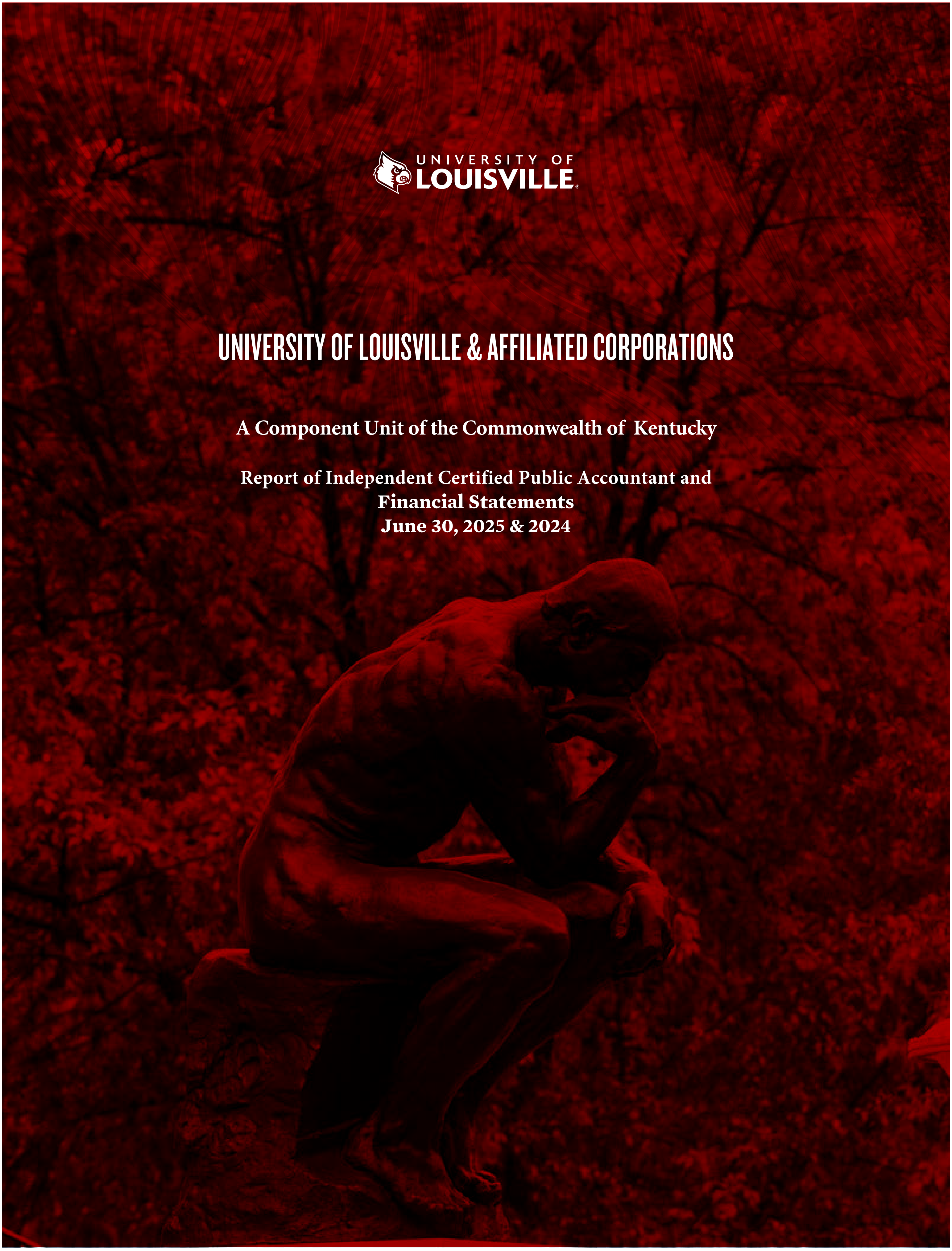

UNIVERSITY OF LOUISVILLE

UNIVERSITY OF LOUISVILLE & AFFILIATED CORPORATIONS

A Component Unit of the Commonwealth of Kentucky

Report of Independent Certified Public Accountant and
Financial Statements
June 30, 2025 & 2024

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
University of Louisville and Affiliated Corporations

Report on the audit of the financial statements

Opinions
We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Louisville and Affiliated Corporations (the “University”), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Louisville Health, Inc. (UofL Health), which represents 60%, 35%, and 99% of the assets, net position and revenues, respectively of the aggregate discretely presented component units of the University as of and for the year ended June 30, 2025 and 60%, 35%, and 99% of the assets, net position and revenues, respectively of the aggregate discretely presented component units of the University as of and for the year ended June 30, 2024. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for UofL Health, is based solely on the report of the other auditors.

Basis for opinions
We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Postemployment Benefit Information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other reporting required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Grant Thornton LLP

Boston, Massachusetts
November 20, 2025

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Louisville and Affiliated Corporations (the University) for the years ended June 30, 2025 and 2024. Comparative information for the year ended June 30, 2023 has been provided where applicable. The affiliated corporations include the University of Louisville Research Foundation, Inc. (Research Foundation) and the University of Louisville Athletic Association (Association), both blended component units of the University. The University of Louisville Foundation, Inc., University of Louisville Real Estate Foundation, Inc., and UL Health, Inc. are discretely presented component units of the University. The financial results of the discretely presented component units are presented in columnar format along side the University's financial statements with additional information presented in the notes to the financial statements. Comments presented in the management's discussion and analysis pertain to the University and its blended component units only and should be read in conjunction with the financial statements and notes that follow this section.

The University of Louisville is a state-supported research university located in Louisville, Kentucky. It was a municipally supported public institution for many decades prior to joining the university system in 1970. The University has three campuses. The 287-acre Belknap Campus is three miles from downtown Louisville and houses eight of the University's 12 colleges and schools. The Health Sciences Campus is situated in downtown Louisville's medical complex and houses the University's health-related programs and the University of Louisville healthcare enterprise (both inpatient and outpatient). The 243-acre Shelbyhurst Campus is located in eastern Jefferson County. This campus houses business offices and technology endeavors. The University offers approximately 73 undergraduate degree programs, 80 master level graduate degree programs, 36 doctoral degree programs, and 3 professional degree programs.

The strategic plan outlines efforts to make the University become recognized as a great place to learn, discover, connect and work. These pillars are supported by the following strategies:

- **Great place to learn** by attracting, retaining and graduating a talented, diverse student body through a meaningful and structured commitment to student success. Prepare critical thinking, global citizens capable of lifelong, self-directed learning to lead, and shape the future.
- **Great place to discover** by increasing efforts and support of innovation, research, scholarship, and creative activities. Develop strong translational research, innovation, and entrepreneurship programs to maximize societal impact of the University's research.
- **Great place to connect** by improving awareness, accessibility, value, and impact of community, industry, government, and alumni partnerships.
- **Great place to work** by fostering a culture of care, trust, accountability, equity, and transparency. Become an employer of choice that intentionally attracts and retains the most talented and diverse faculty and staff though meaningful and structured commitment to employee success.

Component Units

The University has affiliations with corporations that are designated as discretely presented component units due to the nature of the corporation's activities and operations. A description of the discretely presented component units of the University are as follows:

University of Louisville Foundation, Inc. (Foundation): The Foundation acts primarily as a fundraising organization to supplement the resources available to the University in support of its programs. The majority of the Foundation's assets relate to investments held for the benefit of the University, which were $1.1 billion as of June 30, 2025.

University of Louisville Real Estate Foundation, Inc. (ULREF): The ULREF is a nonprofit corporation formed with the purpose to acquire, maintain, improve, leverage, manage, lease and convey real and personal property for the benefit of the University. Effective July 1, 2024, ULREF adopted amended bylaws and filed amended and restated articles of incorporation to implement a reorganization under which ULREF became a subsidiary of the Foundation, with the Foundation serving as ULREF's sole member.

UL Health, Inc. (UL Health): UL Health is a nonprofit corporation with the purpose to support the University and its school of medicine along with providing patient care.

All discretely presented component units have separate and independent governing boards. The University's Board of Trustees does not provide governance or administrative oversight for the discretely presented component units.

Using the Financial Statements

The University's financial report includes the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows. These financial statements have been prepared in accordance with the accounting principles established by the Governmental Accounting Standards Board (GASB), which provides the framework for external financial reporting for public colleges and universities.

Statements of Net Position

The statements of net position present the financial position of the University at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position (the difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources) provides a snapshot of the current financial position of the University at the end of the fiscal year. Items on the statements of net position are generally measured using current values with the exception of capital assets which are stated at historical cost less an allowance for accumulated depreciation. Additionally, pledges receivable with payment terms greater than one year are discounted to present values. The change in net position indicates whether the University accumulated or consumed resources during the year.

A condensed version of the University's assets, liabilities, deferred outflows and inflows of resources, and net position at June 30, 2025, 2024, and 2023 (in thousands) is summarized below:

	2025	2024	2023	2025-2024 Change	2024-2023 Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	$ 436,681	$ 424,233	$ 462,059	$ 12,448	$ (37,826)
Noncurrent assets	865,454	845,711	852,078	19,743	(6,367)
Right-of-use assets, net	64,481	70,290	75,302	(5,809)	(5,012)
Capital assets, net	1,117,289	1,058,180	1,054,040	59,109	4,140
Deferred outflows of resources	23,098	17,033	20,299	6,065	(3,266)
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 2,507,003**	**$ 2,415,447**	**$ 2,463,778**	**$ 91,556**	**$ (48,331)**

	2025	2024	2023	2025-2024 Change	2024-2023 Change
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	$ 211,649	$ 182,281	$ 199,303	$ 29,368	$ (17,022)
Noncurrent liabilities	500,098	465,776	481,557	34,322	(15,781)
Deferred inflows of resources	668,333	682,345	708,943	(14,012)	(26,598)
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	**1,380,080**	**1,330,402**	**1,389,803**	**49,678**	**(59,401)**
NET POSITION					
Net investment in capital assets	784,812	765,365	782,237	19,447	(16,872)
Restricted - nonexpendable	2,195	2,109	1,905	86	204
Restricted - expendable	105,055	74,509	74,031	30,546	478
Unrestricted	234,861	243,062	215,802	(8,201)	27,260
TOTAL NET POSITION	**1,126,923**	**1,085,045**	**1,073,975**	**41,878**	**11,070**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 2,507,003**	**$ 2,415,447**	**$ 2,463,778**	**$ 91,556**	**$ (48,331)**

Assets

Current assets consist primarily of cash, student tuition and fees, accounts and contributions receivable, inventories, due from affiliates and investments held with the Foundation. For the fiscal year ended June 30, 2025, current assets increased by $12.4 million compared to June 30, 2024. This increase was primarily driven by short-term investments of $30.6 million and an increase in accounts receivable of $11.9 million, partially offset by a decrease in $19.4 million in cash and amounts due from affiliates of $8.6 million.

Noncurrent assets increased $19.7 million in fiscal year 2025 compared to fiscal year 2024. This increase was primarily due to increases in deposit with bond trustee and escrow agent of $33.8 million and increase in long-term investments of $16.3 million, which reflects the University's efforts to optimize investment returns. These increases were offset by a decrease in student tuition and fees, accounts, and contributions receivable of $9.4 million, due to affiliates of $2.7 million and restricted cash and cash equivalents of $18.7 million.

In contrast, current assets for the fiscal year 2024, decreased by $37.8 million as compared to June 30, 2023. This reduction was primarily attributable to a $57.5 million decrease in cash, a $3.8 million decrease in short-term investments, and an $8.9 million decrease in deposits with bond trustees, partially offset by an increase in accounts receivable of $42.5 million.

For the fiscal year ended June 30, 2024, noncurrent assets decreased by $6.4 million as compared to June 30, 2023. This increase was driven by an $11.7 million increase in long-term investments, offset by a $19.9 million decrease in student tuition and fees, accounts, and contributions receivable, and $10.6 million decrease in amounts due from affiliates.

Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets applicable to future reporting periods, primarily consisting of losses on bond refinancing, which are amortized to interest expense over the life of the refinanced debt, and of future payments for other postretirement employment benefits (OPEB). As of June 30, 2025, deferred outflows of resources increased by $6.1 million to $23.1 million from $17.0 million as of June 30, 2024.

In contrast, deferred outflows of resources as of June 30, 2024 decreased by $3.3 million to $17.0 million as compared to $20.3 million as of June 30, 2023.

Liabilities

Current liabilities increased by $29.4 million in fiscal year 2025 as compared to 2024. The increase was primarily driven by increases in accounts payable and accrued liabilities of $13.9 million, proceeds from the line of credit of $8.8 million, a $5.2 million increase in unearned revenue, and a $2.8 million increase in bonds and notes payable. These increases were offset by decreases in unearned compensation and wages payable of $271 thousand and a $993 thousand decrease in subscription-based information technology arrangements.

Noncurrent liabilities increased $34.3 million during fiscal year 2025 as compared to fiscal year 2024. This increase was primarily attributed to a $31.5 million increase in bonds and notes payable due to the issuance of the General Receipts Bond, Series A, and a $12.2 million increase in other postretirement benefits. These increases were partially offset by $2.6 million in payments for lease obligations, a $1.7 million amortization of subscription-based arrangements, a $2.6 million decrease in unearned revenues, and a $1.9 million in decrease in unearned compensation and wages payable as compared to the prior fiscal year.

In fiscal year 2024, current liabilities decreased by $17.0 million as compared to 2023. The decrease is primarily attributed to decreases in accounts payable of $14.5 million and a $4.3 million decrease in bonds and notes payable. These reductions were offset by an increase in unearned compensation and wages payable of $1.6 million.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that is applicable to future reporting periods. In fiscal year 2025, deferred inflows of resources decreased by $14.0 million. This reduction was primarily attributed to a $5.2 million decrease in future revenues from leased assets and a $6.0 million decrease in other post-retirement benefit (OPEB) deferred inflows, resulting from changes in assumptions used in the calculation of the OPEB liability.

In comparison, during fiscal year 2024, deferred inflows of resources decreased by $26.6 million. This decrease was primarily attributable to an $18.8 million reduction in future revenues from leased assets and a $5.0 million decrease in OPEB-related deferred inflows, including the differences between expected and actual experience and changes in assumptions used in the calculation of the OPEB liability.

Net Position

Net position represents the residual interest in the University's assets after all liabilities are deducted. In fiscal year 2025, the University's net position increased by $41.9 million, reflecting continued efforts to enhance financial stability through operational diligence and strategic improvements. This increase was primarily driven by a $19.4 million increase in net investment in capital assets and an increase in expendable net position of $30.5 million. These increases were offset by a decrease in restricted net position of $8.2 million.

The University adopted GASB Statement No. 101, *Compensated Absences*, effective for fiscal year 2025. This statement provides updated guidance for the recognition and measurement for compensated absences. The effect of adoption of this Standard resulted in an immaterial increase of $1.87 million in net position as of June 30, 2024.

In fiscal year 2024, the University's net position increased by $11.1 million. This growth was attributable to an increase in unrestricted net position of $27.3 million and restricted expendable net position of $478.0 thousand. However, these increases were negatively impacted by a reduction of $16.9 million in net investment in capital assets.

Statements of Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position present the University's financial performance for the fiscal year. Revenues and expenses are categorized as either operating or nonoperating based on their source or purpose. Key nonoperating revenue sources include state appropriations, nonexchange grants and contracts, gifts and donations and contributions from the Foundation. Capital assets are depreciated over their estimated useful lives, with depreciation and amortization expenses recorded as operating expenses.

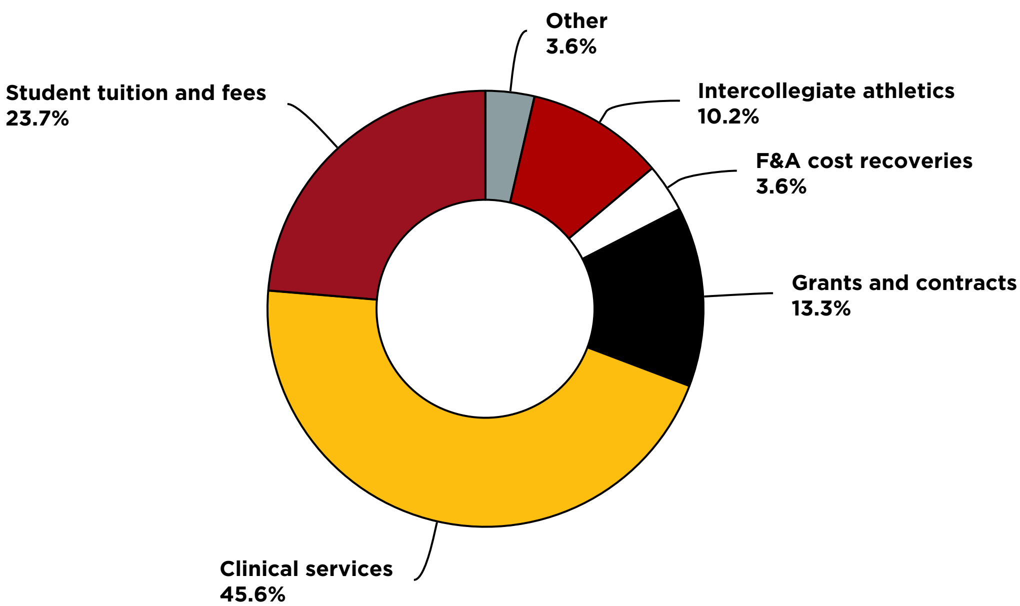
The University's condensed statements of revenues, expenses, and changes in net position for the years ended June 30, 2025, 2024, and 2023 (in thousands) are summarized below:

	2025	2024	2023	2025-2024 Change	2024-2023 Change
OPERATING REVENUES					
Student tuition and fees, net	$ 244,804	$ 234,296	$ 227,520	$ 10,508	$ 6,776
Clinical services and practice plan	471,810	407,774	407,158	64,036	616
Grants and contracts	137,785	140,891	128,518	(3,106)	12,373
Facilities and administrative cost recoveries	37,175	36,006	34,381	1,169	1,625
Intercollegiate athletics	105,953	104,111	97,495	1,842	6,616
Other	37,445	40,945	37,526	(3,500)	3,419
TOTAL OPERATING REVENUE	**1,034,972**	**964,023**	**932,598**	**70,949**	**31,425**
OPERATING EXPENSES					
Depreciation and amortization	68,672	65,429	67,089	3,243	(1,660)
Other	1,380,515	1,230,728	1,142,860	149,787	87,868
TOTAL OPERATING EXPENSE	**1,449,187**	**1,296,157**	**1,209,949**	**153,030**	**86,208**
NONOPERATING REVENUES (EXPENSES)					
State appropriations	177,651	146,373	147,718	31,278	(1,345)
Other nonoperating revenues	276,573	196,831	165,057	79,742	31,774
TOTAL NONOPERATING REVENUE	**454,224**	**343,204**	**312,775**	**111,020**	**30,429**
INCREASE/(DECREASE) IN NET POSITION	**40,009**	**11,070**	**35,424**	**28,939**	**(24,354)**
Net position - beginning of year	**1,085,045**	**1,073,975**	**1,038,551**	**11,070**	**35,424**
Cumulative effect of change in accounting principle	**1,869**	**—**	**—**	**1,869**	**—**
Net position - end of year	**$ 1,126,923**	**$ 1,085,045**	**$ 1,073,975**	**$ 41,878**	**$ 11,070**

Operating Revenues

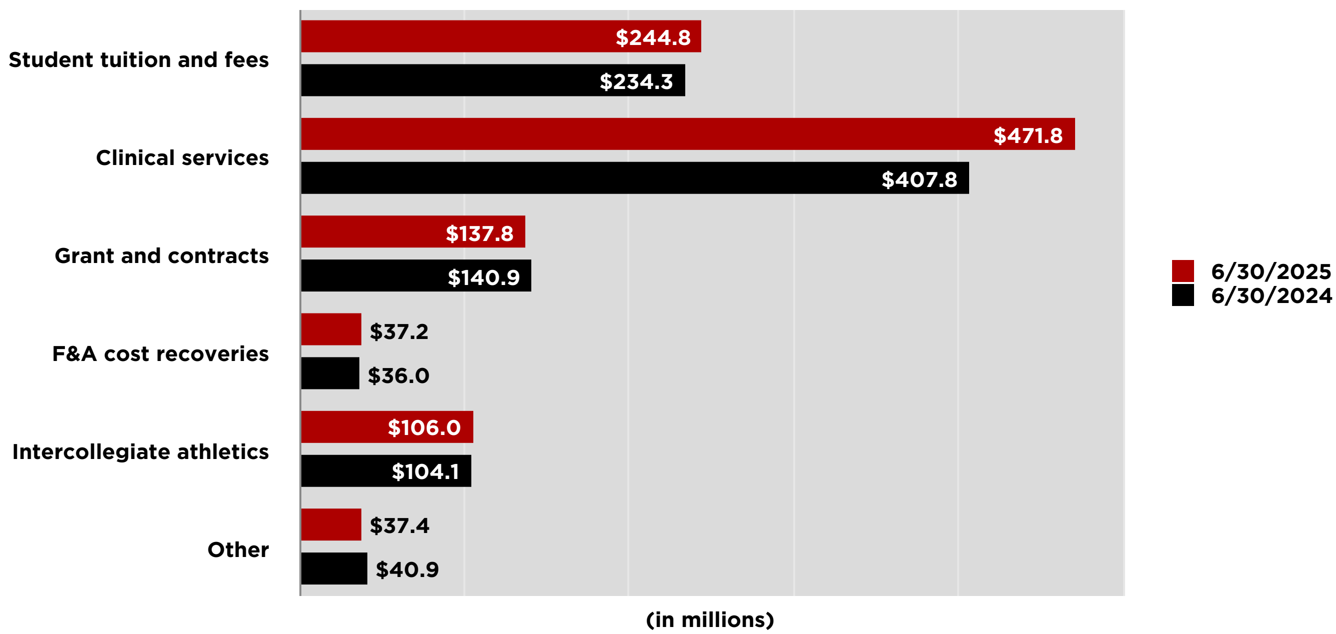
The following chart presents the percentage of operating revenues by source, which supported the University's operating activities for the year ended June 30, 2025:

Operating Revenues
Year Ended June 30, 2025



The following chart illustrates the trends in operating revenue by source for the years ended June 30, 2025 and 2024:

Operating Revenue Trends



Revenues from tuition, clinical services, certain grants and contracts, intercollegiate athletics and auxiliary services are classified as operating revenues in accordance with Governmental Accounting Standards Board (GASB) principles. Other revenue sources, including state appropriations, gifts, and contributions from the Foundation are classified as non-operating revenues as defined by GASB, despite their significance in supporting the University's academic programs.

