,851
Clinical operations	394,611,363	380,200,205
Hospital services (including depreciation and amortization of \$120,613,564 in 2024 and \$71,403,223 in 2023)	2,720,064,480	2,164,438,280
Auxiliary enterprises:		
Housing and dining (including depreciation of \$8,160,675 in 2024 and \$8,140,482 in 2023)	25,314,991	22,113,689
Athletics (including depreciation of \$12,222,082 in 2024 and \$12,793,969 in 2023)	147,124,874	131,980,344
Other auxiliaries (including depreciation and amortization of \$6,560,045 in 2024 and \$6,010,522 in 2023)	30,859,529	28,389,969
Other operating expenses	1,770,818	3,215,165
Total operating expenses	4,718,078,660	4,030,316,503
Net income from operations	115,021,462	129,198,246
NONOPERATING REVENUES (EXPENSES)		
State appropriations	255,735,400	247,434,083
COVID-19 funding	-	154,199
Gifts and non-exchange grants	124,322,200	147,702,119
Investment income	271,754,834	124,434,426
Interest on capital asset, lease and SBITA-related debt	(38,386,413)	(30,280,644)
Other nonoperating revenues and expenses, net	11,498,002	(13,749,151)
Net nonoperating revenues	624,924,023	475,695,032
Net income before other revenues, expenses, gains or losses	739,945,485	604,893,278
Capital grants and gifts	376,562,753	116,798,212
Additions to permanent endowments	45,965,155	16,284,107
Special item - acquisition of Royal Blue Health and Insure Blue	-	695,581,662
Other, net	12,074,974	36,366,715
Total other revenues	434,602,882	865,030,696
INCREASE IN NET POSITION	1,174,548,367	1,469,923,974
NET POSITION, July 1	7,385,382,913	5,637,685,799
NET POSITION, March 31	\$ 8,559,931,280	\$ 7,107,609,773

¹ Statements include all funds with exception of fiduciary funds held in trust for beneficiaries of 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, 2024 AND 2023

	2024			2023	
	Budget	Actual	%	Actual	%
OPERATING REVENUES					
Student tuition and fees	\$ 623,097,000	\$ 618,599,274	99%	\$ 574,500,288	97%
Federal grants and contracts	362,623,400	208,278,097	57%	205,155,652	58%
State and local grants and contracts	139,352,000	107,217,446	77%	98,498,430	81%
Nongovernmental grants and contracts	324,423,500	259,814,258	80%	240,610,691	66%
Recoveries of facilities and administrative costs	70,000,000	70,957,765	101%	68,331,276	100%
Sales and services	59,942,500	66,751,447	111%	61,549,209	96%
Federal appropriations	19,035,300	12,542,911	66%	13,829,768	73%
County appropriations	40,061,800	27,028,117	67%	25,437,977	68%
Hospital services	3,955,713,500	3,269,808,234	83%	2,687,472,183	80%
Auxiliary enterprises:					
Housing and dining	37,071,000	29,463,291	79%	26,964,112	71%
Athletics	125,941,200	116,516,387	93%	112,621,894	93%
Other auxiliaries	55,287,300	45,764,181	83%	43,835,608	86%
Total operating revenues	<u>5,812,548,500</u>	<u>4,832,741,408</u>	<u>83%</u>	<u>4,158,807,088</u>	<u>80%</u>
OPERATING EXPENSES					
Educational and general:					
Instruction	463,383,700	280,559,860	61%	259,405,569	58%
Research	534,183,700	290,011,451	54%	269,633,531	48%
Public service	319,419,300	201,031,056	63%	191,293,939	63%
Libraries	20,352,400	20,175,511	99%	18,461,224	95%
Academic support	174,780,500	87,466,024	50%	71,824,823	49%
Student services	73,879,800	44,141,337	60%	40,690,962	61%
Institutional support	135,854,200	40,813,333	30%	41,235,978	24%
Operations and maintenance of plant	133,920,700	64,185,778	48%	67,843,806	65%
Student financial aid	291,673,200	279,122,872	96%	257,260,487	93%
Total educational and general	<u>2,147,447,500</u>	<u>1,307,507,222</u>	<u>61%</u>	<u>1,217,650,319</u>	<u>58%</u>
Clinical operations	575,688,200	394,611,363	69%	380,200,205	66%
Hospital services	3,521,894,200	2,611,775,921	74%	2,077,513,338	69%
Auxiliary enterprises:					
Housing and dining	23,259,300	16,630,428	72%	13,783,260	66%
Athletics	163,372,400	131,469,314	80%	119,621,429	78%
Other auxiliaries	44,743,500	18,855,672	42%	21,191,820	64%
Total operating expenses	<u>6,476,405,100</u>	<u>4,480,849,920</u>	<u>69%</u>	<u>3,829,960,371</u>	<u>65%</u>
Net income (loss) from operations	<u>(663,856,600)</u>	<u>351,891,488</u>	<u>N/A</u>	<u>328,846,717</u>	<u>N/A</u>

