

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES OF THE
UNIVERSITY OF LOUISVILLE

October 28, 2022

In Open Session

Members of the University of Louisville Board of Trustees met in the Angel's Envy Club, Cardinal Stadium, on October 28, 2022, at 2:01p.m., with members present and absent as follows:

Present: Ms. Mary Nixon, Chair (joined at 3:31 p.m.)
Mr. Jerry Abramson
Dr. Larry Benz
Mr. Scott Brinkman
Mr. Dorian Brown
Dr. Raymond Burse, Vice Chair
Ms. Diane Medley
Dr. Eugene Mueller
Ms. Diane Porter
Mr. James Rogers
Mr. John Smith
Ms. Sherrill Zimmerman

Absent: Mr. Al Cornish

From the
University: Dr. Lori Stewart Gonzalez, Interim President
Dr. Gerry Bradley, Interim Provost
Mr. Dan Durbin, Executive Vice President for Finance and Administration
Ms. Mariana Barzun, Co-Interim Vice President for University Advancement
Dr. Douglas Craddock, Interim Vice President for Community Engagement
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Ms. Julie Dials, Co-Interim Vice President for University Advancement
Mr. Lee Gill, Vice President for Diversity and Equity
Mr. Josh Heird, Vice President for Athletics and Athletic Director
Dr. Michael Mardis, Vice President for Student Affairs
Ms. Mary Elizabeth Miles, Vice President for Human Resources
Ms. Sandy Russell, Vice President for Risk, Audit, and Compliance
Mr. John Drees, Sr. Assoc. Vice President for Communications & Marketing
Ms. Shannon Rickett, Assoc. Vice President for Government Relations
Dr. William Metcalf, Assoc. VP for Research Dev. & Strategic Partnerships
Mr. John Karman, Executive Director of Communications
Dr. Robert Fox, Dean, University Libraries
Ms. Beverly Santamouris, Treasurer
Mr. Jerry Johnson, Interim COO

Ms. Kim Adams, Chief Information Security Officer
Ms. Jennifer Mudd, Director of Integrity and Compliance
Ms. Sarah Lopez, Deputy Chief of Staff, Provost's Office
Ms. Melissa Brown, Coordinator for Minors on Campus
Ms. Agustina Gomez Cisterna, Student Athlete, Women's Golf
Ms. Mairead Martin, Student Athlete, Women's Golf
Mr. Gary Stewart, Advisor to Audit, Compliance, and Risk Committee
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

From UofL

Health: Mr. Tom Miller

From UofL

Foundation: Mr. Keith Sherman

Others:

Mr. Ethan Lay, Clifton Larson Allen

Mr. Chris Suda, Clifton Larson Allen

I. Call to Order

Vice Chair Burse, having determined a quorum present, called the meeting to order at 2:01 p.m.

Conflict of Interest Affirmation

The Vice Chair reminded all members of the board of their responsibility to avoid conflicts of interest and appearances of conflicts of interest. She stated each member has received the agenda and related information for this Board of Trustees' meeting.

Vice Chair Burse requested if any board member knows of any conflict of interest or appearance of conflict of interest with respect to any matter coming before the Board of Trustees at this meeting, to please identify the conflict or appearance of conflict at this time.

No conflicts were identified.

Consent Agenda

The Vice Chair reminded trustees that the audited financial statements were not approved prior to the meeting of the board and could not be included in the consent agenda. Only the minutes of the October 6, 2022, meeting would be considered for approval.

Mr. Rogers made a motion, which Mr. Brown seconded, to approve the minutes of the October 6, 2022 meeting.

The motion passed.

Because the audited financial statements were not approved, Ms. Medley made a motion, which Mr. Rogers seconded, to approve the

Vice Chair's recommendation that the Board of Trustees authorize the authorize the Executive Committee of the Board of Trustees to approve the final audited financial statements, to the extent that they remain unchanged from what was presented today.

The motion passed.

II. Report of the President

Before providing her report, Interim President Gonzalez recommended approval of two action items:

The Trager Micro-Forest Project at Founder's Square

In recognition of a \$1 million gift to establish a project of scientific inquiry into the impact of intense urban greening on human health, economic vitality, and the natural environment, a request has been made to name the project The Trager Micro-Forest Project at Founder's Square.

The Christina Lee Brown Envirome Institute will undertake an investigation into the health, socioeconomic, and environmental impacts of intensive urban greening in the form of an experimental micro-forest to be developed in Founders Square in downtown Louisville.

Mr. Brown made a motion, which Mr. Rogers seconded, to approve the

President's recommendation that the Board of Trustees approve the naming of a project at Founder's Square, 501 W. Muhammad Ali Blvd., as The Trager Micro-Forest Project at Founder's Square.

The motion passed.

Turf Replacement at Cardinal Stadium

University Athletics needs to replace the field turf at Cardinal Stadium. The existing turf was installed in 2013 and has exceeded its life expectancy.

The scope of the replacement will include replacing 104,474 square feet of turf, upgrading electrical service to the field, and installing a monitoring system to track turf depletion and weathering.

The cost of the project will not exceed \$1 million and is included in the state capital budget. It is anticipated that a minimum of 75% of the cost of the project will be funded

from proceeds of a major concert being held at Cardinal Stadium in July. The remaining balance will be funded from the 2023-24 operating budget.

This recommendation was approved by the ULAA Finance & Budget Committee and Board of Directors. Pursuant to the ULAA Financial Transactions Policy, the Board of Trustees must approve any athletic capital project that exceeds \$500,000.

Dr. Benz made a motion, which Mr. Brinkman seconded, to approve the

President's recommendation that the Board of Directors authorize the replacement of the playing surface at Cardinal Stadium at a cost not to exceed \$1,000,000.00

The motion passed.

Dr. Gonzalez thanked the board for approving both recommendations. She then began her report with several university highlights:

- The Courier Journal and the Bingham family donated extensive photo archives to the university. The archives are believed to be worth tens of millions of dollars.
- UofL researchers have discovered that e-cigarettes can cause cardiac arrhythmias. Their study is generating national media attention for the university.
- Researcher Brad Shuck and the Envirome Institute released a study showing that people's health is influenced by workplace factors. The study also has received extensive media coverage.
- The university held a news conference Sept. 9 with Congressman John Yarmuth to announce \$750,000 from the Department of Education to fund Dan Popa's robotics work.
- The inaugural President's Inclusive Excellence Forum is scheduled for Nov. 9, featuring guest speaker Freeman Hrabowski III, former president of the University of Maryland, Baltimore County.
- The president hosted a well-attended leadership update on the Belknap Campus, Oct. 13. A similar event is scheduled for Nov. 30 on the HSC.

Dr. Bradley and Mr. Heird then introduced Ms. Cisterna and Ms. Maired of UofL's Women's Golf team, who shared their experiences as international student athletes coming from Argentina and Ireland, respectively.

Trustees then asked questions of the students before thanking them for joining the meeting to tell their stories.

The Interim Provost then provided an academic update using the **attached** presentation, and fielded questions from the board.

Dr. Bradley introduced Dean Fox, who presented an overview of University Libraries using the **attached** slide deck.

President Gonzalez thanked Drs. Bradley and Fox for their updates. She then requested Mr. Durbin to share financial information regarding the FY 2023 Financials and Budget. The CFO, using the **attached**, obliged and fielded the trustees' questions.

The president thanked Mr. Durbin for the update, then introduced Mr. Gill for a Diversity and Equity discussion. Using the **attached** presentation, Mr. Gill shared his activities from his first 100 days in office.

Dr. Gonzalez thanked Mr. Gill for his update. She then introduced Mr. Heird who provided an update on university athletics. Highlights included:

- Athletics' goal to achieve a 100% graduation rate
- Reach unprecedented levels of fan engagement and investment
- Win National Championships
- Become the best place to work in college athletics

The Athletic Director then answered trustees' questions. President Gonzalez thanked AD Heird for his report.

Ms. Nixon joined the meeting virtually at 3:31 p.m.

She then recognized Messrs. Miller and Sherman, who shared information related to UofL Health and the UofL Foundation, respectively, using the **attached** slide decks. After fielding questions from the board, Dr. Gonzalez thanked them for providing their updates.

That concluded her report. Vice Chair Burse thanked the president and her leadership team for their updates.

III. Report of the Chair

The Vice Chair had no report but reminded trustees that the board's next scheduled committee meetings will be held on December 15.

IV. Executive Session

Mr. Brinkman made a motion, which Dr. Benz seconded, to recess to executive session to discuss proposed or pending litigation, pursuant to KRS 61.810(1)(c).

The motion passed the open meeting recessed at 3:51 p.m.

V. Open Meeting Reconvenes

The open meeting reconvened at 4:46 p.m. and Vice Chair Burse reported that the board discussed proposed or potential litigation. No action was taken.

VI. Adjournment

Having no other business to come before the board, Mr. Abramson made a motion, which Dr. Benz seconded, to adjourn.

The motion passed and the meeting adjourned at 4:46 p.m.