Net student tuition and fees, after allowances for scholarships and fellowships totaled $244.8 million and $234.3 million, or 23.7% and 24.3% of total operating revenues for the years ended June 30, 2025 and 2024, respectively. Scholarship and fellowship assistance rates generally align with tuition rate changes, though though variations occur due to differences in the types and number of students receiving financial aid. Enrollment for the fall and spring semesters of fiscal year 2025 continue to increase, reflecting the University's effective recruiting and retention efforts.

Clinical services and practice plan revenue amounted to $471.8 million and $407.8 million for the fiscal years 2025 and 2024, respectively, constituting 45.6% and 42.3% of total operating revenues. These revenues are derived from patient care services provided by clinics under contractual arrangements with governmental and private insurers, laboratory services, clinical support provided to affiliated hospitals, and the University's professional practice plan arrangements. The increase totaling $64.0 million for fiscal year 2025 is attributable to higher patient volumes and improved reimbursement rates.

Operating grants and contracts revenue totaled $137.8 million and $140.9 million for the years ended June 30, 2025 and 2024, respectively, reflecting a decrease of $3.1 million. This reduction resulted from a $14.3 million decrease in federal grants and contracts, partially offset by an increase in state and local grants and contracts of $9.6 million.

The University's grants and contracts from government and private sources normally provide for the recovery of indirect or overhead costs. Facilities and administrative (F&A) cost recoveries, which generally align with trends in direct cost revenues and expenditures, amounted to $37.2 million and $36.0 million for the years ended June 30, 2025 and 2024, respectively.

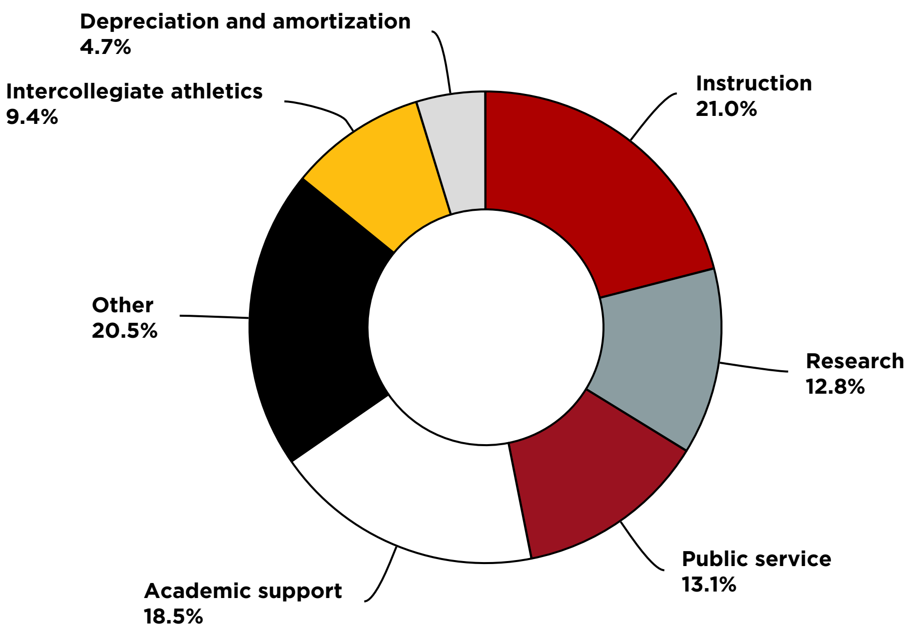
Intercollegiate athletics revenues reached $106.0 million for the year ended June 30, 2025, an increase of $1.8 million from $104.1 million for the year ended June 30, 2024. Auxiliary revenues, primarily from housing and parking, decreased by $1.2 million during the year ended June 30, 2025 as compared to the year ended June 30, 2024.

Total operating revenues increased $31.4 million in fiscal year 2024 as compared to fiscal year 2023. The most significant contributors to this increase were grants and contracts of $12.4 million, and student tuition and fees of $6.8 million. Additionally, intercollegiate athletics revenues grew by $6.6 million and auxiliary revenues increased by $4.9 million.

Operating Expenses

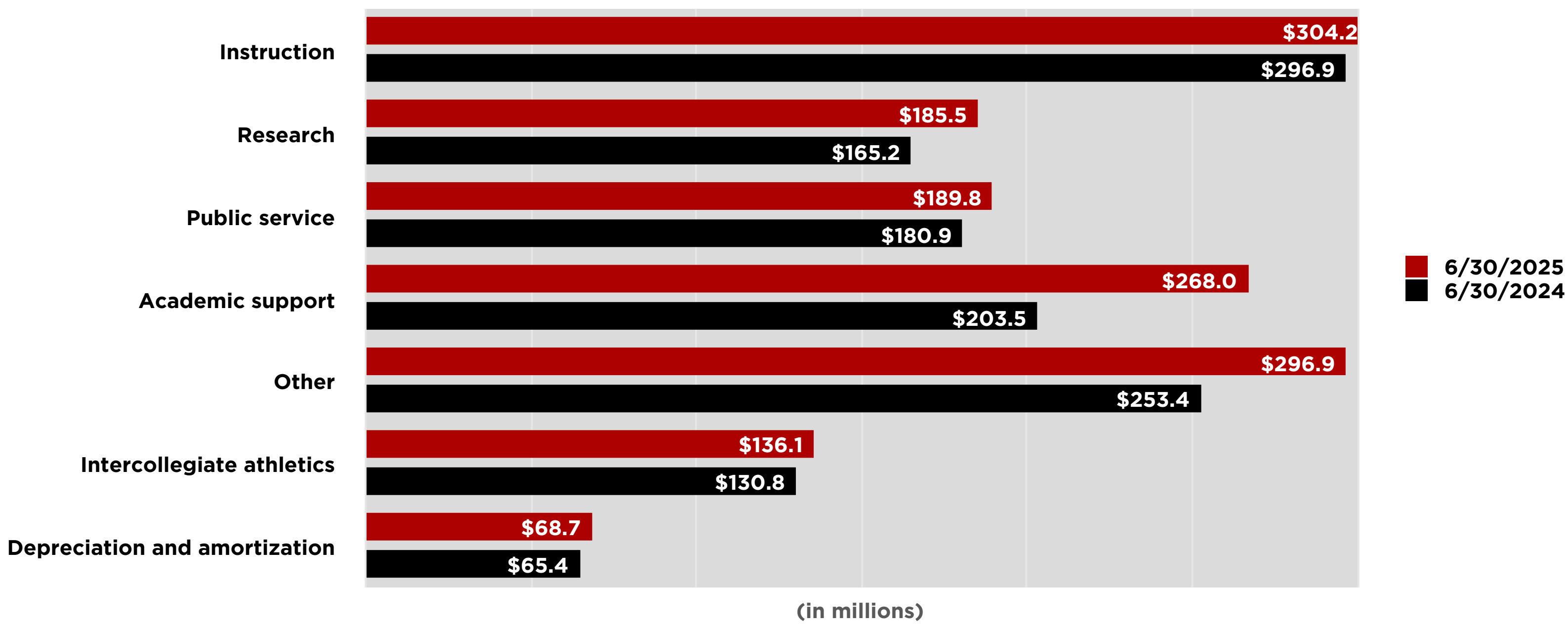
The following chart presents the percentage of total operating expenses by functional classification for the year ended June 30, 2025:

Operating Expenses by Functional Classification
Year Ended June 30, 2025

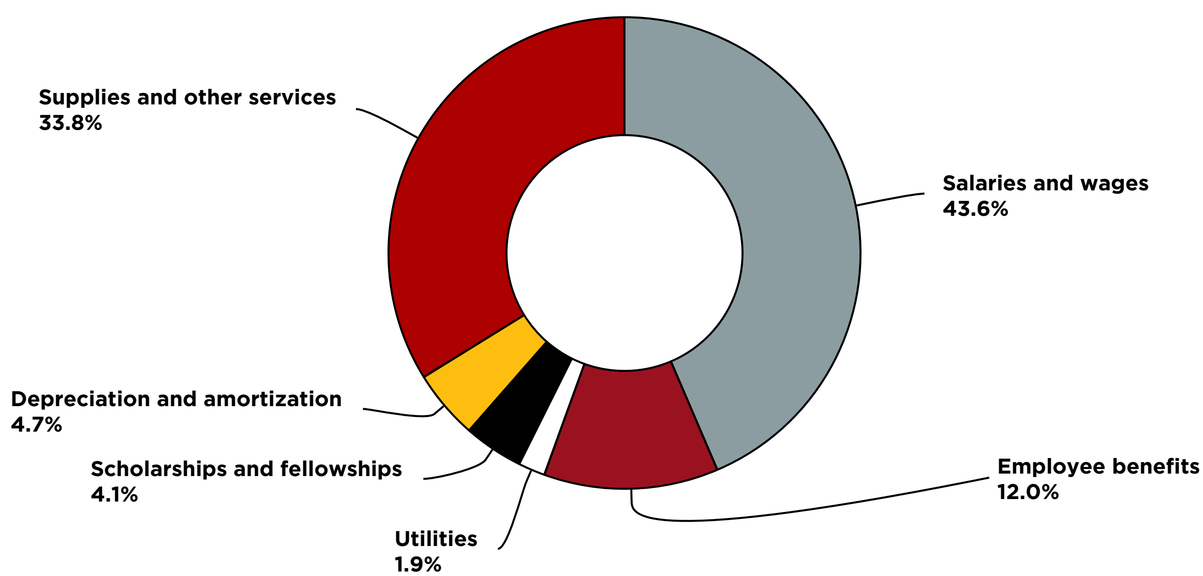


The following chart compares the trends in operating expenses by functional classification for the years ended June 30, 2025 and 2024, and the chart below illustrates the percentage distribution of operating expenses by natural classification for the year ended June 30, 2025.

Functional Expense Trends

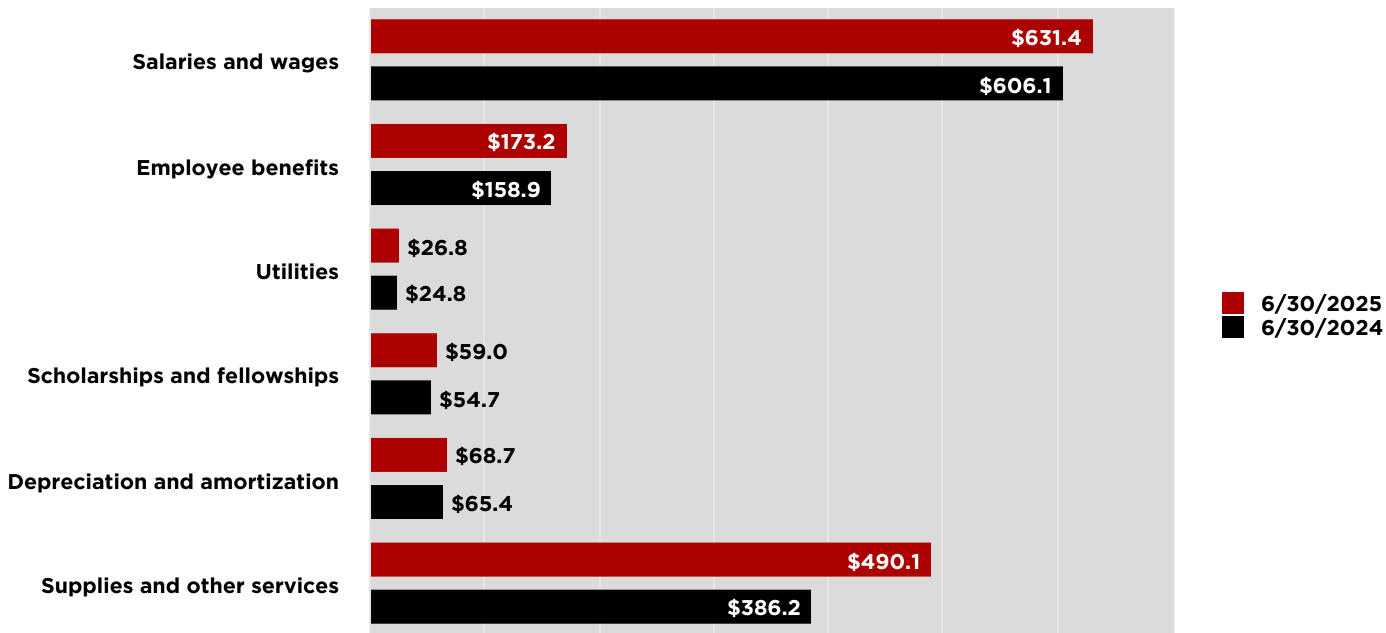


Operating Expenses by Natural Classification
Year Ended June 30, 2025



The following chart presents a comparison of operating expenses by natural classifications for the years ended June 30, 2025 and 2024:

Natural Expense Trends



(in millions)

For the fiscal years ended June 30, 2025, and 2024, operating expenses totaled $1.45 billion and $1.30 billion, respectively, exceeded operating revenues by $414.2 million in 2025 and $332.1 million in 2024. In fiscal year 2025, operating expenses increased by $153.0 million or 12.0%, compared to the prior year. This increase was observed across most functional classifications, with the most significant increases occurring in research ($20.3 million), institutional support ($20.6 million), scholarships and fellowships ($13.2 million), instruction ($7.2 million), and academic support ($64.4 million).

The primary driver of the increases of operating expenses by natural classification relates to a $39.6 million increase in salaries and wages, and related employee benefits. Additionally scholarships increased by a $4.3 million, which is primarily driven by increased enrollment and higher institutional scholarships being awarded.

In fiscal year 2024, operating expenses increased by $86.2 million as compared to fiscal year 2023. The most notable increases were for instruction ($19.6 million), and academic support ($26.0 million),

Nonoperating Revenues (Expenses)

Net nonoperating revenue and expenses, net, experienced an overall increase of $111.0 million in fiscal year 2025 as compared to the prior year. The increase was primarily attributed to higher capital appropriations of 61.1 million when compared to fiscal year 2024, reflecting state funding received for asset preservation projects and the construction of the new engineering building. Additional increases included investment income and realized and unrealized gains on investments, which increased by $1.2 million, due to favorable interest rate market conditions. Nonexchange grant revenue increased by $11.0 million, primarily from additional funding for Pell student financial aid grants. Other nonoperating revenues also increased by $657 thousand as well as gifts and donations of $2.1 million.

In fiscal year 2024, net nonoperating revenue and expenses increased by $30.4 million as compared to fiscal year 2023. This increase is primarily attributed to increases in capital appropriations of $23.1 million, investment income and realized and unrealized gains on investments of $8.9 million, other nonoperating revenues and expenses of $7.0 million, and nonexchange grants and contracts of $5.4 million. These increases were offset by decreases in state appropriations of $1.3 million, capital gifts of $5.1 million, and gifts and donations of $7.3 million.

Statements of Cash Flows

The statements of cash flows provide additional information about the University's financial results by reporting the major sources and uses of cash. Cash inflows and outflows are categorized as operating, noncapital and related financing, capital and related financing, and investing activities.

The condensed statements of cash flows for the years ended June 30, 2025, 2024, and 2023 (in thousands) are summarized below:

	2025	2024	2023	2025-2024 Change	2024-2023 Change
CASH (USED)/PROVIDED BY:					
Operating activities	$ (343,835)	$ (340,064)	$ (264,982)	$ (3,771)	$ (75,082)
Noncapital financing activities	380,744	324,428	326,727	56,316	(2,299)
Capital and related financing activities	(43,682)	(39,589)	(77,397)	(4,093)	37,808
Investing activities	(31,249)	8,549	(4,800)	(39,798)	13,349
NET DECREASE IN CASH EQUIVALENTS	**(38,022)**	**(46,676)**	**(20,452)**	**8,654**	**(26,224)**
Cash and cash equivalents - beginning of year	180,838	227,514	247,966	(46,676)	(20,452)
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 142,816**	**$ 180,838**	**$ 227,514**	**$ (38,022)**	**$ (46,676)**

Total cash and cash equivalents decreased by $38.0 million during fiscal year 2025. This decrease was primarily attributable to higher operating costs and the strategic allocation of additional funds into investments. Net cash used for operations increased by $3.8 million in fiscal year 2025 as compared to fiscal year 2024, largely driven by increased costs related to labor, supplies, and goods.

Net cash provided by noncapital financing activities increased $56.3 million, providing $380.7 million in fiscal year 2025 as compared to $324.4 million in fiscal year 2024. The largest contributor to this increase was state appropriations increasing $31.3 million from fiscal year 2024.

The University consumed $43.7 million in cash for capital and related financing during fiscal year 2025, which represented a decrease of $4.1 million from prior year, reflecting reduced capital expenditures.

Investing activities generated net cash inflows of $31.2 million during fiscal year 2025. The increase was primarily due to the issuance of the General Receipts Bond, Series A.

In comparison, total cash and cash equivalents decreased $46.7 million in fiscal year 2024 as compared to fiscal year 2023, primarily due increased operating costs and the reallocation of funds into investments. Net cash used in operating activities increased by $75.1 million, reflecting higher operational expenditures. Net cash provided by noncapital financing activities declined by $2.3 million, despite an increase of $23.0 million in state appropriations, due to offsetting reductions in other sources. Cash consumed by capital and related financing activities increased by $37.8 million in fiscal year 2024 as compared to the prior year.

Capital Asset Activities

The continued development and preservation of the University's capital assets remain critical to supporting the quality of its academic, research, and residential life programs. The University strategically invests in the construction of new facilities and the renovation of existing infrastructure to address the evolving needs of students, faculty, and staff. While infrastructure and building improvements enhance the campus environment, these capital additions are offset by the depreciation of related assets. As of June 30, 2025, the University's capital assets, net of depreciation, increased by $59.1 million.

The most significant capital projects and acquisitions completed during the fiscal year ended June 30, 2025 are listed below (in millions):

Project		Capitalized Cost
Vivarium construction	$	9.7
JB Speed School projects		6.7
Ekstrom Library addition		4.7

The University is currently engaged in a major asset preservation initiative aimed at improving campus safety and extending the useful life of educational and general-use facilities. To support these initiatives, the Commonwealth has provided the following capital appropriations to support these projects (in millions):

State Biennial Capital Appropriation		Estimated Budget
Asset Preservation FY 2023-2024	$	81.9
Asset Preservation FY 2025-2026		69.1

In addition, several significant projects are in process or in the early planning stages as part of the asset preservation initiative and broader campus development plans (in millions):

Project		Estimated Budget
JB Speed School Building Construction	$	75.0
Major Renovations (Life & Natural Sciences/55A/ JB Speed)		57.1
Steam Plant Tunnel Structure & Cooling Tower		33.8
HVAC Projects		13.0
Biocontainment Laboratory Pressurization Upgrade		10.8
HVAC Projects		13.0
Roof replacements various buildings		6.0
3rd & Brandies Project		3.7

Debt and Financing Activities

As of June 30, 2025, the University had total outstanding obligations of $324.4 million in bonds, leases, and notes payable, inclusive of unamortized discounts and premiums. This reflects an increase of $34.3 million from the prior year balance of $290.1 million as of June 30, 2024. This increase is primarily attributable to the issuance of the General Receipts Bond, 2025 Series A, which was partially offset by scheduled principal payments on existing long-term debt. The new financing supports ongoing capital investments aligned with the University's strategic priorities.

Economic Factors That May Affect the Future

The higher education sector continues to face significant challenges, including demographic shifts in the number and ethnicity of graduating high school students; declining numbers of males attending college; and ideological clashes, including over the perceived benefits of a college education, These trends may impact future enrollment and, ultimately, institutional revenue. Financial steadiness is important during these times and maintaining a strong financial foundation is key to the University's future success. The University takes these factors into consideration and is committed to incorporate contingencies and risk mitigating strategies into its budget development and long-term planning process. The University's fiscal year 2025-2026 operating budget can be found online at:

https://louisville.edu/finance/budget/opuds/OperatingBudget2026

Enrollment is a primary focus of the University because approximately one-fourth of operating revenues is derived from student-generated sources, including tuition, housing, fees, and dining plans. While this level of reliance is prevalent across all higher education institutions, the University is actively addressing the impending demographic "enrollment cliff" to stabilize and potentially grow its future enrollment streams. The University's plan includes the following:

a. Enhancing financial aid programs to increase affordability and access for students.
b. Expanding recruitment and scholarship initiatives to out-of-state markets to help offset the anticipated decline in Kentucky high school graduates.
c. Increasing graduate student stipends to attract and retain top graduate students from around the world.
d. Focusing on student retention through a coordinated undergraduate advising center, and continued expansion of mental health services.

Volatility in financial markets could pose significant risks to the University. Restrictive monetary policy or severe disruptions to stock and bond markets could ripple through the University affecting enrollment, labor costs, supplies and services. To proactively address these risks, the University has taken a risk-based approach for creating the budget:

a. Implementing cost-savings measures across all academic and support units to preserve adequate days of cash on hand.
b. Establishing a contingency budget to mitigate any unplanned expenditures.
c. Requiring all academic and support units to balance their expenses and resources each budget cycle.
d. Mandating that every academic and support unit reserve one percent of its general expense budget in a designated contingency account.

The University continues to operate in a dynamic fiscal and policy environment shaped by ongoing macroeconomic challenges and evolving federal legislative priorities. There is uncertainty on future appropriations due to political gridlock and proposed caps on discretionary spending, which has introduced uncertainty in forecasting efforts. Of particular concern is the potential for reductions in key programs administered by the U.S. Department of Education, the National Institutes of Health (NIH), and the National Science Foundation (NSF), which collectively represent a material share of the University's grant portfolio.

In addition, the passage of the *One Big Beautiful Bill Act* (OBBBA) in mid-2025 has introduced a complex set of reforms impacting graduate education, federal student aid, and research funding mechanisms. While the full regulatory implementation of the OBBBA is ongoing, initial impacts include:

a. Changes to graduate program funding - Revised cost-sharing requirements and adjusted eligibility criteria for federal assistantships may increase the financial burden on institutions to support graduate education. The University is currently evaluating programmatic adjustments to sustain enrollment and ensure academic continuity.

b. Research funding constraints - OBBBA introduces new compliance obligations for federally funded research, particularly around technology transfer and reporting standards. Although some targeted research areas have received modest increases in funding, others face reductions, necessitating reprioritization of internal funding and faculty support.
c. Student aid reform - OBBBA alters the structure of federal loan forgiveness and income-driven repayment plans, which may influence graduate student enrollment decisions and financial aid packaging strategies.