UNIVERSITY OF KENTUCKY
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CURRENT FUNDS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE NINE MONTHS ENDED MARCH 31, 2024 AND 2023

	2024			2023	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(663,856,600)</u>	<u>351,891,488</u>	N/A	<u>328,846,717</u>	N/A
NONOPERATING REVENUES (EXPENSES)					
State appropriations	319,669,300	255,735,400	80%	247,434,083	78%
COVID-19 funding	-	-	100%	154,199	100%
Gifts and non-exchange grants	120,913,600	118,993,628	98%	145,386,555	142%
Investment income	54,631,000	141,790,276	260%	69,919,405	157%
Other nonoperating revenues and expenses, net	<u>7,618,200</u>	<u>11,203,244</u>	<u>147%</u>	<u>(13,852,188)</u>	<u>-189%</u>
Net nonoperating revenues	<u>502,832,100</u>	<u>527,722,548</u>	<u>105%</u>	<u>449,042,054</u>	<u>95%</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>(161,024,500)</u>	<u>879,614,036</u>	N/A	<u>777,888,771</u>	N/A
Capital grants and gifts	17,686,700	49,464,753	280%	24,646,022	119%
Special item - acquisition of Royal Blue Health and Insure Blue	-	-	-	524,335,277	-
Other, net	<u>-</u>	<u>12,816,790</u>	<u>-</u>	<u>28,699,683</u>	<u>-</u>
Total other revenues	<u>17,686,700</u>	<u>62,281,543</u>	<u>352%</u>	<u>577,680,982</u>	<u>2779%</u>
NON-GASB ACTIVITY					
Appropriated fund balance	570,396,500	-	-	-	-
Capital purchases and transfers	(294,158,100)	(359,844,442)	122%	(153,661,216)	66%
Debt service transfers	(110,129,300)	(81,956,284)	74%	(87,547,113)	96%
Noncapital transfers	<u>(22,771,300)</u>	<u>12,001,492</u>	<u>-53%</u>	<u>(7,910,804)</u>	<u>-42%</u>
Total non-GASB current funds activity	<u>143,337,800</u>	<u>(429,799,234)</u>	N/A	<u>(249,119,133)</u>	N/A
INCREASE IN NET POSITION	-	512,096,345		1,106,450,620	
NET POSITION, July 1		<u>3,041,328,460</u>		<u>1,773,415,439</u>	
NET POSITION, March 31		<u>\$ 3,553,424,805</u>		<u>\$ 2,879,866,059</u>	
RECONCILIATION TO ANNUAL BUDGET					
Operating revenues	\$ 5,812,548,400	\$ 4,832,741,408	83%	\$ 4,158,807,088	80%
Nonoperating revenues and transfers	<u>1,077,661,900</u>	<u>577,187,301</u>	<u>54%</u>	<u>1,040,575,224</u>	<u>100%</u>
Total revenues	<u>6,890,210,300</u>	<u>5,409,928,709</u>	<u>79%</u>	<u>5,199,382,312</u>	<u>83%</u>
Operating expenses	6,476,405,100	4,480,849,920	69%	3,829,960,371	65%
Nonoperating expenses and transfers	<u>413,805,200</u>	<u>416,982,444</u>	<u>101%</u>	<u>262,971,321</u>	<u>79%</u>
Total expenses and transfers	<u>6,890,210,300</u>	<u>4,897,832,364</u>	<u>71%</u>	<u>4,092,931,692</u>	<u>66%</u>
INCREASE IN NET POSITION	<u>\$ -</u>	<u>\$ 512,096,345</u>		<u>\$ 1,106,450,620</u>	