Approved by:

Signature on file
Assistant Secretary

MINUTES OF THE REGULAR MEETING OF THE
BOARD OF TRUSTEES OF THE
UNIVERSITY OF LOUISVILLE

October 28, 2022

In Executive Session

Present: Ms. Mary Nixon, Chair
Mr. Jerry Abramson
Dr. Larry Benz
Mr. Scott Brinkman
Mr. Dorian Brown
Dr. Raymond Burse
Ms. Diane Medley
Dr. Eugene Mueller
Ms. Diane Porter
Mr. James Rogers
Mr. John Smith
Ms. Sherrill Zimmerman

From the
University: Dr. Lori Stewart Gonzalez, Interim President
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Dr. Amy Lingo, Interim Dean, College of Education and Human Development
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

I. Call to Order

Vice Chair Burse called the executive session to order at 3:57 p.m.

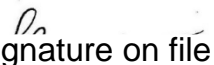
II. Proposed or Pending Litigation

The board discussed proposed or pending litigation.

III. Adjournment

Mr. Smith made a motion, which Dr. Mueller seconded, to adjourn the executive session.
The motion passed the session adjourned at 4:40 p.m.

Approved by:



Assistant Secretary

RECOMMENDATION TO UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES
AUTHORIZING THE EXECUTIVE AND COMPENSATION COMMITTEE TO
APPROVE THE CONSOLIDATED
THE AUDITOR'S REPORT AND FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Board of Trustees – October 28, 2022

RECOMMENDATION:

The Chair recommends that the Board of Trustees authorize the Executive and Compensation Committee to approve the Auditor's Report and Financial Statements June 30, 2022 and 2021, to the extent that they remain unchanged as presented in the form [attached](#).

BOARD ACTION:

Passed X

Did Not Pass

Other

 ^oSignature on file
Assistant Secretary

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS

A Component Unit of the Commonwealth of Kentucky

**Auditor's Report and Financial Statements
June 30, 2022 and 2021**

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UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
For the Years Ended June 30, 2022 and 2021

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UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

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, 2022 and 2021. Comparative information for the year ended June 30, 2020 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 in and out patient). The 243-acre Shelby Hurst 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 University strives to be recognized as a great place to learn, a great place to work and a great place in which to invest because we celebrate diversity, foster equity and strive for inclusion. The University of Louisville pursues excellence and inclusiveness in its work to educate and serve its community through:

- Teaching diverse undergraduate, graduate and professional students in order to develop engaged citizens, leaders and scholars.
- Practicing and applying research, scholarship and creative activity.
- Providing engaged service and outreach that improves the quality of life for local and global communities.

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 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. Investments held for the benefit of the University at June 30, 2022, were \$878.5 million, a decrease of \$26.6 million from the June 30, 2021 balance of \$905.1 million.

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.

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.

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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 University received Federal stimulus funds totaling \$70.5 million through the Higher Education Emergency Relief Fund (HEERF) to help lessen the burden of additional cost and lost revenues brought on by the Pandemic and to provide aid to students. The funds were utilized over the 2020, 2021, and 2022 fiscal years. The University continues to monitor for outbreaks of the Coronavirus to anticipate the need for responses and altered operations, if appropriate.

The University took measures to make the campus environments safe for faculty, staff and students by mandating the use of masks in close settings, providing on campus testing sites, and real-time communications through emails and dedicated websites. The University, along with its affiliated hospital, offered COVID-19 testing and vaccinations to the university population and the community at large.

The operations of the University have changed and evolved to meet the circumstances of a changing society. Further adaptive measures are anticipated to meet the needs of students, faculty, staff and the community as the Pandemic unfolds in the future.

The University adopted GASB 87-*Leases* during the current year and retroactively applied the standard to the beginning of the prior period, July 1, 2020. The new accounting standard results in new assets and liabilities related to the use of leased assets. Notes 1 and 9 provide explanation and detail about the accounting change. The 2021 financial statements have been restated to reflect the accounting change as of the beginning of the period.

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 are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities.

Statements of Net Position

The statements of net position present a snapshot of 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. 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 accumulated depreciation. The change in net position indicates whether the University accumulated or consumed resources during the year.

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A condensed version of the University's assets, liabilities, and net position at June 30, 2022, 2021, and 2020 (in thousands) is summarized below:

	2022	2021 (Restated)	2020	2022-2021 Change	2021-2020 Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	\$ 436,636	\$ 403,803	261,092	\$ 32,833	\$ 142,711
Noncurrent assets	828,522	834,362	164,844	(5,841)	669,518
Capital assets, net	1,127,182	1,133,848	1,078,175	(6,665)	55,673
Deferred outflows of resources	19,129	17,305	13,687	1,824	3,618
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,411,469	2,389,318	1,517,798	22,151	871,520
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	197,413	201,020	163,319	(3,607)	37,701
Noncurrent liabilities	454,663	459,907	373,204	(5,244)	86,703
Deferred inflows of resources	719,905	742,119	65,829	(22,214)	676,290
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	1,371,981	1,403,046	602,352	(31,065)	800,694
NET POSITION					
Net investment in capital assets	792,372	800,249	825,433	(7,877)	(25,184)
Restricted - nonexpendable	1,831	1,868	1,349	(37)	519
Restricted - expendable	75,293	73,377	84,417	1,916	(11,040)
Unrestricted	169,992	110,778	4,247	59,214	106,531
TOTAL NET POSITION	1,039,488	986,272	915,446	53,216	70,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 2,411,469	\$ 2,389,318	\$ 1,517,798	\$ 22,151	\$ 871,520

Assets

Current assets consist primarily of cash, loans, accounts and contributions receivable, inventories, due from affiliates and investments held with the Foundation. The increase in current assets of \$32.8 million for the year ended June 30, 2022 as compared to June 30, 2021 is mainly attributed to increases in cash and equivalents of \$14.3 million, and short term investments of \$40.0 million. The increase in cash and cash equivalents is the product of the University's diligence in controlling expenditures.

Noncurrent assets decreased \$12.5 million in fiscal year 2022, the majority of the decrease is attributed to a decrease in restricted cash of \$29.0 million along with a decrease in capital assets of \$4.1 million. Other long-term investments helped to minimize the reductions noted with an increase of \$20.1 million year over year.

In fiscal year 2021, current assets increased \$142.7 million is mainly attributed to an increase in cash and equivalents of \$64.4 million, an increase of \$38.1 million in funds due from affiliates and a reduction of \$2.1 million in investments held by the Foundation. The reduction in investments held by the Foundation represents investments that were liquidated and are now invested in cash equivalents at the University.

Noncurrent assets increased \$725.2 million in fiscal 2021. The adoption of lease accounting added \$675 million in long term accounts receivable, mostly due from an affiliate for hospital leases, and the addition of the right-of-use asset of \$64 million representing the future value of the leased assets.

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Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net assets applicable to a future period. These balances consist primarily of losses on bond refinancing that will be amortized to interest expense over the life of the refinanced debt and of future payments to be made for other postretirement employment benefits (OPEB). In fiscal year 2022, deferred outflows increased \$1.8 million to \$19.1 million as compared to \$17.3 million as of June 30, 2021.

The increase in deferred outflows of resources as of June 30, 2021 was \$3.6 million over the balance of \$13.7 million as of June 30, 2020.

Liabilities

Current liabilities decreased by \$3.6 million in fiscal year 2022 as compared to 2021. Accounts payable and accrued liabilities account for \$0.6 million of the decrease.

Noncurrent liabilities decreased \$5.2 million during fiscal year 2022. Noncurrent liabilities consist primarily of the portion of bonds, notes, and leases payable in excess of one year. This balance decreases by \$6.1 million primarily from bond issuance and master lease draws offset by normal principal payments. Other long-term liabilities includes future estimated payments for OPEB which increased by \$5.7 million.

Current liabilities increased by \$37.7 million in fiscal year 2021 as compared to 2020. Accounts payable and accrued liabilities and advances comprise 82% of total current liabilities and increased by \$25.3 million in fiscal year 2021. A line of credit was obtained by the Association during the fiscal year 2021 and accumulated draws of \$9.0 million. The \$86.7 million increase in noncurrent liabilities during fiscal year 2021 primarily is due to a new bond issuance, master lease draws offset by normal principle payments, and lease payables. Long term lease payables of \$59.1 million were added as a result of the adoption of new lease accounting rules. Other long-term liabilities includes future estimated payments for OPEB which increased by \$6.0 million.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. Deferred inflows decreased by \$22.2 million during fiscal year 2022. The most significant decreases are attributed to future revenues from leased assets of \$15.2 million and changes in assumptions used in the calculation of the OPEB liability of \$4.0 million.

In fiscal year 2021 the University recognized an increase of \$676.3 million. Deferred inflows of \$380.6 million were recognized for future revenues to be earned from leased University assets, in accordance with the new lease accounting rules.

Net Position

In fiscal year 2022, net position increased \$53.2 million. The University continues to strengthen its net position through operational diligence and improvements. The University benefited from an increase in unrestricted net position of \$75.2 million but was negatively impacted by a reduction of \$9.6 million in capital assets and a reduction of \$13.1 million in restricted expendables.

In fiscal year 2021, net position increased \$70.8 million. This increase is attributed to a concerted effort to control expenditures due to the uncertainty of fully continuing operations brought on by the Pandemic. Continued operational efficiencies from clinical and practice plans affiliation agreements also add to the reduction of the operating loss. The operating loss of the University was \$47.7 million more than the prior year. This coupled with the increase in nonoperating revenues from HEERF stimulus funding presented in

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nonexchange grants and contracts allowed the University to circumvent potential financial downturn for the fiscal year ending June 30, 2021.