The University has strategically committed funds in support of the initiatives linked to the strategic plan:

a. Students - An additional $14.1 million in student funding to support the financial aid requirements related to the Cardinal Commitment, Global Cardinal Scholarship, and the Border Benefit Program. The University is also investing in student recruitment efforts and support for the Center for Engaged Learning programs.
b. Faculty and Staff - In order to stay competitive in recruiting and retaining faculty and staff, a 2.5% compensation pool was implemented effective July 1, 2025. Current employee retirement contributions will continue (7.5% automatic, plus 2.5% match) as well as 75 % employer coverage of health insurance and 100% tuition remission for eligible employee and dependents
c. Research and Innovation - The emphasis on preserving its R1 status was prioritized and budgeted through technology investments, including upgrades to research performance computing capacity creation of a cybersecurity center supported by a $10.0 million state appropriation. These investments, along with continued funding for faculty mentoring and acquisition of modern research equipment, will expand the impact of our programs across multiple science disciplines.
d. University Infrastructure : The University will continue to utilize over $300.0 million from the Kentucky General Assembly for asset preservation initiatives and new construction projects. New investments will continue our focus on updating classrooms and labs in high-use areas, making safety improvements, replacing roofs, HVAC and mechanical systems, and upgrading our chilled water plant. The University is beginning the design phase of the $280.0 million Health Sciences Campus Simulation Center and Collaboration Hub, a transformative project for the University and Commonwealth. The following are on-going or upcoming capital project supported by University and Commonwealth funds:

    - The Commonwealth appropriated bond funds of $65.0 million to construct a new building for the School of Engineering with $15.0 million match from University funds. The four-story, 114,000 square-foot facility will house classrooms, a maker's space, high-tech lab facilities and rooms for events and student engagement. Construction was completed subsequent to the June 2025 year end.

    - Beginning in fiscal year 2025, the Commonwealth and the University partnered on a new round of funds for asset preservation. The $69.0 million of state funds over two years will be matched by $17.3 million of University funds. New asset preservation investments will include updating classrooms and research labs, installing new roofs, ventilation systems, plumbing and electrical renovations, and chilled water plant upgrades.

    - The University received a historic budget appropriation from the Commonwealth of $260.0 million for the Health Sciences Campus (HSC) Simulation Center and Collaboration Hub, supplemented by a $20.0 million investment from the University. This facility will be the new home to the School of Public Health and Information Sciences and will not only serve the HSC schools, but also neighboring colleges and medical facilities. This commitment represents the largest investment from the Commonwealth for a single project in the University's history.

The University's 2023-2025 strategic plan serves as a guiding framework for academic, financial and operational decisions. It focuses on enhancing student success, supporting a thriving workplace, and creating connections with the community. The University's planning and budgeting processes are designed to align with the strategic plan while maintaining the flexibility to adapt to evolving circumstances and future strategic priorities.

Requests for Information

This financial report is intended to provide a general overview of the University's financial position and to demonstrate accountability for the financial resources entrusted to it. Questions regarding this report or requests for additional financial information should be directed to the Controller, University of Louisville, Louisville, KY 40292.

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Statements of Net Position
As of June 30, 2025 and 2024
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2025	2024	2025	2024 Restated
ASSETS				
Current assets				
Cash and cash equivalents	$ 138,638	$ 158,001	$ 27,345	$ 45,090
Short-term investments	61,385	30,772	278,042	299,940
Deposit with bond trustee and escrow agent	1,300	5,777	—	—
Student tuition and fees, accounts and contributions receivable, net	203,554	191,692	379,243	390,448
Due from affiliates	8,405	17,018	11,048	6,285
Inventories	6,518	6,616	61,552	61,155
Investments held with University of Louisville Foundation, Inc.	4,074	3,908	—	—
Other assets	12,807	10,449	287,531	264,952
Total current assets	**436,681**	**424,233**	**1,044,761**	**1,067,870**
Noncurrent assets				
Restricted cash and cash equivalents	4,178	22,837	36,416	25,573
Deposit with bond trustee and escrow agent	50,889	17,097	1,311	88,393
Student tuition and fees, accounts and contributions receivable, net	704,178	713,529	—	—
Due from affiliates	—	2,654	—	—
Other long-term investments	104,227	87,928	1,168,784	1,086,662
Right-of-use assets, net	64,481	70,290	535,911	523,561
Other long-term assets	1,982	1,666	228,311	103,977
Capital assets, net	1,117,289	1,058,180	781,963	644,236
Total noncurrent assets	**2,047,224**	**1,974,181**	**2,752,696**	**2,472,402**
Total assets	**2,483,905**	**2,398,414**	**3,797,457**	**3,540,272**
DEFERRED OUTFLOWS OF RESOURCES	**23,098**	**17,033**	**—**	**—**
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	**$ 2,507,003**	**$ 2,415,447**	**$ 3,797,457**	**$ 3,540,272**

See notes to financial statements

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Statements of Net Position
As of June 30, 2025 and 2024
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2025	**2024**	**2025**	**2024 Restated**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 112,559	$ 98,665	$ 389,216	$ 357,095
Line of credit	8,800	—	300	300
Unearned compensation and wages payable	2,517	2,788	98,467	85,939
Unearned revenue	51,107	45,918	—	—
Due to affiliate	—	—	82,987	30,368
Lease liabilities	4,571	4,663	33,874	31,371
Subscription-based information technology arrangements	4,754	5,747	—	—
Bonds and notes payable	27,341	24,500	8,380	22,044
Total current liabilities	**211,649**	**182,281**	**613,224**	**527,117**
Noncurrent liabilities				
Note payable to University of Louisville Foundation, Inc.	1,000	1,000	—	—
Unearned compensation and wages payable	1,191	3,042	—	—
Deposits	1,790	1,668	—	—
Unearned revenue	36,842	39,416	—	—
Amounts due to federal government for student loan programs	13,041	13,697	—	—
Due to affiliate	—	—	—	2,915
Other post-retirement benefits	91,667	79,475	—	—
Other long-term liabilities	—	—	19,138	17,275
Lease liabilities	50,651	53,288	534,313	525,286
Subscription-based information technology arrangements	6,815	8,551	—	—
Bonds and notes payable	297,101	265,639	472,473	478,918
Total noncurrent liabilities	**500,098**	**465,776**	**1,025,924**	**1,024,394**
Total liabilities	**711,747**	**648,057**	**1,639,148**	**1,551,511**
DEFERRED INFLOWS OF RESOURCES	**668,333**	**682,345**	**—**	**—**
NET POSITION				
Net investment in capital assets	784,812	765,365	468,895	405,431
Restricted:				
Nonexpendable	2,195	2,109	484,029	456,417
Expendable	105,055	74,509	608,629	572,863
Unrestricted	234,861	243,062	596,756	554,050
Total net position	**1,126,923**	**1,085,045**	**2,158,309**	**1,988,761**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	**$ 2,507,003**	**$ 2,415,447**	**$ 3,797,457**	**$ 3,540,272**

See notes to financial statements

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2025	2024	2025	2024 Restated
OPERATING REVENUES				
Gross tuition and fees	$ 384,797	$ 357,851	$ —	$ —
Less: scholarship allowance	(139,993)	(123,555)	—	—
Student tuition and fees, net	244,804	234,296	—	—
Clinical services and practice plan	471,810	407,774	—	—
Patient service revenue	—	—	2,525,732	2,277,548
Federal grants and contracts	100,804	115,082	—	—
State and local grants and contracts	20,570	10,966	—	—
Nongovernmental grants and contracts	16,411	14,843	—	—
Sales and services of educational departments	3,957	3,470	—	—
Facilities and administrative cost recoveries	37,175	36,006	—	—
Auxiliary enterprises, net of discount of $2,331 in 2025 and $2,139 in 2024	23,955	25,121	—	—
Intercollegiate athletics	105,953	104,111	—	—
Other operating revenue	9,533	12,354	238,430	251,427
Total operating revenue	**1,034,972**	**964,023**	**2,764,162**	**2,528,975**
OPERATING EXPENSES				
Instruction	304,166	296,923	—	—
Research	185,495	165,161	—	—
Public service	189,783	180,887	—	—
Academic support	267,958	203,521	—	—
Student services	44,616	40,445	—	—
Institutional support	111,263	90,626	2,747,630	2,523,396
Operation and maintenance of plant	69,332	66,999	—	—
Scholarships and fellowships	57,840	44,687	—	—
Auxiliary enterprises	13,935	10,661	—	—
Intercollegiate athletics	136,127	130,818	—	—
Depreciation and amortization	68,672	65,429	72,942	64,033
Contributions to affiliates	—	—	69,635	65,646
Total operating expense	**1,449,187**	**1,296,157**	**2,890,207**	**2,653,075**
Operating loss	**(414,215)**	**(332,134)**	**(126,045)**	**(124,100)**

See notes to financial statements

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2025	2024	2025	2024 Restated
NONOPERATING REVENUES (EXPENSES)				
State appropriations	177,651	146,373	—	—
Gifts and donations	32,254	30,185	32,669	59,596
Nonexchange grants and contracts	72,177	61,189	—	—
Contributions from University of Louisville Foundation, Inc.	62,437	57,279	—	—
Investment income	18,581	16,135	116,334	137,638
Realized and unrealized gain on investments	2,455	3,742	—	—
Interest expense	(15,173)	(13,643)	—	—
Other nonoperating revenue (expense)	10,015	9,358	347,802	10,211
Net nonoperating revenue	**360,397**	**310,618**	**496,805**	**207,445**
Income/(loss) after other revenue, expense, gains/(loss)	**(53,818)**	**(21,516)**	**370,760**	**83,345**
Capital appropriations	89,956	28,837	—	—
Capital gifts	3,871	3,749	—	—
Total other revenue	**93,827**	**32,586**	**—**	**—**
Increase in net position	**40,009**	**11,070**	**370,760**	**83,345**
NET POSITION				
Net position - beginning of year	1,085,045	1,073,975	1,787,549	1,905,416
Cumulative effect of change in accounting principle	1,869	—	—	—
Net position - end of year	**$ 1,126,923**	**$ 1,085,045**	**$ 2,158,309**	**$ 1,988,761**

See notes to financial statements

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024
(in thousands)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$ 242,715	$ 226,988
Clinical services and practice plan	449,001	365,295
Grants and contracts	144,968	126,175
Sales and services of educational departments	3,957	3,470
Payments to suppliers, vendors and contractors	(475,741)	(381,158)
Payments for utilities	(26,334)	(24,584)
Payments to employees	(633,497)	(604,904)
Payments for benefits	(168,589)	(173,985)
Payments for scholarships and fellowships	(58,979)	(54,698)
Net payments received from students	(322)	1,730
Auxiliary enterprises	18,548	21,695
Facilities and administrative cost recoveries	37,175	36,006
Intercollegiate athletics	118,013	106,791
Other receipts	5,250	11,115
Net cash used in operating activities	**(343,835)**	**(340,064)**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	177,651	146,373
Gifts	32,433	29,579
Nonexchange grants and contracts	72,177	61,189
Contributions from related entities	63,155	57,176
Due from affiliates	10,649	21,268
Draw on line of credit	8,800	—
Other noncapital financing activities	15,879	8,843
Net cash provided by noncapital financing activities	**380,744**	**324,428**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations received	89,956	28,837
Capital gifts received	3,871	911
Purchases of capital assets	(126,289)	(60,545)
Proceeds from issuance of bonds, notes payables, and contracts	57,794	10,336
Principal paid on bonds and notes payable	(23,995)	(23,705)
Interest paid on bonds, notes payable, and contracts	(16,130)	(14,920)
Deposits with bond trustee and escrow agent	(32,184)	6,367
Other capital financing	3,295	13,130
Net cash used in capital and related financing activities	**(43,682)**	**(39,589)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	35,321	41,458
Purchase of investments	(82,399)	(49,914)
Interest on investments	15,829	17,005
Net cash provided by (used in) investing activities	**(31,249)**	**8,549**
Net decrease in cash and cash equivalents	(38,022)	(46,676)
Cash and cash equivalents - beginning of year	180,838	227,514
CASH AND CASH EQUIVALENTS - END OF YEAR	**$ 142,816**	**$ 180,838**

See notes to financial statements

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024
(in thousands)

	2025	2024
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	$ (414,215)	$ (332,134)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	68,672	65,429
Loss on equipment disposals	1,511	1,160
Change in assets and liabilities:		
Student tuition and fees, accounts and contributions receivable	(2,154)	(34,988)
Inventories	98	(331)
Other assets	(2,675)	254
Other long-term assets	—	188
Accounts payable and accrued liabilities	17,756	(17,785)
Unearned revenue	2,616	(2,451)
Deposits	123	610
Due from affiliates	(101)	53
Unearned compensation and wages payable	(2,122)	3,299
Other long-term liabilities	6,733	(36)
Deferred outflows of resources	(6,065)	3,266
Deferred inflows of resources	(14,012)	(26,598)
Net cash used in operating activities	**$ (343,835)**	**$ (340,064)**
NON CASH TRANSACTIONS:		
Accrued liabilities for capital asset additions	$ 3,788	$ 7,572
Gifts of capital assets	$ 944	$ 349
Loss on disposal of assets	$ 1,511	$ 1,160
Amortization of bond premium and discount	$ (1,359)	$ (1,845)

See notes to financial statements

1. Nature of Operations, Basis of Presentation and Summary of Significant Accounting Policies

The University of Louisville (University) is a state supported metropolitan research university located in Louisville, Kentucky and is a component unit of the Commonwealth of Kentucky.

The University has three campuses. The Belknap Campus is three miles from downtown Louisville and houses eight of the University's twelve colleges and schools. The Health Sciences Center is situated in downtown Louisville's medical complex and houses the University's health related programs and the University of Louisville Hospital (Hospital). On the ShelbyHurst Campus, located in eastern Jefferson County, are the National Crime Prevention Institute, the Center for Predictive Medicine regional biosafety lab and the Division of Distance and Continuing Education.

a. Basis of Presentation

As required by generally accepted accounting principles (GAAP) the financial reporting entity includes the University and all of its component units. The University's component units are either blended or discretely presented in the University's financial statements. The blended component units, although legally separate, are, in substance, part of the University's operations and, therefore, are reported as if they were part of the University. Discretely presented component units' financial data are reported in separate financial statements because of their separation of operations, board governance, fiscal dependency, management, and to emphasize their separate legal status.

Blended Component Units

University of Louisville Athletic Association, Inc. (Association) – The Association is a Kentucky not-for-profit corporation organized in 1984 for the purpose of promoting the intercollegiate athletic activities of the University of Louisville. The Association's mission to provide quality intercollegiate athletic programs through a comprehensive sports program requires a major financial commitment of both operating and capital resources. In addition, the Association is committed to achieving athletic excellence for its student athletes, maintaining National Collegiate Athletic Association (NCAA) compliance, ensuring full implementation of gender equity plans and offering a wide variety of sports and recreational outlets for the University community, alumni, and visitors.

University of Louisville Research Foundation, Inc. (Research Foundation) – The Research Foundation was established in 1989 for the purpose of promoting and supporting research projects, investigations, and other activities relating to the educational, scientific, literary, artistic, health care and public service missions of the University.

The consolidated financial statements of the University, along with the separate financial statements of the Association and the Research Foundation, can be found at the following:

http://louisville.edu/finance/controller/univacct/finst-1

Discretely Presented Component Units

These legally separate University associated entities have been deemed component units because of the nature and significance of their relationship with the University. All discretely presented component units have separate and independent governing boards. The University's Board of Trustees does not provide governance or administrative oversight for the discretely presented component units. The component units combined financial information is included in the accompanying financial statements. Condensed financial statements for each component unit are disclosed in Note 22.

University of Louisville Foundation, Inc. (Foundation) - The Foundation was established to receive funds derived from gifts and other sources and invest these funds on behalf of the University. The foundation holds and manages the endowment of the University. Earnings from endowed assets along with gifts are transferred to the University upon satisfaction of donor restrictions.

University of Louisville Real Estate Foundation (ULREF) - The ULREF was formed to acquire, maintain, improve, leverage, manage, lease, and convey real and personal property for the benefit of the University. Effective July 1, 2024, ULREF adopted amended bylaws and filed amended and restated articles of incorporation to implement a reorganization under which ULREF became a subsidiary of the Foundation with the Foundation serving as ULREF's sole member.

UofL Health, Inc. (UL Health) - UL Health is a fully integrated regional health system established to manage and operate the University's hospital assets and clinical activities of the Health Sciences Center.

The financial statement presentation required by GAAP is intended to provide a comprehensive, entity-wide perspective of the University's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, expenses, changes in net position and cash flows.

Reclassifications

Subsequent to the issuance of the audited financial statements for the year ended June 30, 2024, management identified reclassifications within the statements of net position for the discretely presented component units. These reclassifications recast the the discretely presented component statement presentation from FASB to GASB, which included the reallocation of amounts between unrestricted and restricted cash and cash equivalents, as well as adjustments to net position between unrestricted, restricted expendable, restricted nonexpendable, and net investment in capital assets. These reclassifications did not affect total assets, liabilities, or net position of the discretely presented component units, as they were solely presentational in nature.

Subsequent to the issuance of the UL Health financial statements for the year ended June 30, 2024 there was a reclassification to update the accounting method used for a controlling interest of an investment. The accounting method was updated from equity to consolidated in the audited financial statements. These reclassifications did impact the total assets, liabilities, operating expenses, and nonoperating revenues as presented, but did not impact the net position or increase in net position.

The summary of reclassifications are summarized below (in thousands):

	As Previously Reported	FASB to GASB Reclassification	Controlling Interest Accounting Reclassification	As Restated
ASSETS				
Current assets				
Cash and cash equivalents	$ 153,036	$ (113,966)	$ 6,020	$ 45,090
Short-term investments	235,982	—	63,958	299,940
Student tuition and fees, accounts and contributions receivable, net	384,457	—	5,991	390,448
Inventories	61,244	—	(89)	61,155
Other assets	263,064	—	1,888	264,952
Total current assets net impact	1,097,783	(113,966)	77,768	1,061,585
Noncurrent assets				
Restricted cash and cash equivalents	—	25,573	—	25,573
Deposit with bond trustee and escrow agent	—	88,393	—	88,393
Other long-term investments	1,134,768	—	(48,106)	1,086,662
Total noncurrent assets net impact	1,134,768	113,966	(48,106)	1,200,628
Total assets net impact	$ 2,232,551	$ —	$ 29,662	$ 2,262,213

	As Previously Reported	FASB to GASB Reclassification	Controlling Interest Accounting Reclassification	As Restated
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 327,433	$ —	$ 29,662	$ 357,095
Total current liabilities impact	327,433	—	29,662	357,095
Total liabilities impact	327,433	—	29,662	357,095
NET POSITION				
Net investment in capital assets	—	405,432	—	405,432
Restricted - nonexpendable	572,863	(116,446)	—	456,417
Restricted - expendable	456,417	116,446	—	572,863
Unrestricted	959,481	(405,432)		554,049
Total net position impact	**$ 1,988,761**	**$ —**	**$ —**	**$ 1,988,761**

	As Previously Reported	Controlling Interest Accounting Reclassification	As Restated
OPERATING EXPENSES			
Institutional support	$ 2,520,666	$ 2,730	$ 2,523,396
Total operating expense impact	**$ 2,520,666**	**$ 2,730**	**$ 2,523,396**
NONOPERATING REVENUES (EXPENSES)			
Investment income	133,696	3,942	137,638
Other nonoperating revenue (expense)	11,423	(1,212)	10,211
Total nonoperating revenue impact	**$ 145,119**	**$ 2,730**	**$ 147,849**

b. Cash and Cash Equivalents

The University considers all highly liquid investments (not held for long-term purposes) with original maturities of three months or less to be cash equivalents.

Restricted cash and cash equivalents include plant funds allocated for capital projects and debt service reserves.

c. Deposits With Bond Trustee and Escrow Agent

Short term deposits with bond trustee and escrow agents were $1.3 million and $5.8 million as of June 30, 2025 and June 30, 2024, respectively. These deposits are invested in money market funds and are related to contract arrangements. Long term deposits with bond trustee and escrow agent were $50.9 million and $17.1 million as of June 30, 2025 and June 30, 2024, respectively. These deposits are invested in governmental securities and repurchase agreements and are related to various bonds and contract arrangements. Investments in governmental securities are stated at market value. Repurchase agreements are stated at cost.

d. Accounts and Contributions Receivable

Accounts receivable consist of tuition and fee charged to students, auxiliary enterprise services provided to students, faculty, staff and external entities, reimbursement of costs from external entities and related foundations, charges for clinical services, and future receipts for leasing arrangements. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

The University records operating and capital pledges as revenue when all eligibility requirements have been met. Endowment pledges are not recognized as revenue until the gifts are received.

e. Lease Receivables

Lease receivables represent receivables for rent for which the University is providing the right for another entity to use its nonfinancial assets as stated in a contract for a period of time in an exchange or exchange like transaction. Management determines the allowance for uncollectible leases by identifying known leases that will not be collected and by estimating the remaining leases that are likely not to be collected. Currently, management has determined that all lease receivables are collectible for the years ended June 30, 2025 and 2024.

f. Investments and Investment Income

Investments in marketable debt and equity securities are stated at current fair value. Fair value is determined using quoted market prices. Real estate is stated at fair value if acquired for resale or otherwise used as an investment as determined on the date of acquisition. Certificates of deposit are stated at cost plus accrued interest, which approximates fair value. Investment income consists of interest and dividend income, realized gains and losses and changes in unrealized gains (losses) on the carrying value of investments.

Investments held with the Foundation are invested under the policies and objectives established for the Foundation's general endowment pool as described in Note 22, Component Unit, subsection c, University of Louisville Foundation, Inc. and Affiliates.

g. Loans to Students

The University provides loans to students under various federal and institutional student loan programs. Student loans receivable are reported net of an allowance for uncollectible amounts. The value of student loans, net allowance, was approximately $0.6 million at June 30, 2025 and 2024.

h. Inventories

Inventories are valued at the lower of cost or market, under the first-in, first-out method.

i. Capital Assets

Capital assets are stated principally at cost, or estimated acquisition value at date of receipt from donors. Capital assets are depreciated using the straight-line basis over the estimated useful lives of the assets as follows: buildings and building improvements – 40 years or componentized using 15-50 years, infrastructure – 60 years, land improvements – 40 years, equipment – 3-15 years, leasehold improvements – 20 years and library materials – 10 years. Assets under capital leases are amortized on the straight-line basis over the estimated useful life of the asset, or the lease term, whichever is shorter.

