

# FCR 7

Office of the President  
April 25, 2024

Members, Board of Trustees:

ACCEPTANCE OF INTERIM FINANCIAL REPORT  
FOR THE SIX MONTHS ENDED DECEMBER 31, 2023

Recommendation: that the Board of Trustees accept the University of Kentucky consolidated financial report for the six months ended December 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 and its non-profit subsidiary Royal Blue Health, LLC

As of December 31, 2023, the University has recognized \$3,516,522,813 of current funds revenue representing 51 percent of the 2023-24 approved budget of \$6,890,210,400. Expenses and transfers total \$3,159,687,805 or 46 percent of the approved budget.

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Action taken:     Approved     Disapproved     Other \_\_\_\_\_



## Consolidated Financial Statements

For the six months ended December 31, 2023

**UNIVERSITY OF KENTUCKY**  
**A COMPONENT UNIT OF THE COMMONWEALTH OF KENTUCKY**  
**STATEMENTS OF NET POSITION<sup>1</sup>**  
**DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,515,896,850	\$ 1,234,490,574
Notes, loans and accounts receivable, net	1,482,349,237	1,154,554,660
Investments	-	-
Inventories and other assets	126,185,613	110,583,678
Total current assets	<u>3,124,431,700</u>	<u>2,499,628,912</u>
<b>Noncurrent Assets</b>		
Restricted cash and cash equivalents	187,033,060	252,925,668
Endowment investments	1,955,898,157	1,772,162,618
Other long-term investments	885,922,821	835,169,255
Notes, loans and accounts receivable, net	697,207,804	398,661,055
Other noncurrent assets	8,386,595	5,228,141
Capital assets, net	3,965,781,941	3,813,163,410
Lease assets, net	120,599,708	83,996,148
Subscription assets, net	25,590,366	14,013,875
Total noncurrent assets	<u>7,846,420,452</u>	<u>7,175,320,170</u>
Total assets	<u>10,970,852,152</u>	<u>9,674,949,082</u>
<b>Deferred Outflows of Resources</b>		
	<u>31,102,451</u>	<u>8,593,347</u>
Total assets and deferred outflows of resources	<u>11,001,954,603</u>	<u>9,683,542,429</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	364,128,501	388,995,775
Unearned revenue	131,968,810	122,391,724
Long-term liabilities - current portion	156,195,458	148,894,721
Total current liabilities	<u>652,292,769</u>	<u>660,282,220</u>
<b>Noncurrent Liabilities</b>		
Unearned revenue	180,179,427	204,123,028
Long-term liabilities	1,493,656,013	1,494,560,077
Total noncurrent liabilities	<u>1,673,835,440</u>	<u>1,698,683,105</u>
Total liabilities	<u>2,326,128,209</u>	<u>2,358,965,325</u>
<b>Deferred Inflows of Resources</b>		
	<u>512,204,410</u>	<u>581,514,282</u>
Total liabilities and deferred inflows of resources	<u>2,838,332,619</u>	<u>2,940,479,607</u>
<b>NET POSITION</b>		
<b>Net investment in capital assets</b>	<u>2,278,493,624</u>	<u>2,120,337,719</u>
<b>Restricted</b>		
Nonexpendable		
Scholarships and fellowships	234,074,221	223,385,772
Research	332,339,374	294,625,782
Instruction	93,346,165	88,785,310
Academic support	88,693,045	87,941,557
Other	18,638,714	16,477,696
Total restricted nonexpendable	<u>767,091,519</u>	<u>711,216,117</u>
Expendable		
Scholarships and fellowships	158,896,817	128,944,249
Research	161,949,805	128,224,427
Instruction	82,503,494	71,790,924
Academic support	157,188,558	144,113,350
Loans	12,924,677	11,671,727
Capital projects	196,946,630	212,897,352
Debt service	5,600,798	1,972,545
Auxiliary	43,629,961	49,286,224
Other	172,967,918	96,582,993
Total restricted expendable	<u>992,608,658</u>	<u>845,483,791</u>
Total restricted	<u>1,759,700,177</u>	<u>1,556,699,908</u>
<b>Unrestricted</b>		
	<u>4,125,428,183</u>	<u>3,066,025,195</u>
Total net position	<u>\$ 8,163,621,984</u>	<u>\$ 6,743,062,822</u>