Statements of Revenues, Expenses, and Changes in Net Position

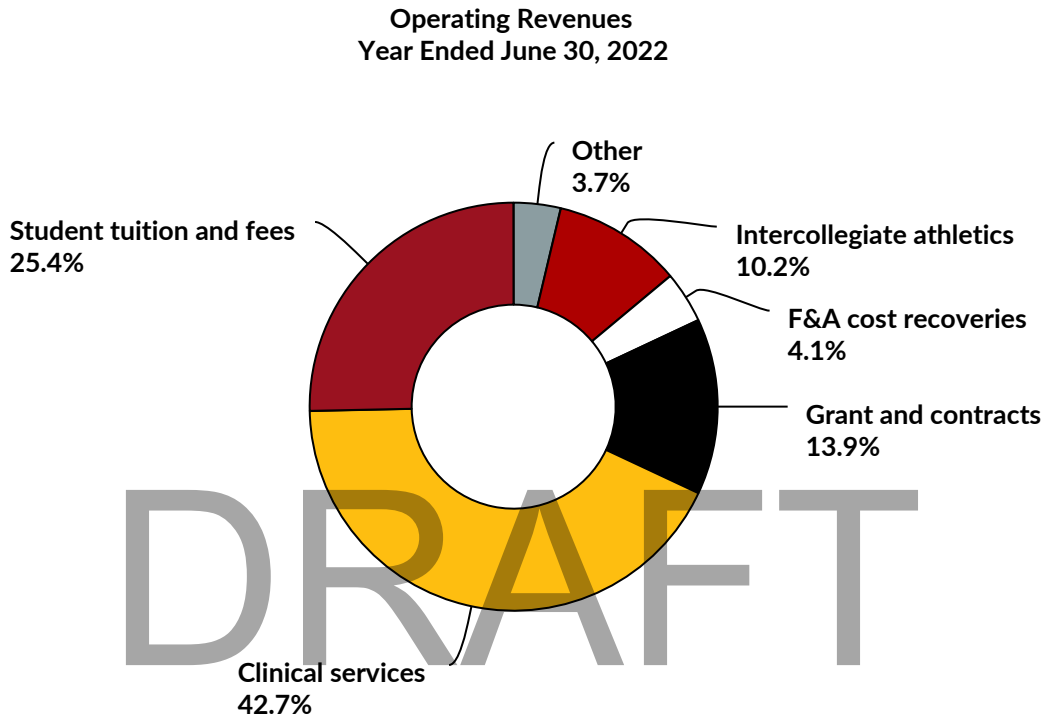
The University's condensed statements of revenues, expenses, and changes in net position for the years ended June 30, 2022, 2021, and 2020 (in thousands) are summarized below:

	2022	2021 (Restated)	2020	2022-2021 Change	2021-2020 Change
OPERATING REVENUES					
Student tuition and fees, net	\$ 240,060	\$ 231,505	\$ 227,233	\$ 8,555	\$ 4,272
Clinical services and practice plan	404,628	388,069	329,392	16,559	58,677
Grants and contracts	132,023	107,418	109,399	24,605	(1,981)
Facilities and administrative cost	38,714	32,434	28,452	6,280	3,982
Intercollegiate athletics	96,940	62,384	86,559	34,556	(24,175)
Other	35,167	28,373	35,818	6,794	(7,445)
TOTAL OPERATING REVENUE	947,532	850,183	816,853	97,349	33,330
OPERATING EXPENSES					
Depreciation	61,983	63,128	56,840	(1,145)	6,288
Other	1,140,773	994,553	978,913	146,220	15,640
TOTAL OPERATING EXPENSE	1,202,756	1,057,681	1,035,753	145,075	21,928
NONOPERATING REVENUES (EXPENSES)					
State appropriations	131,725	125,420	128,712	6,305	(3,292)
Other nonoperating revenues	176,715	152,904	142,189	23,811	10,715
TOTAL NONOPERATING REVENUE/ (EXPENSES)	308,440	278,324	270,901	30,116	7,423
INCREASE/(DECREASE) IN NET POSITION	53,216	70,826	52,001	(17,610)	18,825
SPECIAL ITEMS					
Transfer of operations	—	—	132,413	—	(132,413)
INCREASE/(DECREASE) IN NET POSITION AFTER SPECIAL ITEMS	53,216	70,826	184,414	(17,610)	(113,588)
Net position - beginning of year	986,272	915,446	731,032	70,826	184,414
Net position - end of year	\$ 1,039,488	\$ 986,272	\$ 915,446	\$ 53,216	\$ 70,826

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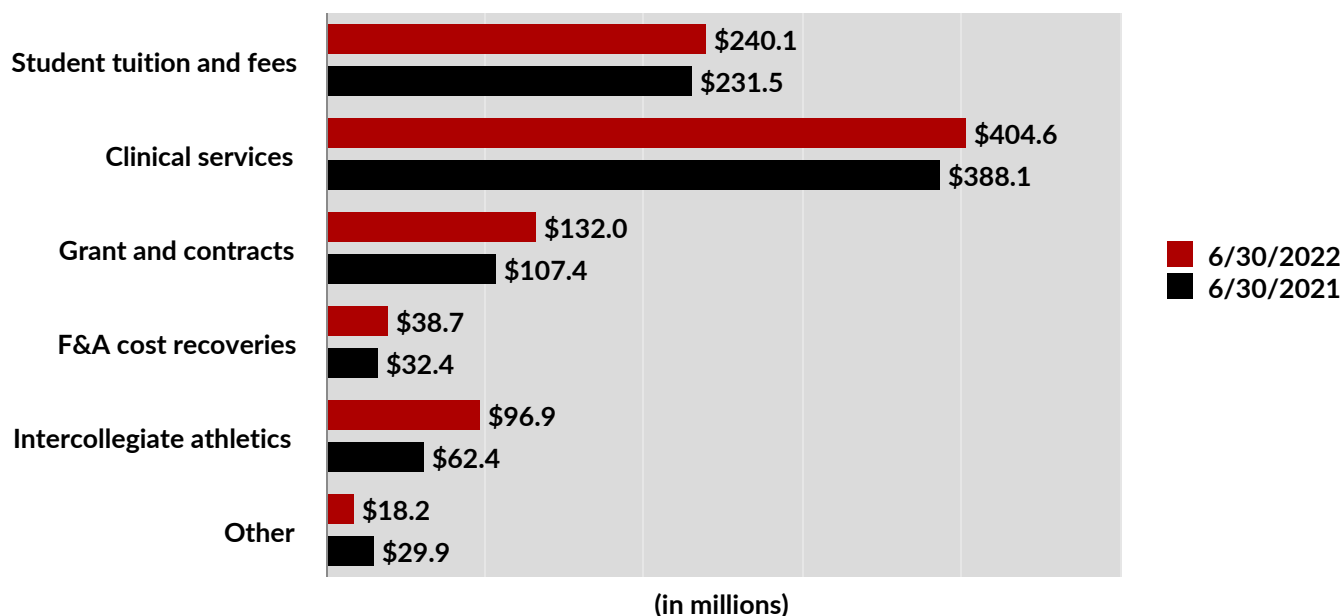
Operating Revenues

The following is a graphic illustration of revenues by source that are used to fund the University's operating activities for the years ended June 30, 2022 and 2021:



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Operating Revenue Trends



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Revenues from tuition, clinical services, certain grants and contracts, intercollegiate athletics and auxiliary services are classified as operating revenues. While still an important source of support for University academic programs, other revenue sources, such as state appropriations, gifts, and contributions from the Foundation are considered non-operating revenues as defined by GASB.

Student tuition and fees, net of allowances for scholarships and fellowships were \$240.1 million and \$231.5 million, or 25.4% and 27.2% of total operating revenues for the years ended June 30, 2022 and 2021, respectively. The University adopted a 1.8% gross tuition rate increase for fiscal year 2022 and had a 2.0%-3.0% gross tuition rate increase for fiscal year 2021. Rates of scholarship and fellowship assistance provided by the University generally change at the same rate as tuition, though the types and number of students accepting financial aid can vary. Enrollment for the fall and spring semesters of fiscal year 2021 were stable and reflected the University's successful pivot to online and virtual instruction for all classes during the 2020-2021 academic year. The University never ceased campus operations and never cancelled class offerings during the Pandemic.

Clinical services and practice plan revenue amounted to \$404.6 million and \$388.1 million, or 42.8% and 45.6% of total operating revenues for fiscal years 2022 and 2021, respectively. These revenues relate to patient care performed in 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 4.3% increase in revenue for 2022 totaling \$16.6 million resulted from improved academic affiliation and clinical practice agreements for the pediatric services of the Medical School and additional academic mission support provided by positive hospital operations. The university also negotiated rental and license agreements with UL Health that were effective during the fiscal year June 30, 2021.

Revenue from operating grants and contracts totaled \$132.0 million and \$107.4 million for the years ended June 30, 2022 and 2021, respectively, an increase of \$24.6 million. This increase in fiscal year 2022 consists of an increases in federal grants and contracts of \$15.0 million, State and local grants of \$7.2 million and Nongovernmental grants \$2.4 million.

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For the Years Ended June 30, 2022 and 2021

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 were \$38.7 million and \$32.4 million for the years ended June 30, 2022 and 2021, respectively. F&A cost recovery revenues generally follow the trend in direct cost revenues and expenditures.