The University has elected to capitalize collections which include art, rare books, photographs, letters, journals, manuscripts and musical instruments. These items are capitalized at cost, or if a gift, at the acquisition value on the date of the gift.

Per GASB Statement No. 89, the University does not capitalize interest cost of related borrowings as a component of construction in progress.

j. Right-of-Use Assets and Liabilities

Right-of-use assets represent the University's right to occupy and/or utilize an asset over the correlating lease term. The University's financial statements include right-of-use assets based on GASB statement No. 87, *Leases* and No. 96 *Subscription-based Information Technology Arrangements* ("SBITAs"). Right-of-use assets are valued at the present value of the lease payments less accumulated amortization. Amortization expense is computed using the straight-line method over the lease term.

A lease liability represents the obligation to make lease payments arising from the use of the lease asset over the term of the lease. Lease liabilities are measured at the lease commencement date and are calculated as the present value of the future lease payments using the rate implicit in the contract, when available. If an implicit rate is not readily determinable, the University uses an incremental borrowing rate.

k. Impairment

The University evaluates capital, lease and subscription-based information technology arrangements for impairment when events or circumstances indicate a significant decline in the use of an asset has occurred. When an impairment is incurred, the accumulation depreciation or amortization will be adjusted and the impairment loss will be booked. As of June June 30, 2025 and 2024, no impairments were recognized.

l. Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net assets that are applicable to a future reporting period and increase net assets similar to assets. Deferred outflows of assets were $23.1 million and $17.0 million for the years ended June 30, 2025 and 2024, respectively. Deferred outflow of resources consist of the following: loss on bond refinancing and amounts paid for other postemployment benefits. Deferred outflows of resources related to the loss on bond refinancing were $0.8 million and $1.3 million for the years ended June 30, 2025 and 2024 and will be amortized to interest expense using the effective interest method over the remaining life of the refinanced debt. Deferred outflows for other postemployment benefits of $22.3 million and $15.7 million for the years ended June 30, 2025 and 2024 represent amounts to be paid for retiree employee healthcare after the actuarial measurement date but before the financial reporting date.

m. Unearned Compensation Expenses

Unearned compensation expenses are recognized as expense over the term of the related employment agreements.

n. Unearned Revenue

Revenues of summer academic terms are recognized in the fiscal year earned.

Unearned revenue related to amounts received from individual and season ticket holders for subsequent year intercollegiate athletic activities, suite rentals, parking and sponsorship revenue are recognized over the term of the related athletic activities.

The University receives revenues related to sponsored agreements via grants, contracts, cooperative agreements, or other agreements. The flow of funds relative to these sponsored agreements is in the form of cost reimbursement or advanced funding.

In the case of cost reimbursement, the University incurs costs on behalf of the granting authority and is then reimbursed for such costs pursuant to the terms of the sponsored agreement. Grant revenues are recognized as reimbursable costs are incurred.

In the case of advanced funding, the University receives funds prior to incurring costs pursuant to the sponsored agreement, with the stipulation that these funds may have to be returned to the sponsor. Grant revenues are recognized as the related grant costs are incurred.

o. Compensated Absences

University policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation or sick benefits are earned, whether the employee is expected to realize the benefit as time off or as a payment. Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as retirement contributions and Social Security and Medicare taxes computed using rates in effect at that date. See Note 1aa for implementation of GASB No. 101, *Compensated Absences*.

p. Public-Private and Public-Public Arrangements

The University has contractual agreements with external parties to provide services to students, employees and guests on behalf of the University. The University recognizes a receivable for future payments to be received from the external parties. The initial measurement of the receivable is based on the present value of the estimated future payments, using rates applicable at the time the agreement commenced.

q. Net Bond Premium

The University amortizes net bond premium using the effective interest method over the life of the bonds.

r. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period and decrease net position similar to liabilities. Deferred inflows of resources of $668.3 million and $682.3 million for the years ended June 30, 2025 and 2024, respectively, consist of the following: gain on bond refinancing of $329 thousand and $441 thousand, respectively, postemployment benefit experience and assumptions changes of $16.0 million and $22.0 million, respectively, future revenues from leasing arrangements of $626.0 million and $631.2 million, respectively, and services concession arrangements of $26.1 million and $28.7 million, respectively.

s. Net Position

The University's net position is summarized into four major categories as follows:

a. Net investment in capital assets represents the University's investment in capital assets and right-of-use assets such as land, buildings, equipment, and depreciable library materials. The balances are net of accumulated depreciation and amortization, related deferred outflows and related deferred inflows of resources and debt attributable to the acquisition, construction, or improvement of those assets.

b. Restricted-nonexpendable funds include amounts that are subject to externally imposed restrictions that require the University to maintain the assets in perpetuity. These balances are the permanent endowment for scholarships and other purposes.

c. Restricted-expendable funds are those that are subject to externally imposed restrictions governing their use for a particular purpose or period of time. The University's most significant components in this category consist of amounts restricted for capital projects, debt service, research, and public service.

d. Unrestricted net position results primarily from net operating income in excess of expenses. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic programs, research initiatives, and capital projects.

The following table includes detail of the net position balances at June 30, 2025 and 2024 (in thousands):

	2025	2024
Net investment in capital assets	$ 784,812	$ 765,365
Restricted - Nonexpendable		
Scholarships and fellowships	2,195	2,109
Restricted - Expendable		
Scholarships and fellowships	1,879	1,799
Research	12,793	15,264
Instruction	6,529	7,385
Public service	363	512
Academic support	—	147
Institutional support	7,360	7,380
Loans	1,434	1,848
Capital projects	17,918	11,774
Debt service	56,779	28,400
Unrestricted	234,861	243,062
Total net position	**$ 1,126,923**	**$ 1,085,045**

t. Revenue and Expense Classifications

The University has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues and expenses – Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues were received in exchange for goods and services, such as tuition, clinical operations, grants and contracts, and intercollegiate activities. With the exception of interest expense, all expense transactions are classified as operating expenses.

Nonoperating revenues – Certain significant revenues relied on for fundamental operational support of the University are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues, meaning revenues were received with no direct goods or services provided, include activities such as state appropriations, capital appropriations, Pell and other grants and contracts, gifts and contributions.

u. Student Tuition and Fees

Student tuition and fees are presented net of scholarship allowances in the statements of revenues, expenses and changes in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is paid by students and third parties making payments on the behalf of students. To the extent that revenues from such programs are used to satisfy tuition and fees, the University has recorded a scholarship allowance. Stipends and other payments made directly to students are presented as scholarships and fellowships expense.

v. Clinical Services and Practice Plan Revenue

The University has agreements with third-party payers that provide for payments to the University at amounts different from its established rates. Net clinical services and practice plan revenues are reported at the estimated net realizable amounts from patients, third-party payers and others for the services rendered and include estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

w. Government and Nongovernment Grants

Support funded by grants is recognized as the University performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be made.

x. Tax Status

As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code and a similar provision of state law. However, the University is subject to federal and state income tax on any unrelated business taxable income.

y. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net position during the reporting period. Actual results could differ from those estimates. The accompanying financial statements include estimates for items such as contractual allowances, discounts on contribution receivables, estimated useful lives of assets, fair value of investments, other post employment benefits, bad debts, accrued expenses and other liability accounts.

z. Reclassification of Prior Years' Financial Statements

Certain prior year balances have been reclassified to conform to current year presentation. The reclassifications more accurately represent revenue and expense activities in the categories presented on the financial statements. These reclassifications had no effect on the change in net position.

aa. Recent Accounting Pronouncements

Implemented for Fiscal Year Ended June 30, 2025

GASB Statement No. 101, *Compensated Absences:* This Statement provides updated guidance for the recognition and measurement for compensated absences to ensure consistent financial reporting. A liability for compensated absences is recognized when:

- Leave is unused, attributable to services already rendered, accumulates, and is more likely than not to be used for time off, paid in cash, or settled through noncash means.
- Leave has been used but remains unpaid in cash or unsettled through noncash means.

Exemptions include certain types of compensated absences such as parental leave, military leave and jury duty leave, which are recognized as liabilities only when the leave commences.

The adoption of this Standard resulted in an immaterial cumulative increase of $1.9 million in net position as of June 30, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*: This Statement requires the University to evaluate whether a concentration or constraint makes the primary reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. The University will be required to assess whether an event or events associated with a concentration or constraint which could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within twelve months of the date the financial statements are issued. For the year ending June 30, 2025, no concentrations or constraints were identified that would require disclosure in the consolidated financial statements.

Implemented for Fiscal Year Ended June 30, 2024

Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB No. 62*: This Statement prescribes the accounting and financial reporting for each type of accounting change and error correction. The definition of accounting changes and error corrections is clarified and guidance for those reported retroactively by restating prior year's financial statements or if they are reported prospectively is provided. Adoption of this Standard did not have a financial impact on the consolidated financial statements.

GASB Statements to be implemented in fiscal year 2026:

GASB Statement No. 103, *Financial Reporting Model Improvements*: This Statement was issued to improve key components of the financial reporting model to enhance its effectiveness in providing information and assessing accountability. This Statement addresses requirements relating to Management's Discussion and Analysis, unusual or infrequent items, major component unit information, budgetary comparison information and the presentation of proprietary fund statement of revenues, expenses, and changes in fund net position.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: This Statement mandates separate disclosure of certain types of capital assets note disclosures required by GASB Statement No. 34. It also establishes requirements for capital assets held for sale, including additional disclosures for such assets.

Management is evaluating the impact of these Statements on the consolidated financial statements.

2. Cash on Deposit and Investments

The University invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the investment amounts reported in the statements of net position. The risks related to deposits and investments held by the University are described within this disclosure.

a. Summary of Carrying Values

The value of deposits and investments as of June 30, 2025 and 2024 are as follows (in thousands):

	2025	2024
Deposits	$ 177,971	$ 186,615
Investments	186,720	139,705
Total	**$ 364,691**	**$ 326,320**

The deposits and investments shown are included in the statement of net position as follows (in thousands):

	2025	2024
Cash and cash equivalents	$ 138,638	$ 158,001
Short-term investments	61,385	30,772
Deposit with bond trustee - current	1,300	5,777
Deposit with bond trustee - noncurrent	50,889	17,097
Restricted cash and cash equivalents	4,178	22,837
Investments held with University of Louisville Foundation, Inc.	4,074	3,908
Other long-term investments	104,227	87,928
Total	**$ 364,691**	**$ 326,320**

b. Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University currently uses commercial banks and the Commonwealth of Kentucky (Commonwealth) as its depositories. Deposits with commercial banks are substantially covered by federal depository insurance or collateral held by the bank in the University's name. Depository accounts held with the Commonwealth are pooled with other agencies of the Commonwealth and are substantially covered by federal depository insurance or by collateral held by the Commonwealth in the Commonwealth's name. The University does not have a formal policy addressing custodial credit risk.

At June 30, 2025 and 2024, the University had deposits subject to custodial credit risk as follows (in thousands):

	2025		
	State Deposits	Overnight Investments	Total
Collateralized with securities held by pledging financial institution	$ —	$ 26,232	$ 26,232
Collateralized with securities held by the Commonwealth in the Commonwealth's name	2,929	—	2,929
Total	**$ 2,929**	**$ 26,232**	**$ 29,161**

	2024		
	State Deposits	Overnight Investments	Total
Collateralized with securities held by pledging financial institution	$ —	$ 42,327	$ 42,327
Collateralized with securities held by the Commonwealth in the Commonwealth's name	4,157	—	4,157
Total	**$ 4,157**	**$ 42,327**	**$ 46,484**

c. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investments. The University's policy is to invest in U.S. government and U.S. government agency securities, commercial paper, banker's acceptances, and variable rate demand notes with a maturity not greater than three years. The University has entered into a repurchase agreement for the investment of bond fund reserves. The provider financial institution agrees to deliver U.S. Treasury obligations yielding a guaranteed rate at an amount equal to the scheduled bond fund reserve in exchange for payment from the available reserve. The final maturity under this agreement is May 31, 2030.

As of June 30, 2025 and 2024, the University had investments subject to interest rate risk as reflected in the following schedules (in thousands) based on the maturity of the instrument as follows :

	2025			
	Total	Less than 1 year	1-5 years	6-10 years
US Treasury obligations	$ 68,881	$ 51,878	$ 17,003	$ —
US Agency obligations	45,791	8,012	37,779	—
Other government obligations	38,093	995	37,098	—
Repurchase agreement	17,036	—	—	17,036
Certificates of deposit	12,845	500	12,345	—
Total	**$ 182,646**	**$ 61,385**	**$ 104,225**	**$ 17,036**

	2024			
	Total	Less than 1 year	1-5 years	6-10 years
US Treasury obligations	$ 3,835	$ —	3,835	$ —
US Agency obligations	59,351	24,616	34,735	—
Other government obligations	42,508	5,906	36,602	—
Repurchase agreement	17,097	—	—	17,097
Certificates of deposit	12,822	250	12,572	—
Total	**$ 135,613**	**$ 30,772**	**$ 87,744**	**$ 17,097**

d. Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. By University policy, commercial paper must be rated the highest (A-1/P-1) by at least one Nationally Recognized Statistical Rating Organization (NRSRO). Banker's acceptances must be issued by a bank having a short-term rating of the underlying bank rated the highest (A-1/P-1). Variable rate demand notes must be backed by an unconditional letter of credit issued by a domestic bank having outstanding commercial paper rated the highest (A-1/P-2) by at least one rating service and by each rating service rating said credit. All commercial paper and banker's acceptances must be issued by domestic entities. The Commonwealth investment pool can invest in U.S. treasuries and agencies; commercial paper or asset backed securities rated in the highest category by a nationally recognized rating agency; certificates of deposit, banker's acceptances, state or local government securities and corporate, Yankee and Eurodollar securities rated in one of the three highest categories by a nationally recognized rating agency; shares of mutual funds (up to 10%) and state and local property tax certificates of delinquency secured by interests in real estate.

As of June 30, 2025 and 2024, the University had the following investments exposed to credit risk as reflected in schedules below (in thousands):

	2025		
	Aaa	Not Rated	Total
Investments held with the University of Louisville Foundation, Inc.	—	4,074	4,074
Total	**$ —**	**$ 4,074**	**$ 4,074**

	2024		
	Aaa	Not Rated	Total
Annuities	$ 186	$ —	$ 186
Investments held with the University of Louisville Foundation, Inc.	—	3,908	3,908
Total	**$ 186**	**$ 3,908**	**$ 4,094**

Investments held by the University that are not included in the table above were excluded as they are deemed to not have a credit risk.

e. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools and other pooled investments. At June 30, 2025 and 2024, the University has no investments in any one issuer as defined above that represent 5% or more of total investments.

The asset allocation for investments held with the Foundation as of June 30, 2025 and 2024 is as follows:

	2025	2024
Investment in partnerships	53 %	51 %
Marketable alternatives	9 %	9 %
Mutual funds	22 %	25 %
Fixed income	12 %	11 %
Preferred and common stock	4 %	4 %
Total	**100 %**	**100 %**

The Foundation's investments do not have a significant concentration of credit risk within any industry or specific institution.

f. Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The University had no investments denominated in foreign currency at June 30, 2025 and 2024.

3. Fair Value Measurements

Fair value is based on an exit price, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value.

Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The University and the component units presented in the accompanying financial statements use the fair value hierarchy to value their financial instruments.

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 - Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1.

The University classifies certificates of deposit securities and US Treasury obligations in Level 1 of the fair value hierarchy because they are valued using prices quoted in active markets for those securities.

The component units classify mutual funds, domestic equity, and US Treasury obligations as Level 1 investments.

Level 2 - Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets and liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2.

The University classifies other governmental obligations, U.S. agency obligations, and derivative instruments as Level 2. The evaluated prices of these investments may be determined by factors which include but are not limited to, market quotations, yields, maturities, call features, ratings, and standard pricing models using current forward rate assumptions and/or volatility to predict cash flows.

The component units classify mortgage, asset backed and corporate bonds as Level 2 investments. The fair value of the funds held in trust by others is determined at the market value of the underlying debt and equity securities held in the beneficial trust. The Foundation's fair value is determined based on the proportional beneficial interest held in the trust, with the Foundation as the sole beneficiary of the majority of the trusts. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Level 3 - Investments classified as Level 3 have significant unobservable inputs as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment. Investments within the University of Louisville Foundation, Inc. investment fund consist of money market mutual funds, common and preferred stock, corporate bonds, mutual funds, investments in partnerships and funds of funds, equity method investments, U.S. Government securities, U.S. Treasuries and U.S. agency obligations. The Foundation has adopted a policy of maintaining a diverse investment pool through the use of targeted asset allocation guidelines. The fair value of the investments in the fund have been determined using the fair value (or its equivalent) of the investments.

The table below presents the fair value measurements of assets and liabilities held by the University as of June 30, 2025 and 2024 (in thousands):

	2025			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments				
US Treasury obligations	$ 68,881	$ 68,881	$ —	$ —
US Agency obligations	45,791	45,791	—	—
Other governmental obligations	38,093	—	38,093	—
Certificates of deposit	12,845	12,845	—	—
University of Louisville Foundation, Inc. investment fund	4,074	—	—	4,074
Total investments measured at fair value	**$ 169,684**	**$ 127,517**	**$ 38,093**	**$ 4,074**

	2024			
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
Investments				
US Treasury obligations	$ 3,835	$ 3,835	$ —	$ —
US Agency obligations	59,351	59,351	—	—
Other governmental obligations	42,508	—	42,508	—
Certificates of deposit	12,822	12,822	—	—
University of Louisville Foundation, Inc. investment fund	3,908	—	—	3,908
Total investments measured at fair value	**$ 122,424**	**$ 76,008**	**$ 42,508**	**$ 3,908**

The table below presents the fair value measurements of assets and liabilities held by the discretely presented component units as of June 30, 2025 and 2024 (in thousands):

	2025				
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
US Treasury obligations	$ 161,707	$ 161,707	$ —	$ —	$ —
Mutual funds	240,879	240,879	—	—	—
Domestic marketable equity securities	47,043	47,043	—	—	—
Mortgage bonds	69,111	—	69,111	—	—
Asset backed bonds	13,458	—	13,458	—	—
Mortgage backed securities	3,310		3,310		
Corporate bonds	86,832	—	86,832	—	—
Funds held in trust by others	78,814	—	78,814	—	—
Hedge funds	93,546	—	—	—	93,546
Investments in partnerships	566,512	—	—	—	566,512
Investments in joint ventures	9,713	—	—	—	9,713
Total investments measured at fair value	**$ 1,370,925**	**$ 449,629**	**$ 251,525**	**$ —**	**$ 669,771**

	2024				
	Total	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Measured at NAV
US Treasury obligations	$ 153,213	$ 153,213	$ —	$ —	$ —
Mutual funds	255,370	255,370	—	—	—
Domestic marketable equity securities	45,481	45,481	—	—	—
Mortgage bonds	66,633	—	66,633	—	—
Asset backed bonds	21,759	—	21,759	—	—
Mortgage backed securities	3,667	—	3,667	—	—
Corporate bonds	107,930	—	107,930	—	—
Funds held in trust by others	72,393	—	72,393	—	—
Hedge funds	88,585	—	—	—	88,585
Investments in partnerships	514,595	—	—	—	514,595
Total investments measured at fair value	**$ 1,329,626**	**$ 454,064**	**$ 272,382**	**$ —**	**$ 603,180**

The fair value of alternative investments has been estimated using the NAV per share of the investments. Alternative investments held by the discretely presented component units at June 30, 2025 and 2024 are presented below (in thousands):

	2025			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 93,546	$ —	Various from monthly to illiquid	Various from 45 to 90 days
Investments in partnerships	566,512	146,154	Various from monthly to illiquid	Various from 10 to 60 days

	2024			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	$ 88,585	$ —	Various from monthly to illiquid	Various from 45 to 90 days
Investments in partnerships	514,595	91,363	Various from monthly to illiquid	Various from 10 to 60 days

4. Student Tuition and Fees, Accounts, and Contributions Receivable, Net

Student tuition and fees, accounts, and contributions receivable, net as of June 30, 2025 and 2024 (in thousands) are as follows:

	2025		
	Gross Receivable	Allowance	Net Receivable
Student tuition and fees	$ 66,036	$ (39,077)	$ 26,959
Patient care	125,319	(19,880)	105,439
Contributions receivable	52,154	(6,696)	45,458
Sponsored agreements	33,483	(3,500)	29,983
Trade receivables	23,689	—	23,689
Lease receivables	657,152	—	657,152
Other	19,508	—	19,508
Total	**$ 977,341**	**$ (69,153)**	**$ 908,188**
Less discount on contributions receivable due in more than one year			(456)
Total Receivables			**$ 907,732**
Current portion			$ 203,554
Noncurrent portion			$ 704,178

	2024		
	Gross Receivable	Allowance	Net Receivable
Student tuition and fees	$ 61,890	$ (35,065)	$ 26,825
Patient care	106,224	(18,147)	88,077
Contributions receivable	61,992	(7,025)	54,967
Sponsored agreements	40,921	(3,500)	37,421
Trade receivables	16,838	—	16,838
Lease receivables	656,795	—	656,795
Other	24,956	—	24,956
Total	**$ 969,616**	**$ (63,737)**	**$ 905,879**
Less discount on contributions receivable due in more than one year			(658)
Total Receivables			**$ 905,221**
Current portion			$ 191,692
Noncurrent portion			$ 713,529

Contributions receivable consist primarily of charitable gifts totaling $52.2 million pledged from individual and corporate donors that are associated with the construction projects and general fundraising of the Association. Receivables with payment schedules in excess of one year are stated at their present value, using discount rates ranging from 0.0% to 5.38% as of June 30, 2025 and 2024.