<sup>1</sup> 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 POSITION<sup>1</sup>**  
**FOR THE SIX MONTHS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees	\$ 325,706,397	\$ 304,903,319
Federal grants and contracts	138,758,437	133,453,201
State and local grants and contracts	64,719,840	59,244,217
Nongovernmental grants and contracts	174,541,626	159,533,816
Recoveries of facilities and administrative costs	47,227,141	44,379,683
Sales and services	41,687,793	39,860,442
Federal appropriations	8,961,805	9,076,456
County appropriations	18,298,695	17,040,575
Hospital services	2,183,917,070	1,597,619,929
Auxiliary enterprises:		
Housing and dining	19,019,419	17,335,312
Athletics	87,014,149	86,438,657
Other auxiliaries	29,103,319	27,750,514
Other operating revenues	245,071	466,384
Total operating revenues	<u>3,139,200,762</u>	<u>2,497,102,505</u>
<b>OPERATING EXPENSES</b>		
Educational and general:		
Instruction	178,349,678	163,361,327
Research	190,311,706	176,260,179
Public service	133,167,849	126,774,908
Libraries	14,197,326	13,559,389
Academic support	58,464,698	47,514,653
Student services	30,709,336	28,429,962
Institutional support	28,307,105	28,769,696
Operations and maintenance of plant	53,265,326	48,741,506
Student financial aid	142,076,567	131,761,639
Depreciation and amortization	51,227,167	45,806,885
Total educational and general	<u>880,076,758</u>	<u>810,980,144</u>
Clinical operations	259,358,431	247,136,634
Hospital services (including depreciation and amortization of \$79,377,168 in 2023 and \$42,607,674 in 2022)	1,790,936,709	1,308,523,851
Auxiliary enterprises:		
Housing and dining (including depreciation of \$5,445,958 in 2023 and \$5,426,740 in 2022)	16,870,114	14,513,570
Athletics (including depreciation of \$8,086,099 in 2023 and \$8,488,832 in 2022)	98,334,115	86,056,824
Other auxiliaries (including depreciation of \$4,272,687 in 2023 and \$4,006,647 in 2022)	23,017,296	22,725,347
Other operating expenses	142,120	956,597
Total operating expenses	<u>3,068,735,543</u>	<u>2,490,892,967</u>
Net income from operations	<u>70,465,219</u>	<u>6,209,538</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	175,818,100	170,079,300
COVID-19 funding	-	96,194
Gifts and non-exchange grants	69,254,191	101,168,555
Investment income	153,868,767	33,099,945
Interest on capital asset, lease and SBITA-related debt	(25,847,178)	(21,097,841)
Other nonoperating revenues and expenses, net	8,985,008	(14,063,563)
Net nonoperating revenues	<u>382,078,888</u>	<u>269,282,590</u>
Net income before other revenues, expenses, gains or losses	<u>452,544,107</u>	<u>275,492,128</u>
Capital grants and gifts	283,433,493	96,122,982
Additions to permanent endowments	39,833,100	7,687,582
King's Daughter Hospital System acquisition	-	695,461,662
Other, net	2,428,371	30,612,669
Total other revenues	<u>325,694,964</u>	<u>829,884,895</u>
<b>INCREASE IN NET POSITION</b>	<u>778,239,071</u>	<u>1,105,377,023</u>
<b>NET POSITION, July 1</b>	<u>7,385,382,913</u>	<u>5,637,685,799</u>
<b>NET POSITION, December 31</b>	<u>\$ 8,163,621,984</u>	<u>\$ 6,743,062,822</u>

<sup>1</sup> 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, 2023 AND 2022**

	2023			2022	
	Budget	Actual	%	Actual	%
<b>OPERATING REVENUES</b>					
Student tuition and fees	\$ 623,097,000	\$ 325,706,397	52%	\$ 304,903,319	51%
Federal grants and contracts	362,623,400	138,758,437	38%	133,453,201	38%
State and local grants and contracts	39,899,100	64,719,840	162%	59,244,217	49%
Nongovernmental grants and contracts	400,144,300	174,541,626	44%	159,533,816	44%
Recoveries of facilities and administrative costs	70,000,000	47,227,141	67%	44,379,683	65%
Sales and services	59,942,500	41,687,793	70%	39,860,442	61%
Federal appropriations	19,035,300	8,961,805	47%	9,076,456	48%
County appropriations	40,061,800	18,298,695	46%	17,040,575	46%
Hospital services	3,955,713,500	2,183,917,070	55%	1,597,619,929	47%
Auxiliary enterprises:					
Housing and dining	37,071,000	19,019,419	51%	17,335,312	45%
Athletics	125,941,200	87,014,149	69%	86,438,657	71%
Other auxiliaries	55,287,300	29,103,319	53%	27,750,514	54%
Total operating revenues	<u>5,788,816,400</u>	<u>3,138,955,691</u>	<u>54%</u>	<u>2,496,636,121</u>	<u>48%</u>
<b>OPERATING EXPENSES</b>					
Educational and general:					
Instruction	469,482,900	178,536,429	38%	163,361,327	32%
Research	525,692,700	191,097,764	36%	176,245,039	32%
Public service	311,552,400	133,748,983	43%	126,774,908	44%
Libraries	15,904,700	14,197,326	89%	13,559,389	87%
Academic support	199,794,400	59,105,361	30%	47,514,653	39%
Student services	77,205,100	30,676,209	40%	28,259,123	42%
Institutional support	159,079,900	28,990,907	18%	28,769,696	16%
Operations and maintenance of plant	121,009,400	43,337,127	36%	41,108,093	38%
Student financial aid	291,211,200	142,076,567	49%	131,761,639	48%
Total educational and general	<u>2,170,932,700</u>	<u>821,766,673</u>	<u>38%</u>	<u>757,353,867</u>	<u>36%</u>
Clinical operations	575,688,400	259,358,431	45%	247,136,634	43%
Hospital services	3,521,894,200	1,716,910,132	49%	1,257,745,715	42%
Auxiliary enterprises:					
Housing and dining	23,259,300	11,005,287	47%	9,029,947	55%
Athletics	163,372,400	87,609,941	54%	77,456,873	51%
Other auxiliaries	44,743,500	15,279,307	34%	17,714,280	54%
Total operating expenses	<u>6,499,890,500</u>	<u>2,911,929,771</u>	<u>45%</u>	<u>2,366,437,316</u>	<u>40%</u>
Net income (loss) from operations	<u>(711,074,100)</u>	<u>227,025,920</u>	<u>N/A</u>	<u>130,198,805</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, 2023 AND 2022