Intercollegiate athletics revenues and other revenues, which includes auxiliary revenues were affected by the Pandemic during the fiscal year ending June 30, 2021. Attendance at athletic events were restricted to a percentage of capacity resulting in significant revenue losses. These Pandemic restrictions started to lift during fiscal year 2022 which contributed to the increase in intercollegiate revenues outlined. Revenues for intercollegiate athletics were \$96.9 million for the year ended June 30, 2022, an increase of \$34.6 million from \$62.4 million for the year ended June 30, 2021. The 55.4% rise was mostly in ticket sales from football and basketball. Auxiliary revenues from housing and parking also increased by \$3.5 million during the year ended June 30, 2022 as compared to the year ended June 30, 2021. On campus activities and classes increased during the year which also increased the demand for campus housing, meal plans, and parking services.

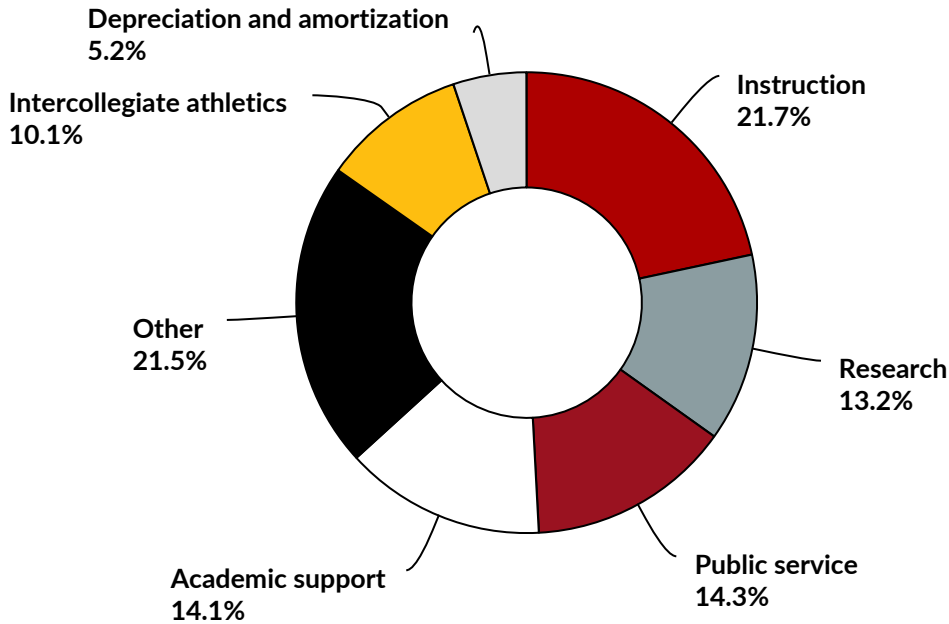
Operating revenues increased \$33.3 million in fiscal year 2021 over fiscal year 2020. The most significant increases coming from clinical services and practice plan of \$58.7 million due to increased programmatic support and tuition and fees of \$4.3 million due to an increase in the tuition rate. Overall, revenues from grants and contracts decreased \$2.0 million with the most significant declined being recorded in nongovernmental grants and contracts of \$6.1 million. Federal grants and contracts helped neutralize the decline with an year over year increase of \$5.3 million.

Operating Expenses

Graphic illustrations of total expenses by functional and natural classifications for the years ended June 30, 2022 and 2021 are summarized below:

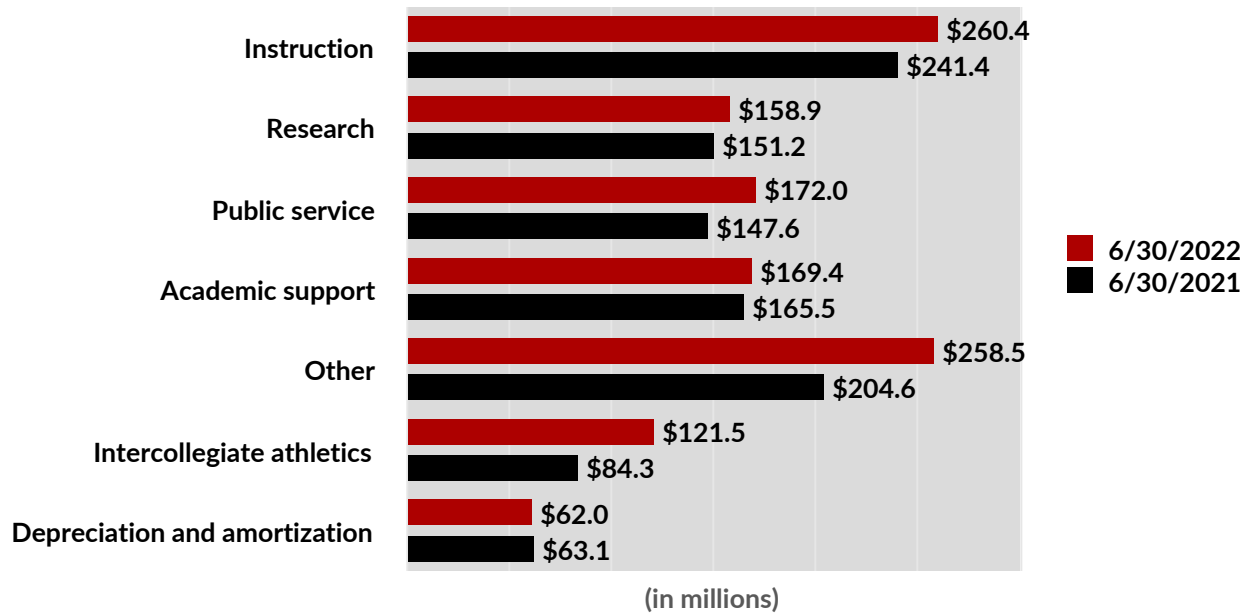
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**Operating Expenses by Functional Classification
Year Ended June 30, 2022**