Contributions receivable as of June 30, 2025 and 2024 are due to be received as follows (in thousands):

	2025	2024
Less than one year	$ 9,711	$ 10,074
One to three years	7,099	10,697
Greater than three years	35,344	41,221
Total gross contributions receivable	**52,154**	**61,992**
Less discount	(456)	(657)
Less allowance	(6,696)	(7,025)
Net contributions receivable	**$ 45,002**	**$ 54,310**

The University records operating and capital pledges as revenue when all eligibility requirements have been met. Endowment pledges are not recognized as revenue until the gifts are received.

Lease receivables are future payments due from tenants leasing the university's equipment or real estate, stated at their present value. Other receivables consist primarily of receivables under service concession arrangements as of June 30, 2025 and June 30, 2024.

5. Due From Affiliates

a. University of Louisville Foundation, Inc.

The Foundation serves as a fiduciary entity responsible for receiving, investing, managing and administering private gifts, bequests and endowments designated for the benefit of the University. The Foundation distribute these funds in accordance with the donor's intent and terms of the gifts. As of June 30, 2025 and 2024, the Foundation owed $5.1 million and $5.8 million, respectively, to support the spending of these donations and related earnings. The amounts are recorded as current due from affiliates in the financial statements.

b. University of Louisville Real Estate Foundation, Inc. (FY2025 Component Unit of the Foundation)

The University manages dormitory properties owned by ULREF, including the collection of rents, payment of related expenses and property management. No balances were outstanding for rents collected or expense reimbursements as of June 30, 2025 and 2024. ULREF has executed ground lease agreements with the University for each managed dormitory, with annual rent calculated on the net available cash flow fore each property. The University recognized rental income of $710 thousand and $609 thousand during the years ending June 30, 2025 and 2024 respectively, which is recorded as current due from affiliates in the financial statements.

c. University of Louisville Physicians, Inc. (ULP)

In June 2016, the Research Foundation received an unsecured, noninterest bearing note of $5.9 million from University of Louisville Physicians, Inc. (ULP), an affiliate entity, for past due fees owed to the Research Foundation. The outstanding note balance was $0.8 million as of June 30, 2024, respectively. The note was fully repaid as of June 30, 2025,

Additionally, the Research Foundation has receivables from ULP arising through from normal business operations, recorded within student tuition and fees, accounts and contributions receivable, net in the Statements of Net Position. As of June 30, 2025 and 2024, these receivables of $151 thousand and $110 thousand, respectively.

d. UL Health, Inc. (UL Health)

UL Health Inc.'s Board of Directors did not approve margin share payments to the Research Foundation for additional academic mission support for the years ended June 30, 2025, and 2024. During fiscal years 2025 and 2024, the Research Foundation received prior fiscal year margin share payments of $9.8 million and $20.5 million, respectfully, related to the agreement with UL Health. As of June 30, 2025, the remaining balance of $2.6 million is owed to the Research Foundation and is reported in current due from affiliates.

The Research Foundation also has receivables from UL Health arising from normal business operations, recorded within student tuition and fees, accounts and contributions receivable, net in the Statements of Net Position. As of June 30, 2025 and 2024, these receivables amounted to $48.7 million and $23.6 million, respectively.

6. Capital and Intangible Assets, Net

Capital assets and intangible assets as of June 30, 2025 and 2024 are as follows (in thousands):

	2025				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	$ 58,425	$ 949	$ —	$ —	$ 59,374
Rare books	47,997	274	—	—	48,271
Construction in progress	44,907	87,918	—	(29,776)	103,049
Subtotal	**151,329**	**89,141**	**—**	**(29,776)**	**210,694**
Cost - Depreciable					
Buildings	1,590,392	5,349	—	28,289	1,624,030
Infrastructure	53,978	—	—	—	53,978
Land improvements	23,278	—	—	278	23,556
Equipment	259,980	22,945	(10,850)	1,209	273,284
Leasehold improvements	1,617	—	—	—	1,617
Library materials	181,186	906	—	—	182,092
Right-of-use assets - subscription-based information technology arrangements	31,316	5,438	(2,340)	—	34,414
Right-of-use assets - leases	78,312	2,510	(2,475)	—	78,347
Subtotal	**2,220,059**	**37,148**	**(15,665)**	**29,776**	**2,271,318**
Total capital and intangible assets, cost	**2,371,388**	**126,289**	**(15,665)**	**—**	**2,482,012**
Accumulated depreciation and amortization					
Buildings	788,119	36,900	—	—	825,019
Infrastructure	10,189	900	—	—	11,089
Land improvements	8,318	613	—	—	8,931
Equipment	221,077	15,656	(7,746)	—	228,987
Leasehold improvements	1,474	44	—	—	1,518
Library materials	174,403	2,046	(30)	—	176,419
Right-of-use assets - subscription-based information technology arrangements	17,050	6,215	(825)	—	22,440
Right-of-use assets - leases	22,288	6,298	(2,747)	—	25,839
Total accumulated depreciation and amortization	**1,242,918**	**68,672**	**(11,348)**	**—**	**1,300,242**
Capital and intangible assets, net	**$ 1,128,470**	**$ 57,617**	**$ (4,317)**	**$ —**	**$ 1,181,770**

	2024				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	$ 58,425	$ —	$ —	$ —	$ 58,425
Rare books	48,577	30	(610)	—	47,997
Construction in progress	14,115	40,358	—	(9,566)	44,907
Subtotal	**121,117**	**40,388**	**(610)**	**(9,566)**	**151,329**
Cost - Depreciable					
Buildings	1,582,428	843	(357)	7,478	1,590,392
Infrastructure	53,978	—	—	—	53,978
Land improvements	22,554	—	—	724	23,278
Equipment	255,668	16,713	(13,801)	1,400	259,980
Leasehold improvements	1,653	—	—	(36)	1,617
Library materials	179,453	2,511	(778)	—	181,186
Right-of-use assets - subscription-based information technology arrangements	29,023	2,293	—	—	31,316
Right-of-use assets - leases	73,789	4,601	(78)	—	78,312
Subtotal	**2,198,546**	**26,961**	**(15,014)**	**9,566**	**2,220,059**
Total capital and intangible assets, cost	**2,319,663**	**67,349**	**(15,624)**	**—**	**2,371,388**
Accumulated depreciation and amortization					
Buildings	751,082	37,369	(332)	—	788,119
Infrastructure	9,290	899	—	—	10,189
Land improvements	7,705	613	—	—	8,318
Equipment	221,451	11,270	(11,644)	—	221,077
Leasehold improvements	1,431	43	—	—	1,474
Library materials	171,853	3,328	(778)	—	174,403
Right-to-use assets - subscription-based arrangements	10,820	6,230	—	—	17,050
Right to use assets - leases	16,689	5,677	—	—	22,288
Total accumulated depreciation and amortization	**1,190,321**	**65,429**	**(12,832)**	**—**	**1,242,918**
Capital and intangible assets, net	**$ 1,129,342**	**$ 1,920**	**$ (2,792)**	**$ —**	**$ 1,128,470**

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following at June 30, 2025 and 2024 (in thousands):

	2025	2024
Salaries and benefits	$ 42,079	$ 37,238
Payroll taxes	3,851	3,716
Construction	3,784	7,572
Accrued interest	4,242	4,317
Other	58,603	45,822
Total	**$ 112,559**	**$ 98,665**

Accrued interest includes $1.1 million and $1.2 million related to leases payable as of June 30, 2025 and 2024, respectively. Accrued interest also includes $206 thousand and $303 thousand related to subscription-based arrangement payables as of June 30, 2025 and 2024, respectively.

8. Lines of Credit

The University has a line of credit with a financial institution in the form of a revenue anticipation note in the amount of $25.0 million that contained an original maturity date of June 30, 2023 with the option to renew in subsequent years. Advances on the line of credit bear interest at the Daily Simple SOFR (Secured Overnight Financing Rate) rate plus 0.60%. No draws were made from the available credit through its expiration as of June 30, 2025 and 2024. The University renewed the line of credit on July 1, 2025, with a maturity date of June 30, 2026, maintaining substantially identical terms to the previous agreement.

On June 30, 2025, the Association entered into a $25.0 million line of credit agreement with a financial institution that matures on June 30, 2030. The line of credit note is secured by collateral, including investments held by the University. Advances under this agreement bear interest at the Daily Simple SOFR rate plus one hundred basis points (1.00%). Accrued interest is payable monthly, commencing on August 1, 2025. As of June 30, 2025, the outstanding balance on the line of credit was $8.8 million.

In April 2021, the Association entered into a $20.0 million line of credit with a financial institution to fund the Association's working capital expenses. The line of credit is secured by collateral, including funding and revenues of the Association and third-party pledges to the Association. The balance drawn on the line converted to a 20-year note May 31, 2023 with principal and interest payments through April 30, 2043. The interest rate on the note is fixed at 2.93%. The balance of the term note is $8.2 million as of June 30, 2025.

9. Leases

a. Lessee Arrangements

The University leases operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through July 2069 and provide for renewal options ranging from one year to fifty years. The University records right-of-use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. The University does not have any leases subject to a residual value guarantee.

Right-of-use assets acquired through outstanding leases are shown below, by underlying asset class.

	Net asset balance as of June 30, 2025	Net asset balance as of June 30, 2024
Building	$ 52,056	$ 55,514
Land	451	510
Total	**$ 52,507**	**$ 56,024**

See Note 6, Capital Assets and Intangible, Net for balances of right-of-use assets and associated accumulated amortization. See Note 13 Other Liabilities for balances of lease liabilities.

The University's total future minimum lease payments to be made under lease agreements are as follows (in thousands), subject to change with new leases:

For the year ending June 30,	Principal	Interest
2026	$ 4,571	$ 1,594
2027	3,532	1,465
2028	3,414	1,631
2029	3,045	1,254
2030	2,694	1,167
2031-2035	12,392	4,670
2036-2040	12,581	2,787
2041-2045	12,747	822
2046-2050	40	34
2051-2055	46	27
2056-2060	54	20
2061-2065	63	11
2066-2069	43	1
Future minimum lease payments	**$ 55,222**	**$ 15,483**

The University leases operating and office facilities from an affiliated party, and a related right-of-use lease asset and liability have been recorded. The leases provide for minimum annual lease payments totaling $500 thousand expiring at various times through 2069, plus variable payments based on usage.

b. Lessor Arrangements

The University leases operating, office space and hospital buildings to external parties. The University records lease receivables as deferred inflows of resources based on the present value of expected receipts over the term of the respective leases. The expected receipts are discounted using the interest rate charged on the lease or the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2025 and 2024, the University recognized revenues relating to these lease arrangements totaling approximately $29.1 million and $28.7 million, respectively. Of those receipts, $26.7 million was received from a related party (UL Health) during the years ended June 30, 2025 and 2024.

10. Subscription-Based Information Technology Arrangements (SBITA)

The University contracts subscription-based information technology for operating activities for various terms under long-term, non-cancelable agreements. The agreements expire at various dates through 2030 and provide for renewal options ranging from one year to five years. The University records right-of-use assets and current or noncurrent liabilities based on the present value of expected payments over the term of the respective agreements. The expected payments are discounted using the University's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. There were no variable payments expensed during the current year.

Right-of-use assets acquired through subscription-based information technology agreements as of June 30, 2025 and 2024, were $34.4 million and $31.3 million with accumulated amortization of $22.4 million and $17.1 million, resulting in a net value of $12.0 million and $14.2 million, respectively .

The University's total future minimum payments per the SBITA agreements are as follows (in thousands), subject to change with new agreements:

For the year ending June 30,	Principal	Interest
2026	$ 4,754	$ 307
2027	3,189	187
2028	2,554	90
2029	606	33
2030	466	—
Future agreement payments	**$ 11,569**	**$ 617**

11. Bonds, Notes, and Contracts

Long-term debt, net of discount, of the University consisted of the following at June 30, 2025 and 2024 (in thousands):

	Interest Rate	Fiscal Year of Maturity	2025	2024
General Receipts Bonds:				
Series B of 2010	5.5%	2028	$ 20,942	$ 20,942
Series A of 2016	2.0% to 5.0%	2036	6,710	7,660
Series B of 2016	3.0% to 5.0%	2028	7,885	10,335
Series C of 2016	2.0% to 4.0%	2029	23,235	28,480
Series D of 2016	3.0% to 5.0%	2036	43,244	44,245
Series F of 2016	5.0%	2028	8,335	10,855
Series A of 2020	2.0% to 5.0%	2051	43,320	44,345
Series A of 2021	1.5%	2032	15,020	17,035
Series B of 2021	2.0% to 5.0%	2051	36,865	37,720
Series A of 2025	5.0%	2046	32,385	—
Notes from direct placement	2.9%	2043	20,167	21,604
Contracts	1.8% to 10.7%	2033	57,764	38,852
Total long-term debt			**315,872**	**282,073**
Net unamortized premium			8,570	8,066
Long-term debt, net			**$ 324,442**	**$ 290,139**

The change in bonds, notes from direct placement, and contracts is summarized as follows (in thousands):

	2025					
	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Noncurrent Portion
Bonds payable	$ 221,617	$ 32,385	$ (16,060)	$ 237,942	$ 16,410	$ 221,532
Notes from direct placement	21,604	—	(1,437)	20,167	1,140	19,027
Contracts	38,852	25,409	(6,498)	57,763	8,475	49,288
Total	**282,073**	**57,794**	**(23,995)**	**315,872**	**26,025**	**289,847**
Less amortized net premium	8,066	1,863	(1,359)	8,570	1,316	7,254
Net long-term debt	**$ 290,139**	**$ 59,657**	**$ (25,354)**	**$ 324,442**	**$ 27,341**	**$ 297,101**

	2024					
	Beginning Balance	Additions	Payments/ Retirements	Ending Balance	Current Portion	Noncurrent Portion
Bonds payable	$ 237,072	$ —	$ (15,455)	$ 221,617	$ 16,060	$ 205,557
Notes from direct placement	23,202	—	(1,598)	21,604	1,379	20,225
Contracts	35,168	10,336	(6,652)	38,852	5,703	33,149
Total	**295,442**	**10,336**	**(23,705)**	**282,073**	**23,142**	**258,931**
Less amortized net premium	9,910	—	(1,844)	8,066	1,358	6,708
Net long-term debt	**$ 305,352**	**$ 10,336**	**$ (25,549)**	**$ 290,139**	**$ 24,500**	**$ 265,639**

Future principal and interest payments on bonds, notes from direct placement and contracts for the fiscal years ending June 30 are as follows (in thousands):

	Bonds Payable		Notes from Direct Placement		Contracts Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 16,409	$ 8,746	$ 1,140	$ 614	$ 8,475	$ 2,471
2027	18,045	8,356	1,146	576	8,251	2,131
2028	39,752	7,009	1,159	538	8,421	1,777
2029	16,425	5,714	1,199	497	8,689	1,415
2030	10,620	5,228	1,225	456	5,696	1,057
2031-2035	52,740	19,709	5,029	1,762	18,231	2,163
2036-2040	29,955	10,915	5,665	975	—	—
2041-2045	27,840	6,280	3,604	158	—	—
2046-2050	21,945	1,938	—	—	—	—
2051	4,211	55	—	—	—	—
Total	**$ 237,942**	**$ 73,950**	**$ 20,167**	**$ 5,576**	**$ 57,763**	**$ 11,014**

The General Receipts Bonds are collateralized by mortgages on certain University properties. Association revenue totaling $2.0 million annually is to be available for amounts owed by the Association under the Arena lease agreement. The remaining operating and nonoperating income of the University, excluding income which as a condition of receipt is not available for payment of debt service charges, are pledged for the General Receipts Bonds.

As of June 30, 2025 and 2024, investments at fair value totaling $52.2 million and $22.9 million, respectively, for retirement of indebtedness funds have been deposited with the bond trustees and escrow agents as required under the various bond indentures and capital lease agreements.

University of Louisville General Receipts Bonds, 2010 Series B

In December 2010, the University issued $20.9 million of University of Louisville, General Receipts Bonds, 2010 Series B at a total interest cost of 1.8%, net of the subsidy from the Build America Bonds Act (BAB). The projects financed consist of multiple energy conservation measures within 17 educational and general buildings on the Health Sciences, Shelby and Belknap campuses. The project is expected to produce annual utility cost savings and is being conducted under contract with the University by an energy management company that has guaranteed the annual savings to the University under the detailed terms of the contract. Security for the bonds includes a pledge of the general receipts of the University and the imposition of a state intercept. The General Receipts Bonds, 2010 Series B were issued as bonds designated as QECBs under the provisions of the American Recovery and Reinvestment Act of 2009. The University receives cash subsidy payments from the United States Treasury equal to approximately 67% of the interest payable on the General Receipts Bonds, 2010 Series B. The subsidy payment is contingent on federal regulations and may be subject to change. Final maturity of the bond is September 1, 2027.

University of Louisville General Receipts Bonds, 2016 Series A

In April 2016, the University issued $14.1 million of University of Louisville, General Receipts Bonds, 2016 Series A at a total interest cost of 2.8%. The bonds were issued to fund the University's share of the cost of the renovation and expansion of the University of Louisville Student Activity Center and to refund $3.2 million of University of Louisville General Receipts Bonds, Taxable Build America Bonds, 2010 Series A with a weighted average interest rate of 3.7% and $2.6 million of Consolidated Educational Buildings Revenue Bonds Series P with a weighted average interest rate of 3.9% (combined, the prior bonds). Final maturity on the 2016 Series A Bond is March 1, 2036.

University of Louisville General Receipts Bonds, 2016 Series B

In April 2016, the University issued $23.7 million of University of Louisville, General Receipts Bonds, 2016 Series B at a total interest cost of 2.2%. The bonds were issued to advance refund $24.6 million of University of Louisville General Receipts Bonds, 2007 Series A with a weighted average interest rate of 4.0%. The bond proceeds together with an issuance premium of $2.4 million have been used to retire the General Receipts Bonds 2007 Series A. Final maturity on the 2016 Series B bond is September 1, 2027.

University of Louisville General Receipts Bonds, 2016 Series C

In April 2016, the University issued $51.7 million of University of Louisville, General Receipts Bonds, 2016 Series C at a total interest cost of 2.5%. The bonds were issued to advance refund $52.0 million of University of Louisville General Receipts Bonds, 2008 Series A with a weighted average interest rate of 4.5%. The bond proceeds together with an issuance premium of $6.4 million have been used to retire General Receipts Bonds 2008 Series A. Final maturity on the 2016 Series C Bonds is September 1, 2028.

University of Louisville General Receipts Bonds, 2016 Series D

In December 2016, the University issued $45.3 million of University of Louisville, General Receipts Bonds, 2016 Series D at a total interest cost of 3.8%. The proceeds of the 2016 Series D Bonds were used by the University to finance the expansion of the University's Papa John's Cardinal Stadium. Final maturity on the 2016 Series D is March 1, 2036.

University of Louisville General Receipts Bonds, 2016 Series F

In December 2016, the University issued $27.6 million of University of Louisville, General Receipts Bonds, 2016 Series F at a total interest cost of 2.7%. The bonds were issued to advance refund $29.5 million of Metro Government Mortgage Revenue Bonds, Series 2008 B with a weighted average interest rate of 4.1%. The bond proceeds together with an issuance premium of $3.6 million have been used to retire the Metro Government Mortgage Revenue Bonds, Series 2008 B. Final maturity on the 2016 Series F Bonds is March 1, 2028.

University of Louisville General Receipts Bonds, 2020 Series A

In June 2020, the University issued $45.3 million of University of Louisville, General Receipts Bonds, 2020 Series A at a total interest cost of 2.7%. The bond proceeds together with an issuance premium of $1.4 million were used to finance a new 452 bed residence hall, including the construction, installation, equipping of the dormitory, and payment of interest through the construction period. Final maturity of the bonds is September 1, 2050.

University of Louisville General Receipts Bonds, 2021 Series A

In June 2021, the University issued $21.4 million of University of Louisville, General Receipts Bonds, 2021 Series A at a total interest cost of 1.55%. These bonds were a private placement with a financial institution. The proceeds were used to advance refund $20.8 million of the General Receipt Bonds, 2010 Series A with a total interest cost of 3.6%. The bond proceeds were deposited in escrow and were used to redeem and retire the General Receipt Bonds, 2011 Series A on September 1, 2021. Final maturity on the General Receipt Bonds, 2021 Series A is September 1, 2031. As a result of the refinancing, the University reduced its total debt service payments over ten years by $4.2 million and realized a net present value savings of approximately $3.8 million.

University of Louisville General Receipts Bonds, 2021 Series B

In May 2021, the University issued $39.5 million of University of Louisville, General Receipts Bonds, 2021 Series B at a total interest cost of 2.7%. The bond proceeds together with an issuance premium of $1.4 million were used to finance a new 452 bed residence hall, including the construction, installation, and equipping of the dormitory. Final maturity of the bonds is September 1, 2050.

University of Louisville General Receipts Bonds, 2025 Series A

In April 2025, the University issued $33.8 million of University of Louisville, General Receipts Bonds, 2025 Series A at a total interest cost of 5.0%. The bond proceeds together with an issuance premium of $1.8 million will be used to finance the J Speed School, asset preservation projects, land acquisition and student commons and recreational fields. Final maturity of the bonds is September 1, 2045.

Notes from Direct Placement

In April 2021, the Association entered into a $11.0 million term note with a financial institution. The note is secured by collateral, including funds and revenues of the Association and third-party pledges to the Association. Principal repayments began May 31, 2023 as the the note carried an interest only period that ended on April 30, 2023. The interest rate on the note is fixed at 2.93%. The balance of the term note was $10.1 million and $10.5 million as of June 30, 2025 and 2024, respectively.

The Association's $9.0 million draw on a letter of credit converted to a 20-year term note with principal and interest payments beginning May, 2023. The interest rate is fixed at 2.93%. The balance of the term note was $8.3 million and $8.6 million as of June 30, 2025 and 2024, respectively.

The Association entered into a financing arrangement with vendors to finance certain fixtures and equipment. The notes are payable over 10 years. The balance of the notes were $1.6 million and $2.2 million as of June 30, 2025 and 2024, respectively.

The Association is subject to covenant clauses, whereby the Association is required to maintain net position of $90.0 million. The Association did not fulfill the net position requirement per the loan agreement. A wavier for the covenant violation was requested from the lender and was granted as of June 30, 2025.