	2023			2022	
	Budget	Actual	%	Actual	%
Net income (loss) from operations	<u>(711,074,100)</u>	<u>227,025,920</u>	<u>N/A</u>	<u>130,198,805</u>	<u>N/A</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
State appropriations	319,669,300	175,818,100	55%	170,079,300	53%
COVID-19 funding	-	-	100%	96,194	100%
Gifts and non-exchange grants	120,913,600	65,284,492	54%	99,639,563	97%
Investment income	54,631,000	91,013,227	167%	34,885,225	78%
Other nonoperating revenues and expenses, net	<u>31,350,300</u>	<u>8,787,622</u>	<u>28%</u>	<u>(14,063,897)</u>	<u>-191%</u>
Net nonoperating revenues	<u>526,564,200</u>	<u>340,903,441</u>	<u>65%</u>	<u>290,636,385</u>	<u>61%</u>
Net income (loss) before other revenues, expenses, gains or losses	<u>(184,509,900)</u>	<u>567,929,361</u>	<u>N/A</u>	<u>420,835,190</u>	<u>N/A</u>
Capital grants and gifts	17,686,700	33,433,493	189%	18,595,743	89%
King's Daughter Hospital System acquisition	-	-	-	527,468,358	-
Other, net	-	3,230,188	-	21,500,715	-
Total other revenues	<u>17,686,700</u>	<u>36,663,681</u>	<u>207%</u>	<u>567,564,816</u>	<u>2730%</u>
<b>NON-GASB ACTIVITY</b>					
Appropriated fund balance	570,396,500	-	-	-	-
Capital purchases and transfers	(270,672,700)	(207,186,801)	77%	(108,144,180)	48%
Debt service transfers	(110,129,300)	(47,216,552)	43%	(50,715,896)	56%
Noncapital transfers	<u>(22,771,300)</u>	<u>6,645,319</u>	<u>-29%</u>	<u>(13,624,993)</u>	<u>-72%</u>
Total non-GASB current funds activity	<u>166,823,200</u>	<u>(247,758,034)</u>	<u>N/A</u>	<u>(172,485,069)</u>	<u>N/A</u>
<b>INCREASE IN NET POSITION</b>		<b>356,835,008</b>		<b>815,914,937</b>	
<b>NET POSITION, July 1</b>		<u>3,041,328,460</u>		<u>1,773,415,439</u>	
<b>NET POSITION, December 31</b>		<u><u>\$ 3,398,163,468</u></u>		<u><u>\$ 2,589,330,376</u></u>	
<b>RECONCILIATION TO ANNUAL BUDGET</b>					
Operating revenues	\$ 5,788,816,400	\$ 3,138,955,691	54%	\$ 2,496,636,121	54%
Nonoperating revenues and transfers	<u>1,101,394,000</u>	<u>377,567,122</u>	<u>34%</u>	<u>872,265,098</u>	<u>89%</u>
Total revenues	<u>6,890,210,400</u>	<u>3,516,522,813</u>	<u>51%</u>	<u>3,368,901,219</u>	<u>60%</u>
Operating expenses	6,499,890,500	2,911,929,771	45%	2,366,437,316	45%
Nonoperating expenses and transfers	<u>390,319,900</u>	<u>247,758,034</u>	<u>63%</u>	<u>186,548,966</u>	<u>57%</u>
Total expenses and transfers	<u>6,890,210,400</u>	<u>3,159,687,805</u>	<u>46%</u>	<u>2,552,986,282</u>	<u>45%</u>
<b>INCREASE IN NET POSITION</b>	<u><u>\$ -</u></u>	<u><u>\$ 356,835,008</u></u>		<u><u>\$ 815,914,937</u></u>	