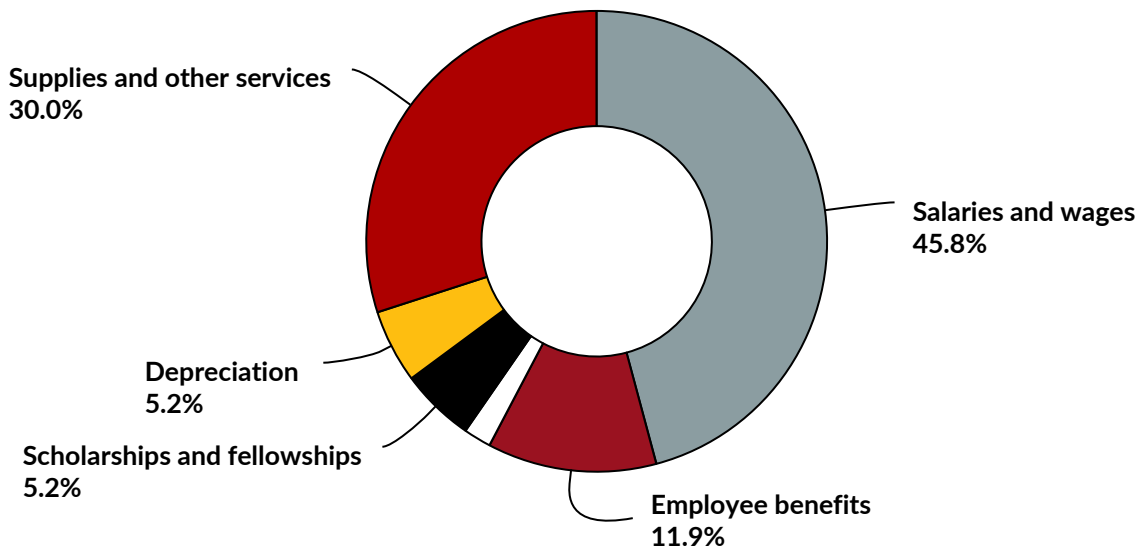


UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2022 and 2021

Functional Expense Trends

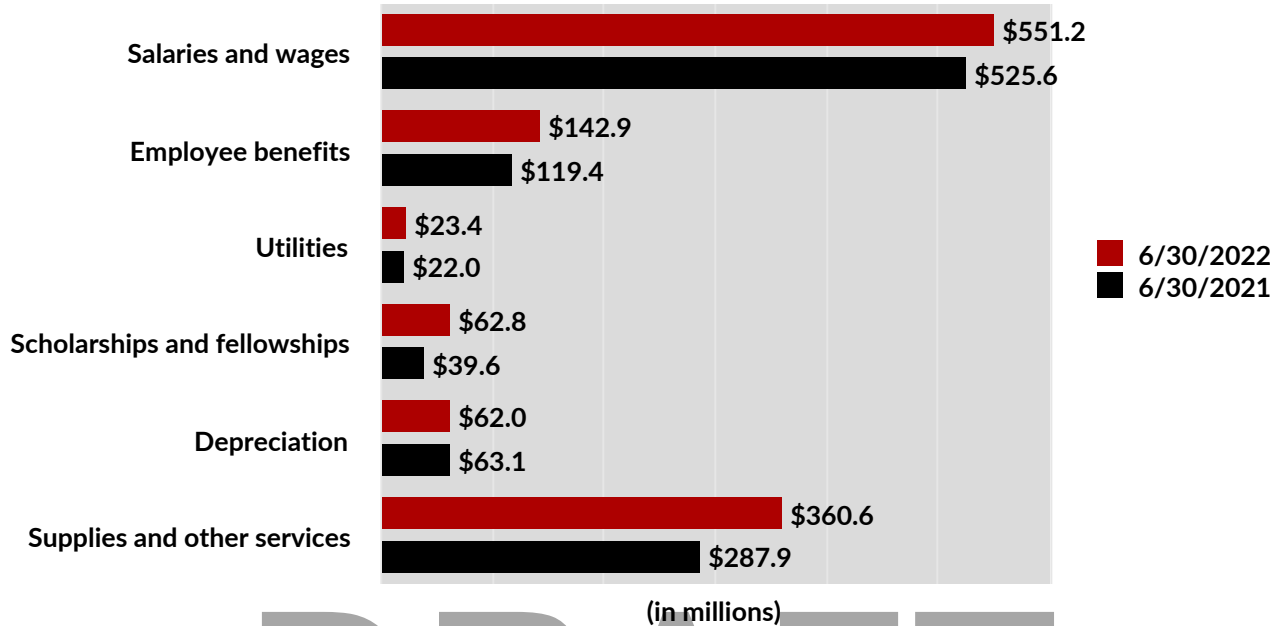


Operating Expenses by Natural Classification
Year Ended June 30, 2022



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Natural Expense Trends



Operating expenses were \$1.20 billion and \$1.06 billion and exceeded operating revenues by \$255.2 million and \$207.5 million for the years ended June 30, 2022 and 2021, respectively. In fiscal 2022, operating expenses increased \$145.1 million or 13.8%. Expenses in most functional classifications increased, the most significant being intercollegiate athletics of \$37.3 million and public service of \$24.4 million.

With the effects of the Pandemic beginning to minimize non-critical maintenance and purchases that were previously put on hold due to cost saving measures were released for spending. Salary cuts that were temporary were reinstated, furloughs ended, and retirement benefits reductions were brought back to pre-pandemic standards. This increased our salaries and wages by \$25.6 million and increased employee benefits by \$23.5 million.

Operating expenses increased \$21.9 million in fiscal year 2021 over fiscal year 2020. The most significant increases were in public service of \$31.4 million, academic support of \$15.5 million, and research of \$12.9 million.

Nonoperating Revenues (Expenses)

Nonoperating revenue and expenses, net, experienced an overall increase of \$29.2 million in fiscal year 2022. Many categories experienced an increase in revenues. Gifts and donations increased by 55.8% or \$11.9 million, nonexchange grants and contracts grew by \$8.1 million, and State appropriations increased by \$6.3 million. Investment income declined \$0.2 million as interest rates remained low.

Nonoperating revenue and expenses, net, increased \$7.6 million in fiscal year 2021. This increase is attributed to the growth in nonexchange grants and contracts of \$23.6 million. These gains were offset by a decline of gifts and donations of \$14.4 million and decreased contributions from the Foundation of \$7.4 million based on University spending of gift and endowment earnings.

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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. The condensed statements of cash flows for the years ended June 30, 2022, 2021, and 2020 (in thousands) are summarized below:

	2022	2021	2020	2022-2021 Change	2021-2020 Change
CASH (USED)/PROVIDED BY:					
Operating activities	\$ (220,574)	\$ (161,306)	\$ (175,912)	\$ (59,268)	\$ 14,606
Noncapital financing activities	313,393	267,468	249,148	45,925	18,320
Capital and related financing activities	(47,294)	(25,514)	217	(21,780)	(25,731)
Investing activities	(60,197)	(9,166)	11,308	(51,031)	(20,474)
NET (DECREASE)/INCREASE IN CASH EQUIVALENTS	(14,672)	71,482	84,761	(86,154)	(13,279)
Cash and cash equivalents - beginning of year	262,638	191,156	106,395	71,482	84,761
Cash and cash equivalents - end of year	\$ 247,966	\$ 262,638	\$ 191,156	\$ (14,672)	\$ 71,482

Total cash and cash equivalents decreased by \$14.7 million during fiscal year 2022 due to increased spending based on operations returning to activities from a time before the pandemic. Cash used in operations increased by \$59.3 million in fiscal year 2022 as compared to fiscal year 2021 as a result of the effects of the full on-campus operations. This resulted in the increase all operating cost categories as campus facilities were returned to full or almost full utilization.

Net cash provided by noncapital financing activities increased \$45.9 million, providing \$313.4 million in fiscal year 2022 as compared to \$267.5 million in fiscal year 2021. The largest contributors to this increase were increases year over year of other noncapital financing activities \$15.2 million, Due from affiliates of \$13.2 million and gifts of \$8.6 million.

The University net consumed \$47.3 million in cash for capital and related financing during fiscal year 2022, \$21.8 million greater than prior year. Capital assets constructed or purchased increased by \$31.0 million mainly related to the construction of the second of two new dormitories. Proceeds from the issuance of bonds for construction of the second dormitory were utilized during the current year.

Investing activities resulted in a usage of cash of \$60.2 million during fiscal year 2022. The net increase in usage is a result of 61.1 million more of investment purchases over maturities.

Total cash and cash equivalents increased \$71.5 million in fiscal year 2021 as compared to fiscal year 2020. Cash used by operating activities decreased \$14.6 million as a result of the savings in payments to employees from reduced salaries and furloughs in the last quarter of fiscal year 2020. Clinical and contractual operations increased cash flow by \$52.6 million in fiscal year 2021 by executing contracts for pediatric operations and hospital operations that maximized profitability. Cash provided by noncapital financing activities increased \$18.3 million. The increase represents increases in gift and contribution revenue to the University. Gift revenue from athletics pledges and donations increased by \$5.7 million while contributions from the Foundation decreased \$33.2 million. Contributions from the Foundation are based on reimbursements of spending by the University of endowment earnings and gifts from donors. Cash consumed by capital and financing activities was reduced by \$25.7 million in fiscal year 2021 as compared to fiscal year 2020. Capital assets constructed or purchased increased by \$21.4 million and is directly offset by reductions of capital appropriations and gifts of \$886 thousand. Proceeds from the

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issuance of bonds for construction of a dormitory off set the principal and interest payments disbursed during the year.

Investing activities provided \$9.2 million in cash during fiscal year 2021, \$20.5 million less than fiscal 2020. The net decrease is a result of a lack of maturing investments.

Capital Asset Activities

A critical factor in sustaining the quality of the University's academic and research programs and residential life is the development and maintenance of its capital assets. The University continues to invest in new facilities and renovate existing facilities to meet the needs of students, faculty and staff. Infrastructure and building projects completed during the year are offset by depreciation of these assets. The University's capital assets, net of depreciation, decreased by \$4.1 million. The most significant capital projects and acquisitions completed during the fiscal year ended June 30, 2022 are listed below (in millions):

Project	Capitalized Cost
New Residence Hall #1	\$ 34.2

The University is undertaking a significant asset preservation project directed toward improving campus safety, and preservation of education and general facilities. The University was allotted \$81.9 million from the State to be received in two equal installments over two budget years.

Significant projects identified in the asset preservation project and other campus construction plans in progress, or in early planning stages (in millions):

Project	Estimated Budget
New Residence Hall #2	\$ 40.0
Renovate Ekstrom Library	58.1
Replace HVAC various buildings	25.0
Purchase next generation ERP Support System	20.0
Biocontainment Laboratory Pressurization Upgrade	10.8
School of Nursing Renovation	11.4
IT Network Center	8.0
Research Capacity Infrastructure	7.0
Steam Plant Tunnel Structure & Cooling tower	6.6

Debt and Financing Activities

As of June 30, 2022, the University had outstanding \$309.7 million of bonds, leases, and notes payable (inclusive of discounts/premiums) as compared to \$310.0 million as of June 30, 2021. The \$0.3 million decrease represents the net of paid principal of long term debts offset by new contractual financing obligations entered into during the current fiscal year.

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Economic Factors That May Affect the Future

COVID-19's lingering effects continue to impact global markets, supply chains, labor markets, businesses and communities. Specific to the higher education sector, a resurgence of COVID-19 could impact various parts of its 2022-2023 operations and financial results, including, but not limited to, declines in enrollment, loss of revenues, additional bad debts, cost for increased use of technology, or potential shortages of personnel. However, the University of Louisville has attempted to aggressively incorporate contingencies and mitigating strategies as part of the FY 2023 budgeting and operational plans and feels it is prepared to address these potential challenges, especially given the positive trends in its financial position over the past several years. The FY2023 budget can be found online at: <https://louisville.edu/finance/budget/opuds/2223/2223>

State support in recent years has greatly improved compared to prior periods and includes increases in both operating funds and a significant contributions to address deferred maintenance (approximately \$80 million) along with funding for a new engineering academic building (\$65 million). These funds have allowed the university to reduce reliance on tuition increases, thereby reducing cost and financial pressures on its students.