Contracts

The University enters into financing arrangements with financial institutions or businesses for the purchase of equipment or services. The financing entity receives an exclusive security interest in any and all equipment acquired, built or maintained. The individual agreements specify as events of default failure to remit payments when such failure continues for 10 days after the due date, the application for or consent to the appointment of a receiver in bankruptcy, and failure to perform any other covenant for a period of 30 days. The University, through the financing arrangement, covenants not to grant secondary liens on the equipment financed, to carry adequate insurance with the financial institution as loss payee, and to not act or fail to act when such action or inaction would impair the tax exempt status of the interest under the lease.

12. Notes Payable to University of Louisville Foundation, Inc.

In January 1999, the Association obtained an $8.5 million unsecured, noninterest bearing loan from the Foundation for the construction of Cardinal Park. The Association is obligated to repay the loan upon redemption of a life insurance policy pledged by a certain donor. The outstanding balance was approximately $1.0 million for each of the years ended June 30, 2025 and 2024.

13. Other Liabilities

Other liabilities of the University are summarized at June 30, 2025 and 2024 (in thousands):

	2025										
		Beginning Balance		Additions		Reductions		Ending Balance		Current Portion	Noncurrent Portion
Unearned compensation and wages payable	$	5,830	$	1,684	$	(3,806)	$	3,708	$	2,517	$ 1,191
Deposits		1,668		589		(467)		1,790		—	1,790
Unearned revenue		85,334		329,102		(326,486)		87,950		51,107	36,842
Amounts due federal government for student loan program		13,697		174		(830)		13,041		—	13,041
Lease liabilities		57,951		2,409		(5,138)		55,222		4,571	50,651
Subscription-based information technology arrangements		14,298		3,925		(6,654)		11,569		4,754	6,815
Total	**$**	**178,778**	**$**	**337,883**	**$**	**(343,381)**		**$173,280**		**$62,949**	**$110,330**

	2024										
		Beginning Balance		Additions		Reductions		Ending Balance		Current Portion	Noncurrent Portion
Unearned compensation and wages payable	$	2,531	$	9,860	$	(6,561)	$	5,830	$	2,788	$ 3,042
Deposits		1,057		1,140		(529)		1,668		—	1,668
Unearned revenue		87,784		283,194		(285,644)		86,334		45,918	39,416
Amounts due federal government for student loan program		13,758		211		(272)		13,697		—	13,697
Lease liabilities		58,324		6,049		(6,422)		57,951		4,663	53,288
Subscription-based information technology arrangements		18,427		2,619		(6,748)		14,298		5,747	8,551
Total	**$**	**181,881**		**303,073**	**$**	**(306,176)**	**$**	**179,778**	**$**	**59,116**	**$ 119,662**

14. Public-Private and Public-Public Arrangements

The University has entered into contractual agreements with external parties to provide services to students, employees, and guests on behalf of the University. The contracted services include food service arrangements providing meals and concessions, print, copy and mail services, and bookstore services. The third parties (operators) receive the right to utilize and control University assets, such as infrastructure or other capital assets, to provide the services. In exchange for entering into the agreements, the University has received upfront payments, capital assets, and/or payments throughout the agreement term. The operators receive payments for services from customers or the University. The University has recognized $1.1 million in current receivables and $9.5 million in noncurrent receivables for future installment payments, $12.7 million in capital asset additions or upgrades, net of depreciation, and $26.0 million in deferred inflows related to the agreements. Future installment payments were discounted using rates applicable at the time the agreements commenced, between 0.75% - 1.56%.

Under the agreements, the operator obtains the rights described in the table below:

Nature of rights granted	
Bookstore Operations	Design and operation of campus bookstore, providing course materials, branded materials and general merchandise to students, University employees and the general public.
Dining Operations	Design and operations of campus dining facilities utilized by students, University employees and the general public.
Event Concessions	Operation of food and merchandise concessions at athletic events.
Print and Mail Services	Providing and maintaining copy and print machinery for use by students and university employees. Providing contracted print services and campus mail collection and delivery

15. Natural Classification

The University's operating expenses by natural classification were as follows for the years ended June 30, 2025 and 2024 (in thousands):

	2025					
	Salary and wages	Employee benefits	Utilities	Scholarships and fellowships	Supplies and other	Total
Instruction	$ 212,098	$ 58,377	$ 87	$ 2,871	$ 30,733	$ 304,166
Research	101,327	27,605	30	2,010	54,523	185,495
Public service	52,948	16,022	74	643	120,096	189,783
Academic support	94,477	25,238	28	1,467	146,748	267,958
Student services	23,905	8,234	164	101	12,212	44,616
Institutional support	62,223	17,915	2	248	30,875	111,263
Operation and maintenance of plant	20,446	7,620	24,230	747	16,289	69,332
Scholarships and fellowships	14,744	2,023	—	45,820	(4,747)	57,840
Auxiliary enterprises	2,741	853	1,156	(393)	9,578	13,935
Intercollegiate athletics	46,466	9,333	1,076	5,465	73,787	136,127
Depreciation and amortization	—	—	—	—	—	68,672
Total	**$ 631,375**	**$ 173,220**	**$ 26,847**	**$ 58,979**	**$ 490,094**	**$ 1,449,187**

	2024					
	Salary and wages	Employee Benefits	Utilities	Scholarships and fellowships	Supplies and other	Total
Instruction	$ 211,890	$ 56,344	$ 21	$ 4,661	$ 24,007	$ 296,923
Research	91,521	23,921	43	1,716	47,960	165,161
Public service	52,672	14,559	55	106	113,495	180,887
Academic support	92,425	23,545	101	1,386	86,064	203,521
Student services	20,395	6,970	150	178	12,752	40,445
Institutional support	56,559	13,960	—	(50)	20,157	90,626
Operation and maintenance of plant	17,728	6,503	22,279	222	20,267	66,999
Scholarships and fellowships	5,410	744	—	40,899	(2,366)	44,687
Auxiliary enterprises	3,075	659	1,208	(301)	6,020	10,661
Intercollegiate athletics	54,386	11,737	977	5,881	57,837	130,818
Depreciation and amortization	—	—	—	—	—	65,429
Total	**$ 606,061**	**$ 158,942**	**$ 24,834**	**$ 54,698**	**$ 386,193**	**$ 1,296,157**

16. Risk Management

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by (1) the State Fire and Tornado Insurance Fund (the "Fund"); (2) Sovereign Immunity and the State Board of Claims or, (3) in the case of risks not covered by the Fund and Sovereign Immunity, commercial insurance, or participation in insurance risk retention groups.

The Fund covers losses to property from fire, wind, earthquake, flood and other named perils at replacement cost value with a deductible of $10,000 per occurrence. As a state agency, the University is vested with Sovereign Immunity and is subject to the provisions of the Board of Claims Act, under which the University's liability for certain negligence claims is limited to $250,000 for any one person and $4000,000 for multiple claims resulting from a single act of negligence. General Liability claims or claims against educators' errors and omissions and wrongful acts are insured through a risk retention group. There have been no significant reductions in insurance coverage from 2024 to 2025.

University medical and dental students, residents, and most School of Medicine faculty are insured against medical malpractice by a captive liability insurer. Other faculty, agents, and certain non-physician employees are insured against medical malpractice by commercial insurance.

The University is self-insured for the medical benefits provided to employees. The cost of such self-insured benefits provided during the years ended June 30, 2025 and 2024, respectively, was approximately $80.5 million and $80.3 million, including $5.2 million and $5.4 million accrued for estimated claims incurred but not reported, included in accounts payable and accrued liabilities in the statements of net position.

The following table reconciles the claims liability for the fiscal years ended June 30, 2025, June 30, 2024, and June 30, 2023 (in thousands):

Fiscal year ended June 30,	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2025	$ 5,405	$ 80,313	$ (80,496)	$ 5,222
2024	5,985	79,756	(80,336)	5,405
2023	5,856	75,500	(75,371)	5,985

17. Retirement Plans

a. Defined Contribution Plan

Full and benefit eligible part-time employees can participate in the University of Louisville 403(b) Retirement Plan (Plan) immediately upon hire. The University contributes 7.5% of an eligible employee's base salary regardless of an employee's participation in the plan. Additionally, the University matches employee contributions up to 2.5% of base pay. Both the University contribution and match are subject to eligibility requirements of twelve-months of consecutive service and attainment age 21. The Plan requires three years of continuous service for employees to vest in the University contributions.

Other information relating to this plan for the years ended June 30, 2025 and 2024 is presented as follows (in thousands):

		2025		2024
Employee contributions	$	32,481	$	30,561
University contributions	$	43,520	$	41,254

As of June 30, 2025 and 2024, the University had no outstanding liability related to the Retirement Plan and $649 thousand and $440 thousand, respectively, of forfeiture funds available to offset future employer contributions.

b. Prior Service Defined Benefit Plan

Effective July 1, 1977, the University entered into an agreement with Teachers Insurance Annuity Association (TIAA) to fund, over approximately 30 years, the prior service defined benefit program for both currently retired and eligible actively employed participants. This is a single-employer plan. There were no annual required contributions for the years ended June 30, 2025 and June 30, 2024. Subsequent annual contributions under this agreement are subject to periodic actuarial re-evaluations to reflect changes in the consumer price index, interest rates and group experience performance.

The most recent comparison of the accumulated plan benefits and plan net assets, as determined by TIAA, as of June 30, 2025 and 2024 are as follows (in thousands):

		2025		2024
Actuarial present value of nonvested accumulated plan benefits	$	388	$	424
Net assets available for benefits	$	828	$	878
Unfunded actuarial liability (plan surplus)	$	(440)	$	(454)
Funded ratio		213 %		207 %

The actuarial present value of plan benefits is non-vested because the plan and benefits provided there under are at all times at the discretion of the University. The net pension surplus represents the amount of net assets available for benefits in excess of the actuarial liability. The assumed rate of return used to determine the present value of accumulated non-vested benefits was 6% for each of the years ended June 30, 2025 and 2024, for preretirement and postretirement periods.

18. Postemployment Healthcare Benefits

a. Plan Description

University, Research Foundation, and Association personnel are eligible for postemployment healthcare benefits as described in The University of Louisville Group Health Plan (Plan), administered by the University. The Plan is a single-employer plan and the University's Board of Trustees determines the eligibility requirements related to the Plan. The Plan does not issue stand-alone financial reports and is not included in the report of any entity.

To be eligible for the Plan, a retired employee must be the earlier of the attainment of age 60 with seven years of service in eligible faculty or staff status, or the date that the sum of the employee's age and years of regular service of not less than 80% full-time equivalent at the University equals or exceeds 75.

The following employees were covered by the benefit terms as of July 1, 2025 and 2024:

	2025	2024
Retirees and beneficiaries	2,080	1,916
Active plan members	5,182	4,446
Total	**7,262**	**6,362**

b. Funding Policy

The Plan is funded on a pay-as-you-go basis. The contribution requirements of the contributing members are determined by the University's management on an annual basis. During the years ended June 30, 2025 and 2024, the University contributed $4.7 million and $3.8 million to the Plan, respectively, representing approximately 80% of total premiums for both years. Retired Plan members under age 65 receiving benefits contributed approximately $1.1 million and $918 thousand, representing approximately 20% of total premiums for both years. Health plan rates remained unchanged for the year ended June 30, 2025.

Retired Plan members made monthly contributions according to the rate schedules below.

	2025			
	PPO	EPO	PCA High	PCA Low
Employee	$511	$539	$428	$358
Employee and Spouse	$1,228	$1,295	$1,028	$857

	2024			
	PPO	EPO	PCA High	PCA Low
Employee	$454	$474	$383	$316
Employee and Spouse	$1,092	$1,138	$920	$757

Medicare-eligible retirees receive a monthly benefit of $108 per individual covered. For the years ended June 30, 2025 and 2024, the University contributed $2.5 million and $2.4 million for Medicare-eligible retirees, respectively.

c. Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation

The University's total OPEB liability was measured by actuarial valuations as of June 30, 2024 and 2023. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	5.00%, average
Investment rate of return	NA
Healthcare trend rates	Initial rate of 7.5% FY2025 and 7.0% FY2024, declining to an ultimate rate of 4.25% after 15 years

The investment rate of return is shown as not applicable (NA) since the University contributes only the amount necessary to pay current benefits. The discount rate was 3.97% and 3.86% as of the Measurement Dates, and 3.86% and 3.69% as of the beginning of the Measurement Period.

Changes in total reported liability for postemployment benefits obligations for the years ended June 30, 2025 and 2024 are summarized below (in thousands):

	2025	2024
Balance, beginning year	$ 79,475	$ 79,415
Changes for the year:		
Service cost	3,054	2,545
Interest	3,054	2,892
Differences between expected and actual experience	10,380	659
Changes of assumptions	(527)	(1,387)
Benefit payments	(3,769)	(4,649)
Net changes	12,192	60
Balance, end year	**$ 91,667**	**$ 79,475**

The following reflects the sensitivity of the net OPEB liability if it were calculated using a discount rate that is one- percentage-point lower or one-percentage-point higher than the current discount rate (in thousands):

	2025			2024		
	1% Decrease (2.97)%	Discount Rate (3.97)%	1% Increase (4.97)%	1% Decrease (2.86)%	Discount Rate (3.86)%	1% Increase (4.86)%
Net OPEB liability	$ 101,799	$ 91,667	$ 83,020	$ 88,217	$ 79,475	$ 72,021

The following reflects the sensitivity of the net OPEB liability if it were calculated using a healthcare cost trend rate that is one- percentage-point lower or one-percentage-point higher than current health care trend rate (in thousands):

	2025			2024		
	1% Decrease (6.0)%	Healthcare Cost Trend Rates (7.0)%	1% Increase (8.0)%	1% Decrease (6.0)%	Healthcare Cost Trend Rates (7.0)%	1% Increase (8.0)%
Net OPEB liability	$ 87,311	$ 91,667	$ 96,719	$ 75,933	$ 79,475	$ 83,595

For the years ended June 30, 2025 and 2024, the University recognized OPEB expense of $4.3 million and $2.2 million, respectively. At June 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 12,474	$ 1,273
Changes of assumptions	5,097	14,693
Contributions made in fiscal year ending 6/30/2025 after the measurement date of 6/30/2024	4,709	—
Total	**$ 22,280**	**$ 15,966**

2024		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	4,587	$	2,065
Changes of assumptions		7,309		19,907
Contributions made in fiscal year ending 6/30/2024 after the measurement date of 6/30/2023		3,842		—
Total	**$**	**15,738**	**$**	**21,972**

The amount reported as contributions after the measurement date included in deferred outflows will be recognized as benefit payments during the following fiscal year.

Amounts reported as differences between expected and actual experience and changes in assumptions included under deferred inflows of resources will be recognized in OPEB expense during the following years as presented below (in thousands):

Year ended June 30:		
2026	$	(1,412)
2027		(1,311)
2028		937
2029		518
2030		1,275
Thereafter		1,598
Total	**$**	**1,605**

19. Health Science Center Affiliations and Agreements

a. University Hospital Affiliation, Lease and Operating Agreements

UL Health's operating agreement with the University states that profitable operations in excess of budget will be shared equally with the University. There were no profit share contributions made for the years ended June 30, 2025 and 2024.

The University has an academic affiliation agreement with UL Health for the purpose of advancing the University's academic, education and research missions, providing quality patient care regardless of ability to pay and assurance that state-of-the-art facilities will be available for providing healthcare to patients. University employees, residents and students provide medical care utilizing UL Health operated facilities, in return, UL Health receives revenues for the services provided. UL Health provides support to the University through annual funding for salaries, benefits and insurance coverage, annual academic support and annual departmental/administrative support pursuant to the terms of the master support and services agreement. For the years ending June 30, 2025 and 2024, support totaling approximately $161.5 million and $151.4 million, respectively, was received under these agreements.

b. Norton Healthcare

The University entered into an agreement with Norton Hospitals, Inc. and Norton Children's Medical Group, LLC (collectively "NCMG") to transition the ownership and operation of the pediatric clinical practice and amend and restate certain other aspects of the pediatric academic affiliation in order align teaching, research and patient care between the parties.

The Clinical Affiliation and Academic Affiliation Agreements between the University and NCMG provides for certain payments to the University for academic and departmental support of teaching and research. The Research Foundation received total support of $148.4 million and $113.7 million related to academic, departmental and research support for June 30, 2025 and 2024, respectively. Norton made additional payments to the Research Foundation for professional services provided by clinical providers of $2.3 million and $1.8 million for the years ending June 30, 2025 and 2024, respectively.

20. Commitments and Contingencies

a. Litigation

The University has been named as defendant in several lawsuits, including several actions initiated by patients involving alleged malpractice. It is the opinion of management and its legal counsel, based in part on the doctrine of sovereign immunity, commercial insurance coverage and other statutory provisions, that the ultimate outcome of litigation will not have a material effect on the future operations or financial position of the University beyond the amounts already provided.

During 1989, the Kentucky Supreme Court ruled that the Board of Claims statute cannot bar lawsuits against employees of the Commonwealth who can be held personally liable for their own negligent acts. Certain of the University's employees have lawsuits pending against them for negligence claims. Any judgments on such claims are not the liability of the University, although the University may settle or pay judgments from the statutory fund established per KRS 156.895 and 164.890 - 164.895, or per liability insurance purchased for its employees and agents.

b. Government Grants

The University is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

21. Subsequent Events

Purchase of The Clubhouse Apartments

In July, 2025, the University completed the acquisition of real estate property known as The Clubhouse Apartments, located at 2310, 2320, and 2330 Crittenden Drive, spanning 4.7 acres. The purchase price was $9.0 million, encompassing three apartment complexes with a total of 758 beds and an associated parking garage structure. The University intends to renovate and repurpose the property for student housing. The acquisition was funded through bond proceeds and other funding streams, in alignment with the University's strategic development objectives.

Modification to Loan Agreements

Subsequent to year end, the financial institution providing the loan agreements to the Association opted to modify the notes that were in noncompliance with the debt covenants. These modifications include establishing a new interest rate based on the five-year US Constant Maturity Treasury Index (CMT) plus 150 basis points (5.10%) and revising the minimum net position requirement. All other terms of the loan agreements remain unchanged. Payments reflecting the new interest rate will begin with the November 2025 payment.

22. Component Units

a. Blended Component Units – Combined Condensed Statements

The consolidated schedules of the University, the Research Foundation and the Association as of June 30, 2025 and 2024, are as follows (in thousands):

	2025			
	University	Research Foundation	Athletic Association	Total
Current assets	$ 173,978	$ 218,703	$ 44,000	$ 436,681
Other noncurrent assets	188,426	634,189	42,839	865,454
Capital assets, net	890,219	61,904	229,647	1,181,770
Total assets	**1,252,623**	**914,796**	**316,486**	**2,483,905**
Deferred outflows of resources	**12,902**	**8,689**	**1,507**	**23,098**
Total assets and deferred outflows of resources	**$ 1,265,525**	**$ 923,485**	**$ 317,993**	**$ 2,507,003**
Current liabilities	$ 96,588	$ 46,357	$ 68,704	$ 211,649
Noncurrent liabilities	290,470	37,347	172,281	500,098
Total liabilities	**387,058**	**83,704**	**240,985**	**711,747**
Deferred inflows of resources	**46,863**	**619,445**	**2,025**	**668,333**
Net investment in capital assets	606,816	59,550	118,446	784,812
Restricted-nonexpendable	—	—	2,195	2,195
Restricted-expendable	86,455	13,820	4,780	105,055
Unrestricted	138,333	146,966	(50,438)	234,861
Total net position	**831,604**	**220,336**	**74,983**	**1,126,923**
Total liabilities, deferred inflows of resources and net position	**$ 1,265,525**	**$ 923,485**	**$ 317,993**	**$ 2,507,003**

	2024			
	University	Research Foundation	Athletic Association	Total
Current assets	$ 119,211	$ 267,257	$ 37,765	$ 424,233
Other noncurrent assets	158,777	635,377	51,557	845,711
Capital assets, net	823,785	63,957	240,728	1,128,470
Total assets	**1,101,773**	**966,591**	**330,050**	**2,398,414**
Deferred outflows of resources	**10,301**	**5,508**	**1,224**	**17,033**
Total assets and deferred outflows of resources	**$ 1,112,074**	**$ 972,099**	**$ 331,274**	**$ 2,415,447**
Current liabilities	$ 79,931	$ 48,744	$ 53,606	$ 182,281
Noncurrent liabilities	249,096	31,767	184,913	465,776
Total liabilities	**329,027**	**80,511**	**238,519**	**648,057**
Deferred inflows of resources	**54,553**	**625,274**	**2,518**	**682,345**
Net investment in capital assets	582,626	60,462	122,277	765,365
Restricted - nonexpendable	—	—	2,109	2,109
Restricted - expendable	54,353	15,686	4,470	74,509
Unrestricted	91,515	190,166	(38,619)	243,062
Total net position	**728,494**	**266,314**	**90,237**	**1,085,045**
Total liabilities, deferred inflows of resources and net position	**$ 1,112,074**	**$ 972,099**	**$ 331,274**	**$ 2,415,447**

	2025			
	University	Research Foundation	Athletic Association	Total
Student tuition and fees, net	$ 244,804	$ —	$ —	$ 244,804
Clinical services and practice plan	1,093	470,717	—	471,810
Grants and contracts	—	137,785	—	137,785
Facilities and administrative cost recoveries	3	37,172	—	37,175
Other operating revenue	30,473	6,972	105,953	143,398
Total operating revenues	**276,373**	**652,646**	**105,953**	**1,034,972**
Depreciation and amortization	46,160	10,096	12,416	68,672
Other operating expenses	592,472	643,664	144,379	1,380,515
Total operating expenses	**638,632**	**653,760**	**156,795**	**1,449,187**
Operating loss	**(362,259)**	**(1,114)**	**(50,842)**	**(414,215)**
State appropriations	177,651	—	—	177,651
Gifts	1,853	429	29,972	32,254
Interest expense	(12,822)	(118)	(2,233)	(15,173)
Other nonoperating revenues	96,597	6,434	197	103,228
Capital appropriations	89,956	—	—	89,956
Capital gifts	—	—	3,871	3,871
Contributions from affiliates, net	62,437	—	—	62,437
Transfers	45,232	(47,997)	2,765	—
Total nonoperating revenues	**460,904**	**(41,252)**	**34,572**	**454,224**
Change in net position	**98,645**	**(42,366)**	**(16,270)**	**40,009**
Net position - beginning of year	728,494	266,314	90,237	1,085,045
Cumulative effect of change in accounting principle	4,465	(3,612)	1,016	1,869
Net position - end of year	**$ 831,604**	**$ 220,336**	**$ 74,983**	**$ 1,126,923**