Because approximately one-fourth of the University's revenues are derived from tuition, fees, housing and dining revenues, enrollment is a focus and the top financial risk. While this risk exposure is prevalent to all universities and colleges, the University is actively engaged in activities to address the demographic enrollment cliff and ensure steady, and possibly improved, future enrollment streams. This include:

- a. Created a Demographic 25 Steering Committee to formulate ways to mitigate the expected drop in enrollment eligible graduates.
- b. Expanding recruitment efforts to out-of-state markets.
- c. Establishing new student financial aid programs.
- d. Partnering with employers to connect offered academic programs to needed credentials and training for their employees and their dependents

Focusing on retention efforts at all levels- including within the colleges

The university is also in the final phases of completing its 2023-2025 strategic plan, addressing how the university ensures student success, creating and supporting a thriving workforce and how the university connects with the community. The university designs its planning and budgeting to support the strategic plan but retains flexibility to meet possible future plan changes. From increasing available student aid to providing an array of compensation improvements to faculty and staff and investing millions of dollars to improve the university's physical and operational infrastructure.

Requests for Information

This financial report is designed to provide a general overview of the University's finances and to show the University's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the Controller, University of Louisville, Louisville, KY 40292.

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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Statements of Net Position
As of June 30, 2022 and 2021
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2022	2021 (Restated)	2022	2021
ASSETS				
Current assets				
Cash and cash equivalents	\$ 220,996	\$ 206,674	\$ 216,929	\$ 194,489
Short-term investments	47,809	7,853	335,991	176,356
Deposit with bond trustee and escrow agent	33	776	–	–
Loans, accounts and contributions receivable, net	113,344	116,130	338,654	365,519
Due from affiliates	36,880	53,027	18,619	15,441
Inventories	5,627	6,278	54,120	47,004
Investments held with University of Louisville Foundation, Inc.	3,400	3,410	–	–
Other assets	8,547	9,655	158,183	60,685
Total current assets	436,636	403,803	1,122,496	859,494
Noncurrent assets				
Restricted cash and cash equivalents	26,970	55,964	–	–
Deposit with bond trustee and escrow agent	14,946	14,607	–	–
Loans, accounts and contributions receivable, net	712,437	722,855	4,926	14,706
Due from affiliates	25,625	12,423	–	–
Other long-term investments	46,865	26,812	987,448	1,018,605
Right-of-use asset, net	61,435	64,029	–	–
Other long-term assets	1,678	1,701	743,082	112,573
Capital assets, net	1,065,748	1,069,819	492,974	463,731
Total noncurrent assets	1,955,704	1,968,210	2,228,430	1,609,615
Total assets	2,392,340	2,372,013	3,350,926	2,469,109
DEFERRED OUTFLOWS OF RESOURCES				
	19,129	17,305	–	–
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2,411,469	2,389,318	3,350,926	2,469,109

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, 2022 and 2021
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2022	2021 (Restated)	2022	2021
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	113,260	113,810	197,127	232,728
Line of credit	9,000	9,000	–	–
Unearned compensation and wages payable	1,120	1,537	103,930	112,445
Advances	42,019	50,894	45,012	96,280
Due to affiliate	–	–	39,157	35,823
Lease payable	4,832	4,336		
Bonds and notes payable	27,182	21,443	5,471	5,046
Other Current Liabilities	40,305		40,305	
Total current liabilities	197,413	201,020	431,002	482,322
Noncurrent liabilities				
Note payable to University of Louisville Foundation, Inc.	1,000	1,000	–	–
Unearned compensation and wages payable	2,144	949	–	–
Deposits	1,769	1,142	–	–
Advances	5,945	6,542	–	–
Amounts due to federal government for student loan programs	16,335	17,311	–	–
Due to affiliate	–	–	36,870	47,030
Other post-retirement benefits	85,940	80,238	–	–
Other long-term liabilities	2,045	5,045	16,507	54,011
Lease payable	56,992	59,133		
Bonds and notes payable	282,493	288,547	1,038,818	131,481
Total noncurrent liabilities	454,663	459,907	1,092,195	232,522
Total liabilities	652,076	660,927	1,523,197	714,844
DEFERRED INFLOWS OF RESOURCES	719,905	742,119	–	–
NET POSITION				
Net investment in capital assets	792,372	800,249	–	–
Restricted:				
Nonexpendable	1,831	1,868	636,969	650,132
Expendable	75,293	73,377	288,012	324,889
Unrestricted	169,992	110,778	902,748	779,244
Total net position	1,039,488	986,272	1,827,729	1,754,265
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 2,411,469	\$ 2,389,318	\$ 3,350,926	\$ 2,469,109

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, 2022 and 2021
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2022	2021	2022	2021
OPERATING REVENUES				
Gross tuition and fees	\$ 335,805	\$ 333,392	\$ —	\$ —
Less: scholarship allowance	(95,745)	(101,887)		
Student tuition and fees, net	240,060	231,505		
Clinical services and practice plan	404,628	388,069	—	—
Patient service revenue	—	—	2,023,518	1,719,742
Federal grants and contracts	97,217	82,197	—	—
State and local grants and contracts	16,370	9,169	—	—
Nongovernmental grants and contracts	18,436	16,052	—	—
Sales and services of educational departments	1,884	1,629	—	—
Facilities and administrative cost recoveries	38,714	32,434	—	—
Auxiliary enterprises, net of discount of \$2,190 in 2022 and \$2,169 in 2021	16,961	13,493	—	—
Intercollegiate athletics	96,940	62,384	—	—
Other operating revenue	16,322	13,251	208,718	245,460
Total operating revenue	947,532	850,183	2,232,236	1,965,202
OPERATING EXPENSES				
Instruction	260,430	241,422	—	—
Research	158,936	151,233	—	—
Public service	172,005	147,573	—	—
Academic support	169,431	165,474	—	—
Student services	35,894	30,187	—	—
Institutional support	90,985	79,059	2,028,753	1,804,958
Operation and maintenance of plant	64,502	52,147	—	—
Scholarships and fellowships	58,654	35,920	—	—
Auxiliary enterprises	8,400	7,266	—	—
Intercollegiate athletics	121,536	84,272	—	—
Depreciation and amortization	61,983	63,128	55,766	47,723
Contributions to affiliates	—	—	56,161	49,903
Total operating expense	1,202,756	1,057,681	2,140,680	1,902,584
Operating (loss) revenue	(255,224)	(207,498)	91,556	62,618

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, 2022 and 2021
(in thousands)

	University of Louisville		Discretely Presented Component Units	
	2022	2021	2022	2021
NONOPERATING REVENUES (EXPENSES)				
State appropriations	131,725	125,420	—	—
Gifts and donations	33,220	21,322	50,310	38,636
Nonexchange grants and contracts	84,180	76,083	—	—
Contributions from University of Louisville Foundation, Inc.	44,481	42,412	—	—
Investment income	941	1,159	(32,792)	256,231
Realized and unrealized gain on investments	(1,436)	908	—	—
Interest expense	(11,060)	(13,234)	—	—
Other nonoperating revenue (expense)	16,591	15,352	(35,610)	(29,599)
Net nonoperating revenue	298,642	269,422	(18,092)	265,268
Income after other revenue, expense, gains and losses	43,418	61,924	73,464	327,886
Capital appropriations	169	120	—	—
Capital gifts	9,629	8,782	—	—
Total other revenue	9,798	8,902	—	—
Increase in net position	53,216	70,826	73,464	327,886
NET POSITION				
Net position - beginning of year	986,272	915,446	1,754,265	1,426,379
Net position - end of year	\$ 1,039,488	\$ 986,272	\$ 1,827,729	\$ 1,754,265

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, 2022 and 2021
(in thousands)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	\$ 242,031	\$ 226,395
Clinical services and practice plan	389,095	377,123
Grants and contracts	134,296	82,642
Sales and services of educational departments	1,884	1,629
Payments to suppliers, vendors and contractors	(349,646)	(274,643)
Payments for utilities	(23,223)	(21,803)
Payments to employees	(555,038)	(523,106)
Payments for benefits	(148,212)	(114,243)
Payments for scholarships and fellowships	(62,758)	(39,623)
Loans issued to students	(4,902)	1,975
Auxiliary enterprises	14,428	11,422
Facilities and administrative cost recoveries	38,714	32,434
Intercollegiate athletics	92,599	65,199
Other receipts	10,158	13,293
Net cash used by operating activities	(220,574)	(161,306)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	131,725	125,420
Gifts	32,392	23,778
Nonexchange grants and contracts	84,180	76,083
Contributions from related entities	44,898	41,408
Due from affiliates	3,608	(9,606)
Draw on line of credit	—	9,000
Other noncapital financing activities	16,590	1,385
Net cash provided by noncapital financing activities	313,393	267,468
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital appropriations received	169	120
Capital gifts received	9,629	8,782
Purchases of capital assets	(54,449)	(47,075)
Proceeds from issuance of bonds, notes payables, and contracts	21,363	72,110
Payment of issuance costs	—	2,329
Principal paid on bonds and notes payable	(19,701)	(49,443)
Interest paid on bonds, notes payable, and contracts	(12,597)	(13,262)
Deposits with bond trustee and escrow agent	(83)	1,010
Other capital financing	8,375	(85)
Net cash used by capital and related financing activities	(47,294)	(25,514)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	968,765	23,742
Purchase of investments	(1,030,391)	(35,816)
Interest on investments	1,429	2,908
Net cash used by investing activities	(60,197)	(9,166)
Net increase/(decrease) in cash and cash equivalents	(14,672)	71,482
Cash and cash equivalents - beginning of year	262,638	191,156
Cash and cash equivalents - end of year	\$ 247,966	\$ 262,638

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, 2022 and 2021
(in thousands)

	2022	2021
RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating loss	\$ (255,224)	\$ (207,498)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation and amortization	61,983	63,128
Loss on equipment disposals	1,737	(55)
Change in assets and liabilities:		
Loans, accounts and contributions receivable	4,828	(30,148)
Inventories	651	(833)
Other assets	1,131	(1,613)
Other long-term assets	193	199
Accounts payable and accrued liabilities	(3,419)	21,720
Advances	(8,997)	136
Deposits	627	81
Due from Affiliates	(1,081)	287
Unearned compensation and wages payable	778	(2,762)
Other long-term liabilities	1,056	4,999
Deferred outflows of resources	(2,623)	(4,598)
Deferred inflows of resources	(22,214)	(4,349)
Net cash used by operating activities	\$ (220,574)	\$ (161,306)
NON CASH TRANSACTIONS:		
Accrued liabilities for capital asset additions	\$ 2,236	\$ 3,486
Gifts of capital assets	\$ 353	\$ 409
Loss on disposal of assets	\$ 1,737	\$ (55)
Amortization of bond premium and discount	\$ (1,976)	\$ (3,436)

See notes to financial statements

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

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 use of different GAAP reporting models 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.

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 statement for each component unit are disclosed in Note 21.

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 and manage real and personal property for the benefit of the University.

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.

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UL Health is the parent corporation of two previously separately presented component units:

University of Louisville Physicians, Inc. (ULP) - The ULP is the corporate entity that houses the clinical practices of the faculty of the University's School of Medicine.

University Medical Center, Inc. (UMC) - The UMC was established to lease and operate the acute-care teaching hospital and related medical facilities.

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

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>

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 \$33 thousand and \$0.8 million as of June 30, 2022 and June 30, 2021, 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 \$14.9 million and \$14.6 million as of June 30, 2022 and June 30, 2021, 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 charges 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. 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.

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Investments held with the Foundation are invested under the policies and objectives established for the Foundation's general endowment pool as described in Note 21, Component Unit, subsection c, University of Louisville Foundation, Inc. and Affiliates.

f. Loans to Students

The University makes loans to students under various federal and other student loan programs. Such loans receivable are recorded net of estimated uncollectible amounts. The allowance for uncollectible loans netted against loans to students was approximately \$0.6 million at June 30, 2022 and 2021.

g. Inventories

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

h. 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 – 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.

The University does not capitalize interest cost of related borrowings as a component of construction in progress.

i. 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 asset position similar to assets. Deferred outflows of assets of \$19.1 million and \$17.3 million for the years ended June 30, 2022 and 2021, 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 \$2.6 million and \$3.4 million for the years ended June 30, 2022 and 2021 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 \$16.6 million and \$13.9 million for the years ended June 30, 2022 and 2021 represent amounts paid for employee healthcare after the actuarial measurement date but before the financial reporting date.

j. Unearned Compensation Expenses

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

k. Advances

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

Advances 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.

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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.

I. 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 in cash. 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 Social Security and Medicare taxes computed using rates in effect at that date.

m. Net Bond Premium

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

n. 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 \$719.9 million and \$742.1 million for the years ended June 30, 2022 and 2021, respectively, consist primarily of gain on bond refinancing of \$0.7 million, and \$1.0 million respectively. Postemployment benefit experience and assumptions changes of \$21.2 million and \$25.2 million, respectively, future revenues from leasing arrangements of \$32.6 million and 35.2 million, respectively, and services concession arrangements as described below.

The University entered into multi-year arrangements for food service and dining, bookstore concessions, and copy center concessions that meet the definition of service concession arrangements under GASB accounting guidance. The impact to the Statement of Net Position as of June 30, 2022, include \$32.6 million of deferred inflows of resources, \$12.8 million of long-term receivables and \$14.0 million of net capital assets recorded. The impact to the Statement of Net Position as of June 30, 2021 include \$35.2 million of deferred inflows of resources, \$14.0 million of long-term receivables and \$14.4 million of net capital assets recorded. Under the agreements, the University maintains ownership of the facilities, while the third parties will manage and operate the food service, bookstore, and copy center operations. There is no on-going liability to the University. The University's objectives for entering the agreements include improving the infrastructure surrounding these operations as well as to improve experience for customers.

o. 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 such as land, buildings, equipment and depreciable library materials, net of accumulated depreciation, related deferred outflows of resources reduced by 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.

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- 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, 2022 and 2021 (in thousands):

	2022	2021 (Restated)
Net investment in capital assets	\$ 792,372	\$ 800,249
Restricted - Nonexpendable		
Scholarships and fellowships	1,831	1,868
Restricted - Expendable		
Scholarships and fellowships	1,568	1,542
Research	21,103	14,304
Instruction	7,024	7,479
Public service	10,103	4,397
Academic support	305	180
Institutional support	15,186	10,003
Loans	2,787	2,908
Capital projects	2,232	10,847
Debt service	14,985	21,717
Unrestricted	169,992	110,778
Total net position	\$ 1,039,488	\$ 986,272

p. Revenue and Expense Classifications

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

Operating revenues – Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues are 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 received and the University provided no goods or services, include activities such as state appropriations, capital appropriations, Pell and other grants and contracts, gifts and contributions.

q. 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.

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r. 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.

s. 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.

t. 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.

u. 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.

v. Reclassification of Prior Years' Financial Statements

In the statements of net position, revenue expenses and changes in net position, and cash flows 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 statements. These reclassifications had no effect on the change in net position.

w. Recent Accounting Pronouncements and Restatement

As of June 30, 2022 the following GASB Statements were implemented which had a financial or disclosure impact on the financial statements.

GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-of-use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The University adopted the requirements of the guidance effective July 1, 2021 and has retroactively applied the provisions of this standard to the beginning of the period prior of adoption.

The Statement of Net Position as of June 30, 2021 was restated to reflect the asset, liability, deferred inflows and unrestricted net position balances as stated with the affect of the adoption. Current accounts receivable increased \$11.3 million, noncurrent accounts receivable increased \$675.1 million, accrued interest receivable increased \$1.3 million and deferred inflows of resources increased \$680.6 million in to reflect the affect of recording leases where the University is the landlord. Right-of-use assets of \$64.0 million, current lease payable of \$4.3 million, noncurrent

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lease payable of \$59.1 million, and accrued interest payable of \$59.1 thousand were established to reflect the affect of recording leases where the University is the tenant. Beginning net position was increased \$6.3 million (between a decrease of \$0.7 million net investment in capital assets and an increase of \$7.0 million) in unrestricted activities for the net effect of activities prior to July 1, 2020.

The following statements will be implemented in future reporting periods:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and availability Payment Arrangements. The objective of the pronouncement is to improve financial reporting related to public-private and public-public partnerships and availability payment arrangements. The University has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 96, Subscription Based Information Technology Arrangements. This pronouncement defines subscription-based information technology and provides guidance on accounting for the resulting capital and intangible assets and associated cost. The University has not yet adopted this standard and is evaluating the impact it may have on its financial statements.

GASB Statement No. 101, Compensated Absences. The statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The University has not yet adopted the standard and is evaluating the impact it may have on its financial statements.

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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, 2022 and 2021 are as follows (in thousands):

	2022	2021
Deposits	\$ 247,999	\$ 263,414
Investments	113,020	52,682
Total	\$ 361,019	\$ 316,096

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

	2022	2021
Cash and cash equivalents	\$ 220,996	\$ 206,674
Short-term investments	47,809	7,853
Deposit with bond trustee - current	33	776
Investments held with University of Louisville Foundation, Inc.	14,946	14,607
Restricted cash and cash equivalents	26,970	55,964
Investments held with University of Louisville Foundation, Inc.	3,400	3,410
Other long-term investments	46,865	26,812
Total	\$ 361,019	\$ 316,096

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.

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At June 30, 2022 and 2021, the University had deposits subject to custodial credit risk as follows (in thousands):

	2022		
	State Deposits	Overnight Investments	Total
Collateralized with securities held by pledging financial institution	\$ —	\$ (140,463)	\$ (140,463)
Collateralized with securities held by the Commonwealth in the Commonwealth's name	27,311	—	27,311
Total	\$ 27,311	\$ (140,463)	\$ (113,152)

	2021		
	State Deposits	Overnight Investments	Total
Collateralized with securities held by pledging financial institution	\$ —	\$ 45,445	\$ 45,445
Collateralized with securities held by the Commonwealth in the Commonwealth's name	52,312	—	52,312
Total	\$ 52,312	\$ 45,445	\$ 97,757

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 March 1, 2027.