	2024			
	University	Research Foundation	Athletic Association	Total
Student tuition and fees, net	$ 234,296	$ —	$ —	$ 234,296
Clinical services and practice plan	8,290	399,484	—	407,774
Grants and contracts	(5)	140,896	—	140,891
Facilities and administrative cost recoveries	2	36,004	—	36,006
Other operating revenue	33,630	7,315	104,111	145,056
Total operating revenues	**276,213**	**583,699**	**104,111**	**964,023**
Depreciation	44,185	8,820	12,424	65,429
Other operating expenses	547,004	544,421	139,303	1,230,728
Total operating expenses	**591,189**	**553,241**	**151,727**	**1,296,157**
Operating gain (loss)	**(314,976)**	**30,458**	**(47,616)**	**(332,134)**
State appropriations	146,373	—	—	146,373
Gifts	1,229	354	28,602	30,185
Interest expense	(11,347)	(91)	(2,205)	(13,643)
Other nonoperating revenues	83,743	6,425	256	90,424
Capital appropriations	28,837	—	—	28,837
Capital gifts	—	—	3,749	3,749
Contributions from affiliates, net	57,279	—	—	57,279
Transfers	17,039	(21,116)	4,077	—
Total nonoperating revenues	**323,153**	**(14,428)**	**34,479**	**343,204**
Change in net position	**8,177**	**16,030**	**(13,137)**	**11,070**
Net position - beginning of year	720,317	250,284	103,374	1,073,975
Net position - end of year	**$ 728,494**	**$ 266,314**	**$ 90,237**	**$ 1,085,045**

	2025			
	University	Research Foundation	Athletic Association	Total
Cash (used)/provided by:				
Operating activities	$ (297,348)	$ (2,568)	$ (43,919)	$ (343,835)
Noncapital financing activities	382,181	(36,568)	35,131	380,744
Capital and related financing activities	(38,751)	(10,990)	6,059	(43,682)
Investing activities	(31,506)	—	257	(31,249)
Net increase (decrease) in cash and cash equivalents	**14,576**	**(50,126)**	**(2,472)**	**(38,022)**
Cash and cash equivalents, beginning of year	55,944	119,119	5,775	180,838
Cash and cash equivalents, end of year	**$ 70,520**	**$ 68,993**	**$ 3,303**	**$ 142,816**

	2024			
	University	Research Foundation	Athletic Association	Total
Cash (used)/provided by:				
Operating activities	$ (302,451)	$ (14,026)	$ (23,587)	$ (340,064)
Noncapital financing activities	294,315	7,745	22,368	324,428
Capital and related financing activities	(23,206)	(12,013)	(4,370)	(39,589)
Investing activities	8,280	—	269	8,549
Net (decrease)increase in cash and cash equivalents	**(23,062)**	**(18,294)**	**(5,320)**	**(46,676)**
Cash and cash equivalents, beginning of year	79,006	137,413	11,095	227,514
Cash and cash equivalents, end of year	**$ 55,944**	**$ 119,119**	**$ 5,775**	**$ 180,838**

b. Discretely Presented Component Units

The combining schedules of the discretely presented component units University of Louisville Foundation, Inc., University of Louisville Real Estate Foundation, Inc., and UL Health, Inc., as of June 30, 2025 and 2024 are as follows (in thousands):

	2025		
	UL Foundation	UL Health	Total
Current assets	$ 31,383	$ 1,013,378	$ 1,044,761
Capital assets	237,535	544,428	781,963
Other noncurrent assets	1,320,608	650,125	1,970,733
Total assets	**$ 1,589,526**	**$ 2,207,931**	**$ 3,797,457**
Current liabilities	$ 20,255	$ 592,969	$ 613,224
Other noncurrent liabilities	80,121	945,803	1,025,924
Total liabilities	**100,376**	**1,538,772**	**1,639,148**
Net investment in capital assets	173,780	295,115	468,895
Restricted nonexpendable	471,529	12,500	484,029
Restricted expendable	608,629	—	608,629
Unrestricted	235,212	361,544	596,756
Total net position	**1,489,150**	**669,159**	**2,158,309**
Total liabilities and net position	**$ 1,589,526**	**$ 2,207,931**	**$ 3,797,457**

	2024 (Restated)			
	UL Foundation	UL RE Foundation	UofL Health	Total
Current assets	$ 28,396	$ 9,354	$ 1,030,120	$ 1,067,870
Capital assets	45,741	140,109	458,386	644,236
Other noncurrent assets	1,086,662	91,161	650,343	1,828,166
Total assets	**$ 1,160,799**	**$ 240,624**	**$ 2,138,849**	**$ 3,540,272**
Current liabilities	$ 17,060	$ 7,436	$ 502,621	$ 527,117
Other noncurrent liabilities	45,411	31,976	947,007	1,024,394
Total liabilities	**62,471**	**39,412**	**1,449,628**	**1,551,511**
Net investment in capital assets	16,099	102,949	286,383	405,431
Restricted nonexpendable	456,417	—	—	456,417
Restricted expendable	572,863	—	—	572,863
Unrestricted	52,949	98,263	402,838	554,050
Total net position	**1,098,328**	**201,212**	**689,221**	**1,988,761**
Total liabilities and net position	**$ 1,160,799**	**$ 240,624**	**$ 2,138,849**	**$ 3,540,272**

See note 1.a. for further details on the restatements of the fiscal year 2024 financial statements.

	2025		
	UL Foundation	**UofL Health**	**Total**
Patient revenue, net	$ —	$ 2,525,732	$ 2,525,732
Other operating revenue	35,883	202,547	238,430
Total operating revenue	**35,883**	**2,728,279**	**2,764,162**
Depreciation	13,550	59,392	72,942
Other operating expense	95,029	2,722,236	2,817,265
Total operating expense	**108,579**	**2,781,628**	**2,890,207**
Operating loss	**(72,696)**	**(53,349)**	**(126,045)**
Gifts and donations	32,669	—	32,669
Investment income	93,144	23,190	116,334
Other nonoperating revenue (expense)	337,705	10,097	347,802
Total nonoperating revenue (expense)	**463,518**	**33,287**	**496,805**
Change in net position	**390,822**	**(20,062)**	**370,760**
Net position-beginning of year	1,098,328	689,221	1,787,549
Net position-end of year	**$ 1,489,150**	**$ 669,159**	**$ 2,158,309**

	2024 Restated			
	UL Foundation	**UL RE Foundation**	**UofL Health**	**Total**
Patient revenue, net	$ —	$ —	$ 2,277,548	$ 2,277,548
Other operating revenue	8,797	16,920	225,710	251,427
Total operating revenue	**8,797**	**16,920**	**2,503,258**	**2,528,975**
Depreciation	2,109	8,993	52,931	64,033
Other operating expense	76,282	12,383	2,500,377	2,589,042
Total operating expense	**78,391**	**21,376**	**2,553,308**	**2,653,075**
Operating income (loss)	**(69,594)**	**(4,456)**	**(50,050)**	**(124,100)**
Gifts and donations	59,596	—	—	59,596
Investment income	113,314	—	24,324	137,638
Other nonoperating revenue (expense)	—	—	10,211	10,211
Total nonoperating revenue (expense)	**172,910**	**—**	**34,535**	**207,445**
Change in net position	**103,316**	**(4,456)**	**(15,515)**	**83,345**
Net position-beginning of year	995,012	205,668	704,736	1,905,416
Net position-end of year	**$ 1,098,328**	**$ 201,212**	**$ 689,221**	**$ 1,988,761**

c. University of Louisville Foundation, Inc. and Affiliates

The University of Louisville Foundation, Inc. (ULF) and Affiliates (collectively, "Foundation") is a legally separate, tax-exempt component unit of the University, under the provisions of GASB Statement No. 39. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the University in support of its programs. The University does not control the timing or amount of receipts from the Foundation. The majority of resources, or income thereon, which the Foundation holds and invests, is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is discretely presented in the University's financial statements.

Complete financial statements for the Foundation can be obtained from Foundation Administration at University of Louisville, 215 Central Avenue, Suite 304, Louisville, KY 40292.

The Foundation is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB ASC Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

Reorganization

Effective July 1, 2024, the Foundation became the sole member of ULREF through amendments to ULREF's Articles of Incorporation and Bylaws. As sole member, ULF obtained a controlling financial interest in ULREF and, accordingly, consolidates ULREF in its financial statements beginning on the acquisition date.

In accordance with Accounting Standards Codification (ASV) 805, *Business Combinations*, and ASC 958-805, *Not-for-Profit Business Combinations*, the ULREF assets acquired and liabilities assumed were recorded at their acquisition-date for fair values. As a result of the reorganization, ULREF elected to apply pushdown accounting as of July 1, 2024. ULF engaged independent third parties to assist in the valuation of real estate and certain intangible assets, while other assets and liabilities were recorded at carrying amounts that approximate fair value.

Total assets of approximately $377.1 million were acquired and total liabilities of approximately $39.4 million were assumed as of July 1, 2024. No consideration was exchanged as part of the reorganization and accordingly, ULF recognized inherent contribution revenue of approximately $337.7 million within the consolidated statement of activities, equal to the total net assets acquired.

1. ULF - Endowment

The Foundation's endowment consists of individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments (board-designated endowment funds). As required by US GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation's Board has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), adopted in the Commonwealth of Kentucky in July 2010, as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies its net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. This policy is consistent for both donor-restricted endowment funds and board-designated endowment funds that have donor restrictions.

The composition of net assets by type of endowment fund at June 30, 2025 and 2024 was as follows (in thousands):

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ —	$ 752,247	$ 752,247
Board-designated endowment funds	43,196	197,878	241,074
	$ 43,196	**$ 950,125**	**$ 993,321**
	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ —	$ 710,115	$ 710,115
Board-designated endowment funds	41,284	187,839	229,123
	$ 41,284	**$ 897,954**	**$ 939,238**

Changes in endowment net assets for the years ended June 30, 2025 and 2024 were as follows (in thousands):

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ 41,284**	**$ 897,954**	**$ 939,238**
Investment return:			
Net appreciation	3,370	73,027	76,397
Total investment return	**3,370**	**73,027**	**76,397**
Contributions	100	9,783	9,883
Appropriations	(794)	(35,286)	(36,080)
Other changes	(764)	4,647	3,883
Endowment net assets, end of year	**$ 43,196**	**$ 950,125**	**$ 993,321**

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	**$ 36,381**	**$ 824,563**	**$ 860,944**
Investment return:			
Net appreciation	4,258	91,745	96,003
Total investment return	**4,258**	**91,745**	**96,003**
Contributions	5	16,149	16,154
Appropriations	(1,015)	(35,668)	(36,683)
Other changes	1,655	1,165	2,820
Endowment net assets, end of year	**$ 41,284**	**$ 897,954**	**$ 939,238**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the fair value level that the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or UPMIFA. In accordance with U.S. GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies at June 30, 2025 and 2024. The Foundation's spending policy allows for a pro-rated amount of appropriations in certain instances of endowments with these deficiencies.

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds that the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds.

Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that achieve a minimum net total return that is equal to the Foundation's spending rate plus inflation without the assumption of excessive investment risk. To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income, such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within acceptable risk constraints.

The Foundation has a standing policy (i.e., "spending policy") of appropriating for expenditure each year a percentage of certain endowment funds' average market values over the prior twelve-quarters through the calendar year-end preceding the year in which expenditure is planned. The Foundation will adjust the spending policy for a given year to mitigate adverse market performance on the level of support provided to the University.

The Board of the Foundation approved a 4.25% spending policy for the fiscal year 2025-2026 and 4.00% for the fiscal years 2024-2025 to support to the academic units. In addition, 0.75% was allocated to fund the Foundation's general operations and fundraising efforts. The spending policy is calculated using a twelve-quarter moving average of certain market values as of December 31.

The annual return for total endowment assets was 8.8% and 11.8% in 2025 and 2024, respectively.

2. ULF - Investments

Investments as of June 30 are as follows (in thousands):

		2025		2024
Cash equivalents	$	51,989	$	37,330
Alternate investments:				
Hedge Funds		93,546		88,585
Investments in partnerships		566,512		514,595
Mutual funds:				
Equity		216,409		236,080
Fixed Income		19,331		17,805
Marketable alternatives:				
Domestic marketable equity securities		47,043		45,481
Marketable debt securities:				
Agency bonds		—		—
U.S. Treasury		85,427		74,393
Investments in joint ventures		9,713		—
Total Investments	**$**	**1,089,970**	**$**	**1,014,269**

The market risk inherent in certain of the Foundation's investments is primarily the potential loss arising from adverse changes in quoted market prices on equity securities and in interest rates on fixed income securities. To mitigate this market risk, the Foundation has adopted a policy of maintaining a diverse investment pool through the use of target asset allocation guidelines. These guidelines require that the

Foundation's investment pool be made up of a mix of publicly traded fixed income and equity securities, private equities and other nonmarketable securities, and real estate investments.

A major portion of investments is pooled in the total endowment assets, which is the main endowment pool for the Foundation. The total endowment assets are pooled using a market value basis, with each individual fund subscribing to, or disposing of, units on the basis of the market value per unit at the end of the prior calendar month during which the transaction takes place.

3. ULF - Guarantees

a. Loan

In December 2010, ULF guaranteed 51% of the outstanding loan of Campus One through September 1, 2028. As of June 30, 2025 and 2024, the amounts under guarantee were $5.2 million and $5.5 million, respectively. The Foundation has not made any payments on this guarantee to date.

b. Lease Guarantee

In December 2006, the Foundation became the guarantor of payments due to University Faculty Office Building, LLC (UFOB) under the Master Lease agreement between the Medical School Practice Association, Inc. (MSPA) and UFOB. The Foundation has guaranteed the full and prompt payment of all amounts due to UFOB, including any damages for default and payments to reimburse UFOB for any costs and expenses incurred by UFOB to cure any default by MSPA. The initial lease term is 15 years, which began in July 2008. The annual lease payments due from MSPA to UFOB are approximately $3.5 million, with an annual inflation of 3%. The Foundation has not made any payments on this guarantee to date.

4. ULF - Funds Held in Trust by Others

The Foundation has been designated by the University as the income beneficiary of various trusts and financial entities that are held and controlled by others. One of these is a perpetual and irrevocable trust known as the University of Louisville Trust (the Trust). It was created in 1983 to receive, administer, and invest assets that result from gifts to the Trust. The market value of the Trust was approximately $36 million and $32.6 million as of June 30, 2025 and 2024, respectively.

The Foundation's portion of the market value of the remaining trusts was $42.8 million and $39.7 million as of June 30, 2025 and 2024, respectively. These funds are invested in various equities and income-producing assets. For the years ended June 30, 2025 and 2024, the Foundation recorded income of $8.5 million and $8.8 million, respectively, from these trusts, which are included in changes in funds held in trust by others on the consolidated statements of activities and changes in net assets.

5. ULF - Capital Assets, Net

Capital assets at June 30, 2025, consist of the following (in thousands):

	2025
Land	$ 76,689
Buildings	154,187
Other assets	24,602
	255,478
Accumulated depreciation	(25,015)
Construction-in-progress	7,072
	$ 237,535

6. ULF - Intangible Assets

The approximate carrying basis and accumulated amortization of recognized intangible asses at June 30, 2025 were as follows (in thousands):

		2025
Tax incremental financing	$	160,489
Accumulated amortization		(8,665)
	$	151,824

At June 30, 2025, the amortization for acquired TIF intangibles, net during the next five years and thereafter, is as follows (in thousands):

For the year ending June 30,		Principal
2026	$	8,665
2027		8,665
2028		8,665
2029		8,665
2030		8,665
Thereafter		108,499
	$	**151,824**

Amortization expense for the year ended June 30, 2025, was approximately $8.7 million.

7. ULF - Funds Held in Trust for Others

The Foundation is the custodian of funds owned by the Association. The Association is a separate corporation organized for the purpose of promoting the intercollegiate athletic activities of the University. As of June 30, 2025 and 2024, the Foundation held $4.1 million and $3.9 million, respectively, for the Association's investment purposes.

The Foundation entered into an agreement with Legacy Foundation of Kentuckiana, formerly Jewish Hospital & St. Mary's Healthcare, Inc. (Jewish Hospital) whereby the Foundation serves in an agency capacity to invest funds on behalf of Jewish Hospital. Jewish Hospital is a separate corporation organized for the purpose of providing health care services. As of June 30, 2025 and 2024, the Foundation held approximately $12.0 million and $11.6 million, respectively, for Jewish Hospital's investment purposes.

The Foundation was the recipient of endowed funds, the income of which shall be used in support of the Louisville Orchestra. As of June 30, 2025 and 2024, the Foundation held approximately $300,000 and $289,000, respectively, for the benefit of the Louisville Orchestra.

The Foundation, acting in an agent capacity, does not reflect earnings on investments held in trust for others on the consolidated statements of activities, since these earnings are distributed to the owners of the funds.

8. ULF - Bond and Notes Payable

Bonds and notes payable consist of the following at June 30, 2025 (in thousands):

		2025
Bonds and notes payable	$	64,263
Less: bond issuance costs		(508)
Bonds and notes payable, net	**$**	**63,755**

In August 2023, the Foundation issued $37.5 million of University of Louisville Foundation, Inc. Taxable Fixed Rate Bonds Series (2013). Principal payments of $960,000 to $2.5 million are due annually through maturity, and interest is due semiannually at fixed rates from 4.3% to 5.6%. Final maturity on the 2013 bonds is March 1, 2043.

In August 2024, 220 South Preston, LLC refinanced its note with a financial institution at a rate equal to the daily SOFR plus 125 basis points (1.25%). Principal is payable in equal quarterly installments beginning September 1, 2024, with final maturity on June 1, 2029.

In November 2018, ULREF signed a promissory note with a financial institution to refinance three dorms. The promissory note has a fixed interest rate of 4.77%, 20-year amortization, with monthly principal and interest payments until the maturity date of December 1, 2038.

Principal payments on the above obligations due in the next five years and thereafter as of June 30, 2025, are as follows (in thousands):

For the year ending June 30,		Principal
2026	$	3,078
2027		3,351
2028		3,491
2029		4,810
2030		3,337
Thereafter		46,196
	$	**64,263**

9. Related-Party Transactions

Included in the spending policy contribution to the University is a specific component designed to approximate the Foundation's allocated portion of salaries, benefits, and certain other administrative support costs related to fundraising and advancement. These amounts were approximately $5.0 million for the years ended June 30, 2025 and 2024, and are included in contributions and allocations to the University departments on the consolidated statements of activities and changes in net assets.

For the years ended June 30, 2024 and 2023, the Foundation recorded approximately $5.4 million and $2.1 million, respectively, in revenues from the University and related affiliates, which are included in net rental revenues and other revenues on the consolidated statements of activities and changes in net assets.

10. ULF - Leasing Activities

The Foundation, through its consolidated subsidiaries ULREF and ULDC, leases certain real estate and facilities to third-party tenants and to joint venture entities under non-cancelable operating and ground lease agreements. As of June 30, 2025, ULF had various leases expiring monthly to 81 years, through 2106. Rental income from these leases and ground lease agreements is recognized on a straight-line basis over the related lease terms and is reported as rental income in the accompanying consolidated statements of activities.

Rental revenues for the year ended June 30, 2025 were as follows (in thousands):

		2025
Base minimum rents	$	19,535
Common area maintenance		346
	$	**19,881**

Future lease payments due to ULF on a noncancelable leases are as follows (in thousands):

For the year ending June 30,		Principal
2026	$	8,113
2027		7,096
2028		6,230
2029		5,220
2030		3,566
Thereafter		45,346
	$	**75,571**

Included in the amounts above is a certain property that requires ULREF to pay approximately $450,000 annually in rent for 10 years, with escalating provisions during the lease term. The property is subleased to the University. the basic provisions of ULREF's sublease for this property are equal to ULREF's lease commitment.

d. University of Louisville Real Estate Foundation

Effective July 1, 2024, the Foundation became the sole member of the ULREF through amendments to ULREF's Articles of Incorporation and Bylaws. As a sole member, ULF obtained a controlling financial interest in ULREF and, accordingly, consolidates ULREF in its financial statements beginning on the acquisition date. See note 22.c for more information regarding the reorganization. The following notes reflect the FY2024 activity of ULREF, whereas FY2025 activity is included in the Foundation's notes.

The University of Louisville Real Estate Foundation, Inc. and affiliates (collectively, "ULREF") is a legally separate, tax exempt component unit of the University, under the provisions of GASB Statement No. 39. ULREF is a Kentucky not-for-profit corporation formed on November 19, 2014. ULREF's mission is to acquire, maintain, improve, leverage, manage, lease, and convey real and personal property for the benefit of the University. The University of Louisville Foundation, Inc. ("Foundation") has contributed membership interest and capital assets to ULREF for the purpose of furthering the mission of ULREF.

As directed by its Board of Directors, ULREF transfers a portion of its unrestricted resources to support a variety of the University's activities. Although the University does not control the timing or amount of receipts from ULREF, the majority of resources, or income thereon, which the Foundation holds, manages and invests is for the benefit of the University. Because these resources held by ULREF can only be used by, or for the benefit of, the University, ULREF is considered a component unit of the University and is discretely presented in the University's financial statements.

ULREF is a private nonprofit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB ASC Topic 958, Not-for-Profit Entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to ULREF's financial information in the University's financial statements for these differences.

1. ULREF - Description of Organization and Summary of Significant Accounting Policies

In December 2014, ULREF became a 51% owner of Campus Three, LLC (Campus Three). In March 2016, ULREF received a 51% ownership interest in Campus Two, LLC (Campus Two) from the Foundation. In July 2016, ULREF became a 51% owner of Campus 435, LLC (Campus 435); Campus 805, LLC (Campus 805); and Campus 815, LLC (Campus 815). These joint ventures build and manage commercial real estate property on the University's Shelby Campus.

The Foundation entered into ground leases to develop a portion of the University's Shelby Campus property. On or about the date of each respective lease, ULREF and NTS entered into a Development Agreement, an Operating Agreement, and a Management Agreement, which state that NTS Development Company (NTS DevCo) will be the developer and NTS Management Company (NTS Mgt. Co) will be the manager, and which provide for management, leasing, and development fees to be paid by ULREF to NTS DevCo and NTS Mgt. Co. The initial term of the Operating Agreement is ten years. Campus Two and Campus Three may terminate the Management Agreement for cause upon 60 days' written notice at any time. NTS may terminate the Management Agreement without cause upon 60 days' written notice or terminate the Management Agreement for cause at any time upon prior written notice, and, in such case, NTS may require ULREF to purchase NTS's interest in Campus Three and/or in Campus Two.

ULREF has evaluated these investments as variable interest entities (VIEs) in accordance with ASC 810, Consolidation. A legal entity is referred to as a VIE if any of the following conditions exist: (1) the total equity investment at risk is insufficient to permit the legal entity to finance its activities without additional subordinated financial support from other parties, or (2) the entity has equity investors who cannot make significant decisions about the entity's operations or who do not absorb their proportionate share of the expected losses or receive the expected returns of the entity.

A VIE's primary beneficiary is the entity that has the power to direct the VIE's significant activities and has an obligation to absorb losses or the right to receive benefits that could be potentially significant to the VIE. A VIE must be consolidated if an entity is deemed to be the primary beneficiary of the VIE.

All facts and circumstances are taken into consideration when determining whether ULREF has variable interests that would deem it the primary beneficiary and therefore require consolidation of the related VIE or otherwise rise to the level where disclosure would provide useful information to the users of ULREF's consolidated financial statements. In many cases, it is qualitatively clear based on whether ULREF has the power to direct the activities significant to the VIE and, if so, whether that power is unilateral or shared, and whether ULREF is obligated to absorb significant losses of, or has a right to receive, significant benefits from the VIE. In other cases, a more detailed qualitative analysis and possibly a quantitative analysis are required to make such a determination.

ULREF monitors the consolidated and unconsolidated VIEs to determine whether any reconsideration events have occurred that could cause any of them to no longer be a VIE. ULREF reconsiders whether it is the primary beneficiary of a VIE on an ongoing basis. A previously unconsolidated VIE is consolidated when ULREF becomes the primary beneficiary. A previously consolidated VIE is deconsolidated when ULREF ceases to be the primary beneficiary or the entity is no longer a VIE.

ULREF has concluded that it is not the primary beneficiary in any of these investments, and, therefore, these investments are accounted for using the equity method of accounting.

Tax Incremental Financing Revenues

TIF revenues are reimbursements from certain agreements between ULREF, the Commonwealth of Kentucky, and the Louisville/Jefferson County Metro Government. Revenues from these agreements are based on allocations of property taxes, sales and use tax, and income taxes, which vary based on the terms stated in each respective agreement. The TIF districts are located in downtown Louisville and the University's Belknap Campus area.

For the year ended June 30, 2024, ULREF recorded approximately $832 thousand of TIF revenues.

2. ULREF - Capital Assets

Capital assets at June 30, 2024, consist of the following (in thousands):

		2024
Land and land improvements	$	52,266
Buildings		106,526
Building improvements		2,526
Tenant finish		4,009
Furniture, fixtures, and equipment		4,603
		169,930
Accumulated depreciation		(30,827)
Construction-in-progress		1,006
	$	**140,109**

3. ULREF - Acquired Lease Intangible Assets and Liabilities

The approximate carrying basis and accumulated amortization of recognized intangible assets and liabilities at June 30 were as follows (in thousands):

	2024			
		Gross Carrying Amount		Accumulated Amortization
Amortized intangible assets and liabilities:				
In-place leases	$	354	$	(343)
Above-market leases		2,917		(1,143)
Tax incremental financing		116,600		(38,518)

Amortization expense for the year ended June 30, 2024, was approximately $4.5 million.

4. ULREF - Debt

Debt in the consolidated statements of financial position at June 30, 2024 consisted of the following (in thousands):

	Description	Fiscal Year of Maturity	2024
Permanent Financing-22 Preston LLC	Fixed 3.65% rate with 5-year maturity and 20-year amortization commencing June 2019; quarterly principal and interest payments commencing September 2019 with all outstanding principal and interest payments due in full at the maturity date	2024	$ 3,505
Northwestern Mutual Loan- Housing	Fixed 4.77% rate with 20-year amortization commencing November 2018; principal and interest payments monthly commencing January 2019	2038	33,964
Debt			**$ 37,469**
Less debt issuance costs			(309)
Total debt			**$ 37,160**

Preston is required to maintain a debt service coverage ratio of 1.00 to 1.00. At June 30, 2024, Preston was in compliance with this debt requirement.

5. ULREF - Leasing Activities

ULREF leases space to tenants under non-cancelable operating leases. As of June 30, 2024, ULREF had various leases expiring monthly to 82 years, through 2106. These leases generally require ULREF to pay all executory costs (property taxes, maintenance, and insurance).

Rental revenue for the year ended June 30, 2024 was as follows (in thousands):

		2024
Base minimum rents	$	14,386
Common area maintenance		116
Total	**$**	**14,502**

Included in the amounts above is a certain subleased property that requires ULREF to pay approximately $450 thousand annually in rent for ten years, with escalating provisions during the lease term. The basic provisions of ULREF's sublease for this property are equal to its lease commitment.

6. ULREF - Subsequent Events

Effective July 1, 2024, ULREF filed amended bylaws and amended and restated articles of incorporation in order to affect a reorganization such that ULREF would become a subsidiary of the University of Louisville Foundation, Inc. (ULF) with ULF as ULREF's sole member See note 22.c. for reorganization information.

In August 2024, 220 South Preston, LLC entered into a note with a financial institution having a rate equal to the daily SOFR rate plus 125 basis points (1.25%), with principal due and payable in equal consecutive quarterly installments commencing September 1, 2024, and maturing June 1, 2029.

e. UofL Health, Inc.

The consolidated financial statements of UofL Health, Inc. (UofL Health) include the accounts of University Medical Center, Inc. d/b/a University of Louisville Hospital (UMC), UofL Health – Louisville, Inc. d/b/a Jewish Hospital (Jewish Hospital), Inc., UofL Health – Shelbyville, Inc. (Jewish Hospital Shelbyville), University of

Louisville Physicians, Inc. (ULP), Rehabilitation Hospital of Louisville East, LLC d/b/a Frazier Rehabilitation Hospital - Brownsboro (Frazier Brownsboro), UofL Health Ambulatory Surgery Center, LLC d/b/a Kleinert Kutz Surgery Center, LLC (ASC), and Kentuckiana Medical Reciprocal Risk Retention Group (KMRRRG) (collectively, the “Corporation”). All significant intercompany accounts and transactions have been eliminated in consolidation.

UofL Health is a nonprofit corporation incorporated on September 4, 2019. UofL Health is the sole corporate member of UMC, Jewish Hospital, Jewish Hospital Shelbyville, and ULP. The business and affairs of the Corporation are conducted by its Board of Directors. The Board of Directors (the Board) includes 11 voting directors consisting of 5 directors appointed by the University of Louisville (UofL), and 6 at-large directors, nominated and voted on by the Board. The Corporation is a component unit of the University of Louisville.

UMC is a nonprofit corporation incorporated on June 27, 1995. Norton Healthcare, Inc. (Norton), a Kentucky nonprofit corporation, Jewish Hospital & St. Mary’s Healthcare, Inc. (formerly known as Jewish Hospital HealthCare Services, Inc. (Jewish)), a Kentucky nonprofit corporation, and UofL were the original members of a corporation. Effective July 1, 2007, Norton and Jewish resigned from the Board and UMC reverted to a nonmember, nonprofit corporation under Kentucky Revised Status Chapter 273.

Additionally, effective July 1, 2017, an amended and restated lease agreement between the Commonwealth of Kentucky, UofL and UMC was entered into. The Corporation also entered into an Amended and Restated Academic Affiliation Agreement (AAA) with UofL, effective July 1, 2017, which grants the Corporation the right to lease and operate an acute-care teaching hospital and related medical facilities. The AAA with UofL was superseded by the Master Academic Affiliation Agreement (MAAA) between UofL, UMC, Jewish Hospital and Jewish Hospital Shelbyville, effective November 1, 2020. The initial term of the MAAA is twenty-five years from the effective date with five-year renewal terms in accordance with the agreement.

UMC became a wholly owned subsidiary of UofL Health effective November 1, 2019.

Jewish Hospital and Shelbyville were incorporated September 23, 2019. On November 1, 2019, UofL Health acquired assets through a business acquisition with KentuckyOne Health under the corporations of Jewish Hospital and Shelbyville. Additionally, as part of this transaction a portion of the acquisition was allocated and assigned to ULP.

ULP was established in August 2011 and is organized as a private, nonprofit corporation that functions as the corporate structure for clinical practices of the faculty of UofL School of Medicine. Operations began on January 1, 2012, when the first two physician groups (clinical departments) transitioned their practices into ULP. As of June 30, 2021 and 2020, ULP has seventeen clinical departments. ULP became a wholly owned subsidiary of UofL Health effective November 1, 2019.

Frazier Brownsboro is a limited liability company formed in 2023 to provide rehabilitation services to patients. UofL Health - Louisville is a 51% owner of Frazier Brownsboro and is consolidated with the operations of UofL Health.

ASC is a limited liability company formed in 2024 to provide ambulatory surgery services to patients. UofL Health - Louisville is a 51% owner of ASC and is consolidated with the operations of UofL Health.

KMRRRG is a reciprocal risk retention group formed on June 22, 2004. KMRRRG provides general and professional liability coverage to its subscribers through its attorney-in-fact, KMR, LLC. The business affairs of KMRRRG are under the direction of a Subscribers’ Advisory Committee (SAC), consisting of three Class A subscribers with voting power. Each Class A subscriber appoints three individuals to serve on the SAC. Of the nine total individuals on the SAC, UofL Health appoints six and UoL appoints three. KMRRRG is a wholly owned subsidiary of UofL Health.

Complete financial statements for UofL Health and prior financial statements for UMC can be obtained from the administrative office at UofL Health 530 S. Jackson Street Louisville, Kentucky 40202. Prior financial statements for ULP can be obtained from 300 E. Market Street Louisville, Kentucky 40202.

1. Patient Accounts Receivable

The Corporation provides services without collateral to patients, most of whom are local residents and are insured under third-party payer agreements.

The composition of receivables from patients and third-party payers as of June 30, 2025 and 2024 is as follows:

	2025	2024
Medicare	11 %	11 %
Medicaid	4 %	3 %
Managed care	40 %	45 %
Commercial and other	43 %	39 %
Self-pay	2 %	2 %
	100 %	**100 %**

2. Net Patient Service Revenue

The composition of patient care service revenue by primary payer for the years ended June 30 are as follows:

	2025	2024
Medicare	15 %	13 %
Medicaid	3 %	3 %
Managed Care	29 %	28 %
Commercial and other	52 %	55 %
Self-pay	1 %	1 %
	100 %	**100 %**

3. Leases

The Corporation recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease.

The Corporation has operating and finance leases for office facilities and information technology equipment used in connection with medical office buildings and equipment. Leasing arrangements require fixed payments and also include an amount that is probably will be owed under residual value guarantees, if applicable.. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Corporation's lease agreements do not contain any material restrictive covenants. The leases have remaining terms of 1 to 27 years.

The Corporation's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. The Corporation utilizes its collateralized incremental borrowing rate commensurate to the lease term as the discount rate for its leases unless the Corporation can specifically determine the lessor's implicit rate. The operating lease ROU asset includes any lease payments made and excludes lease incentives, if any.

Short-term leases (leases with an initial term of 12 months or less or leases that are cancellable by the lessee and lessor without significant penalties) are not capitalized but are expensed on a straight-line basis over the lease term. The majority of the Corporation's short-term leases relate to office facilities and equipment.

In evaluating contracts to determine if they qualify as a lease, the Corporation considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if the Corporation can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, the Corporation assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgment.

The components of lease cost for the years ended June 2025 and 2024 are as follows (in thousands):

		2025		2024
Operating lease cost	$	63,080	$	55,809
Finance lease cost:				
Amortization expense		1,751		3,059
Interest on lease liabilities		2,376		2,434
Total finance lease cost		4,127		5,493
Short-term lease cost		21,737		25,076
Total lease expense	**$**	**88,944**	**$**	**86,378**

The Corporation's ROU assets and lease liabilities as of the years ended June 30, 2025 and 2024 are as follows:

		2025		2024
Right-of-use assets				
Operating lease assets	$	535,911	$	523,561
Finance lease assets		26,885		32,255
Less: accumulated amortization		3,361		6,979
Finance lease assets, net		23,524		25,276
Total right-of-use assets	**$**	**559,435**	**$**	**548,837**
Lease liabilities				
Operating lease liabilities, current		33,588		30,792
Operating lease liabilities, noncurrent		508,127		498,814
Total operating lease liabilities	**$**	**541,715**	**$**	**529,606**
Finance lease liabilities, current		286		579
Finance lease liabilities, noncurrent		26,186		26,472
Total finance lease liabilities	**$**	**26,472**	**$**	**27,051**

	2025	2024
Weighted average remaining lease term		
Operating leases	22.95 years	24.40 years
Finance leases	17.52 years	18.27 years
Weighted average discount rate		
Operating leases	4.61 %	4.61 %
Finance leases	9.00 %	8.96 %

Future payments of lease obligations are as follows:

Years Ended June 30	Operating Leases	Finance Leases
2025	$ 56,733	$ 2,638
2026	45,851	2,691
2027	44,302	2,745
2028	38,872	2,799
2029	36,822	2,855
Thereafter	630,064	40,891
Total lease payments	**$ 852,644**	**$ 54,619**
Less: Interest	(310,929)	(28,147)
Present value of lease liabilities	**$ 541,715**	**$ 26,472**

For the years ended June 30, 2025 and 2024, the Corporation paid approximately $31.8 million and $31.4 million, respectively, of rent to related parties.

4. Medical Malpractice Claims

The Corporation is insured against medical malpractice claims under claims-made based policies, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Under the terms of the policies, the Corporation bears the risk of the ultimate costs of any individual claims or aggregate claims exceeding $22.5 million for claims asserted in the policy year. In addition, the Corporation has an umbrella policy with additional coverage limits. Should the claims-made policies not be renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term but reported subsequently will be uninsured.

In September 2023, ULP received an adverse verdict in a malpractice case for approximately $17 million. Management has appealed the verdict. The appeal is pending before the Court of Appeals. No liability has been recorded as of June 30, 2025 . The Corporation is not aware of any other medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled during the past three years that have exceeded policy coverage limits. The cost of this insurance policy represents the Corporation's cost for such claims for the year and it has been charged to operations as a current expense.

	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB liability								
Service cost	$ 3,054	$ 2,545	$ 2,983	$ 2,795	$ 2,538	$ 2,437	$ 4,630	$ 5,203
Interest	3,054	2,892	1,642	1,956	2,318	2,497	3,296	2,728
Difference between expected and actual experience	10,380	659	4,771	(458)	(1,687)	1,923	(1,718)	(2,608)
Changes of assumption	(527)	(1,387)	(12,131)	4,967	5,757	5,488	(27,504)	(5,495)
Benefit payments	(3,769)	(4,649)	(3,790)	(3,558)	(2,927)	(2,836)	(2,817)	(3,007)
Net change in OPEB Liability	**$ 12,192**	**$ 60**	**$ (6,525)**	**$ 5,702**	**$ 5,999**	**$ 9,509**	**$ (24,113)**	**$ (3,179)**
OPEB liability - beginning of year	79,475	79,415	85,940	80,238	74,239	64,730	88,843	92,022
OPEB liability - end of year	**$ 91,667**	**$ 79,475**	**$ 79,415**	**$ 85,940**	**$ 80,238**	**$ 74,239**	**$ 64,730**	**$ 88,843**
Covered employee payroll	$ 587,064	$ 473,424	$ 445,201	$ 434,864	$ 490,221	$ 493,893	$ 450,332	$ 445,356
Total OPEB liability as a percentage of covered employee payroll	**15.61 %**	**16.79 %**	**17.84 %**	**19.76 %**	**16.37 %**	**15.03 %**	**14.37 %**	**19.95 %**
Notes to Schedule:								
Discount Rate	3.97 %	3.86 %	3.69 %	1.92 %	2.45 %	3.13 %	3.87 %	3.58 %

Changes of assumptions reflect the effects of the discount rate each period.

FY2025 - The mortality tables, health care trend rates, participation rates, and two-person coverage rate for males assumptions were updated.

FY2023 - The health care trend rates were updated to better reflect the Plan's anticipated experience and the mortality assumptions were updated.

FY2021 - The health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans.

FY2020 - The retirement rates, participation rates, and health care trend rates were modified.

FY2019 - The per capita claims costs and the mortality improvement scale assumptions were modified.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Trustees
University of Louisville and Affiliated Corporations

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the business-type activities and the aggregate discretely presented component units of University of Louisville and Affiliated Corporations (the "University") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 20, 2025.

Our report includes a reference to other auditors who audited the financial statements of the University of Louisville Health, Inc., as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on internal control over financial reporting
In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a significant deficiency in the University's internal control.

Report on compliance and other matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant Thornton LLP

Boston, Massachusetts
November 20, 2025

THE UNIVERSITY OF LOUISVILLE AND AFFILIATES

SCHEDULE OF FINDINGS AND RESPONSES

Year ended June 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	______	yes	X	no
Significant deficiency(ies) identified?	X	yes	______	none reported
Noncompliance material to financial statements noted?	______	yes	X	no

SECTION II - FINANCIAL STATEMENT FINDINGS

2025 – 001 ACCOUNTING AND PRESENTATION OF DISCRETELY PRESENTED COMPONENT UNITS (Material Weakness)

Criteria: Management is responsible for the fair presentation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP) and designing and implementing a system of controls relevant to the preparation of financial statements.

Condition: Subsequent to the issuance of the FY24 financial statements, Grant Thornton became aware that certain Discretely Presented Component Unit (DPCU) financial statement line items within the 2024 statement of net position were not accurately presented.

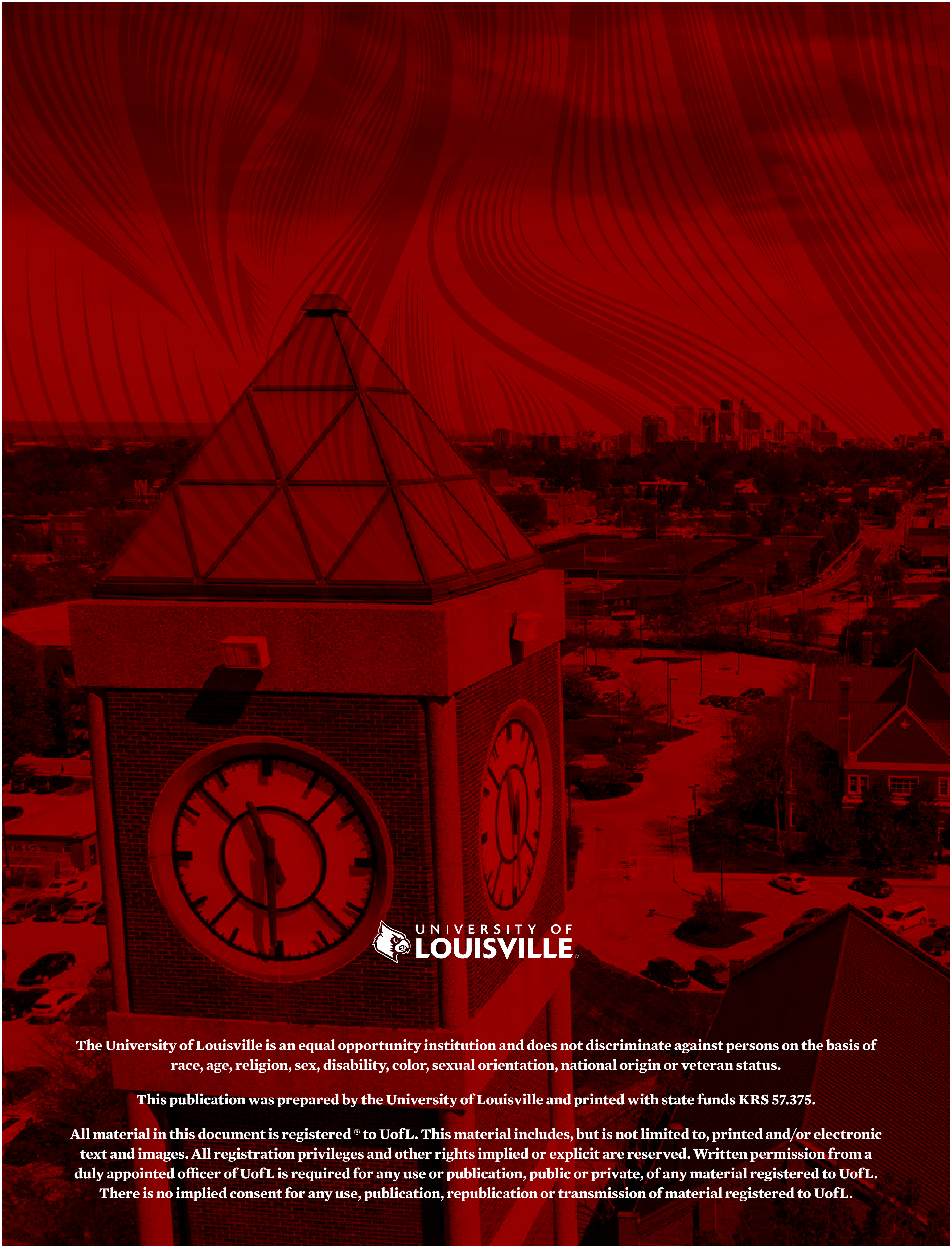
Effect: The amounts reported in the financial statements of the University related to property, plant and equipment, net assets and certain expenses were incorrect. The comparative FY24 financial statements have been corrected in the 2025 reporting package and disclosure to explain the correction is included in note 1a of the University financial statements.

Cause: There are several root causes for the errors within the DCPU presentation. The University had turnover in the controller's office, and the new staff/temporary staff responsible for adding the DCPU balances weren't familiar with the DCPU statement presentation and were not given adequate time to prepare the schedule to allow for a thorough exercise in mapping the accounts properly. The prior year classifications were rolled forward, and the review of the presentation occurred at a higher level (i.e., DCPU statements balanced in total instead of performing an evaluation of each line item).

Identification of a repeat finding: This is not a repeat finding.

Recommendation: Management should provide training to ensure proper understanding of the reporting of DPCUs in the University financial statements and build in time for reviews of the material presented.

Views of responsible officials and planned corrective actions: Management agrees with this finding.



UNIVERSITY OF LOUISVILLE