As of June 30, 2022 and 2021, the University had investments subject to interest rate risk as reflected in the following schedules (in thousands):

	2022			
	Total	Less than 1 year	1-5 years	6-10 years
US Agency obligations	74,465	35,016	39,449	—
Other government obligations	19,646	12,794	6,852	—
Repurchase agreement	14,946	—	—	14,946
Total	\$ 109,057	\$ 47,810	\$ 46,301	\$ 14,946

	2021			
	Total	Less than 1 year	1-5 years	6-10 years
US Agency obligations	20,912	—	20,912	—
Other government obligations	11,982	6,839	5,143	—
Repurchase agreement	14,607	—	—	14,607
Certificates of deposit	1,015	1,015	—	—
Total	\$ 48,516	\$ 7,854	\$ 26,055	\$ 14,607

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

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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, 2022 and 2021, the University had the following investments exposed to credit risk as reflected in schedules below (in thousands):

	2022		
	Aaa	Not Rated	Total
Annuities	\$ 563	\$ —	\$ 563
Investment held with the University of Louisville Foundation, Inc.	—	3,400	3,400
Total	\$ 563	\$ 3,400	\$ 3,963

	2021		
	Aaa	Not Rated	Total
Annuities	\$ 756	\$ —	\$ 756
Investment held with the University of Louisville Foundation, Inc.	—	3,410	3,410
Total	\$ 756	\$ 3,410	\$ 4,166

e. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government'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, 2022 and 2021, 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, 2022 and 2021 is as follows:

	2022	2021
Investment in partnerships	54 %	50 %
Marketable alternatives	10 %	15 %
Mutual funds	21 %	19 %
Fixed income	11 %	10 %
Preferred and common stock	4 %	6 %
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, 2022 and 2021.

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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.

The University and component units do not have any investments classified as Level 3.

Net Asset Value (NAV) - 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 NAV per share (or its equivalent) of the investments.

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The table below presents the fair value measurements of assets and liabilities held by the University as of June 30, 2022 and 2021 (in thousands):

	2022				
	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
Investments					
US Agency obligations	74,465	74,465	–	–	–
Other governmental obligations	19,646	–	19,646	–	–
University of Louisville Foundation, Inc. investment fund	3,400	–	–	–	3,400
Total investments measured at fair value	\$ 97,511	\$ 74,465	\$ 19,646	\$ –	\$ 3,400

	2021				
	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
Investments					
US Agency obligations	20,912	20,912	–	–	–
Other governmental obligations	11,982	–	11,982	–	–
Certificate of deposit	1,015	1,015	–	–	–
University of Louisville Foundation, Inc. investment fund	3,410	–	–	–	3,410
Total investments measured at fair	\$ 37,319	\$ 21,927	\$ 11,982	\$ –	\$ 3,410

Investments held by the University measured at NAV (in thousands) as of June 30, 2022 and 2021 (in thousands):

	2022		
	Fair Value	Redemption Frequency	Redemption Notice Period
University of Louisville Foundation, Inc. investment fund	\$ 3,400	Various from any valuation day to quarterly	Various from 5 to 90 days
	2021		
	Fair Value	Redemption Frequency	Redemption Notice Period
University of Louisville Foundation, Inc. investment fund	\$ 3,410	Various from any valuation day to quarterly	Various from 5 to 90 days

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The table below presents the fair value measurements of assets and liabilities held by the discretely presented component units as of June 30, 2022 and 2021 (in thousands):

	2022				
	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	\$ 101,303	\$ 38,385	\$ 62,918	\$ —	\$ —
Mutual funds	195,579	195,579	—	—	—
Domestic marketable equity securities	34,748	34,748	—	—	—
Mortgage bonds	27,663	—	27,663	—	—
Asset backed bonds	9,933	—	9,933	—	—
Corporate bonds	91,028	—	91,028	—	—
Funds held in trust by others	63,360	—	63,360	—	—
Hedge funds	87,449	—	—	—	87,449
Investments in partnerships	478,467	—	—	—	478,467
Total investments measured at fair value	\$ 1,089,530	\$ 268,712	\$ 254,902	\$ —	\$ 565,916

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	2021				
	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	\$ 42,408	\$ 42,408	\$ —	\$ —	\$ —
Mutual funds	142,283	142,283	—	—	—
Corporate bonds	14,788	—	14,788	—	—
Funds held in trust by others	74,711	—	74,711	—	—
Hedge funds	137,470	—	—	—	137,470
Investments in partnerships	451,571	—	—	—	451,571
Total investments measured at fair value	\$ 863,231	\$ 184,691	\$ 89,499	\$ —	\$ 589,041

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, 2022 and 2021 are presented below (in thousands):

	2022			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	\$ 137,470	\$ —	Various from monthly to illiquid	Various from 30 to 90 days
Investments in partnerships	451,571	66,951	Various from monthly to illiquid	Various from 30 to 180 days

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	2021			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Hedge funds	\$ 129,057	\$ 1,000	Various from monthly to illiquid	Various from 30 to 90 days
Investments in partnerships	328,695	65,882	Various from monthly to illiquid	Various from 30 to 180 days

4. Loans, Accounts, and Contributions Receivable, Net

Loans, accounts, and contributions receivable, net as of June 30, 2022 and 2021 (in thousands):

	2022		
	Gross Receivable	Allowance	Net Receivable
Student tuition and fees	\$ 56,110	\$ (26,914)	\$ 29,196
Patient care	43,406	(18,425)	24,981
Contributions receivable	34,055	(5,109)	28,946
Sponsored agreements	37,245	(1,763)	35,482
Trade receivables	15,354	—	15,354
Rent receivables	677,983	—	677,983
Other	14,755	—	14,755
Total	\$ 878,908	\$ (52,211)	\$ 826,697
Less discount			(916)
Total Receivables			\$ 825,781
Current portion			113,344
Noncurrent portion			712,437

	2021 (Restated)		
	Gross Receivable	Allowance	Net Receivable
Student tuition and fees	\$ 53,902	\$ (23,345)	\$ 30,557
Patient care	46,777	(22,043)	24,734
Contributions receivable	34,982	(6,408)	28,574
Sponsored agreements	47,373	(3,671)	43,702
Trade receivables	9,396	—	9,396
Rent receivables	686,359	—	686,359
Other	16,566	—	16,566
Total	\$ 895,355	\$ (55,467)	\$ 839,888
Less discount			(903)
Total Receivables			\$ 838,985
Current portion			116,130
Noncurrent portion			722,855

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Contributions receivable consist primarily of charitable gifts totaling \$34.1 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 2.25% as of June 30, 2022.

Rent receivables are future payments due from tenants leasing the university's equipment or real estate, slated at their present value. Other receivables consist primarily of receivables under service concession arrangements as of June 30, 2022 and June 30, 2021.

Contributions receivable as of June 30, 2022 and 2021 are due to be received as follows (in thousands):

	2022	2021
Less than one year	\$ 10,195	\$ 10,893
One to three years	8,923	10,009
Greater than three years	13,937	14,080
Total gross contributions receivable	33,055	34,982
Less discount	(916)	(903)
Less allowance	(5,109)	(6,408)
Net contributions receivable	\$ 27,030	\$ 27,671

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.

5. Due From Affiliates

a. University of Louisville Foundation, Inc.

The Foundation receives, invests, manages and administers private gifts, bequests and endowments donated for the benefit of the University. The Foundation acts in a fiduciary capacity, distributing the donated and earned funds as required by the terms of the gifts and consistent with the donor's intent. The Foundation owed \$4.8 million and \$5.2 million to the University as of June 30, 2022 and 2021, respectively, to fund spending of these donations and earnings and is recorded in current due from affiliate.

b. University of Louisville Real Estate Foundation, Inc.

The University manages ULREF owned dorms, including collection of rents, payment of related expenses and managing the properties. No balances for rents collected were due or reimbursement of expenses owed as of June 30, 2022 and 2021. The ULREF has executed ground leases with the University for each of the managed dorms. The ground lease stipulates an annual rent based on a calculation of net available cash flow for each dorm. For the year ending June 30, 2021 there were no rents earned. For the year ending June 30, 2022, \$1.1 million in rents were earned and included in current due from affiliates.

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

In June 2016, the Research Foundation received a \$5.9 million unsecured, noninterest bearing note from University of Louisville Physicians, Inc. (ULP), an affiliate entity, for past due fees owed the Research Foundation. ULP repaid \$0.8 million of the outstanding balance during the years ended June 30, 2022 and 2021, respectively. The outstanding note balance is \$2.4 million as of June 30, 2022 with \$0.8 million in current due from affiliate and the remaining \$1.6 million in noncurrent due from affiliate.

The University has receivables from ULP due through the normal course of business and reflected in loans, accounts and contributions receivable, net in the Statements of Net Position. As of June 30, 2022 receivables of \$12 thousand and \$0.1 million, respectively were due.

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d. University Medical Center, Inc. (UMC)

The University has receivables from UMC due through the normal course of business and reflected in loans, accounts and contributions receivable, net in the Statements of Net Position. As of June 30, 2022 and 2021, receivables of \$0 million and \$5.2 million were due, respectively.

e. UL Health, Inc. (UL Health)

In relation to the academic and programmatic support provided by UL Health, Inc. to the Research Foundation, UL Health, Inc.'s Board of Directors approved additional academic mission support of \$23.0 million and \$33.2 million for the years ended June 30, 2022 and 2021, payables to the Research Foundation over three years. During fiscal year 2022, the Research Foundation received payments of \$10.6 million related to the agreement with UL Health. As of June 30, 2022, the remaining balance due to the Research Foundation is \$54.2 million and is reported in current and noncurrent due from affiliates based on when receipt of payment is expected.

The University has receivables from UL Health due through the normal course of business and reflected in loans, accounts and contributions receivable, net in the Statements of Net Position. As of June 30, 2022 and 2021, receivables of \$8.4 million and \$3.6 million were due, respectively.

6. **Capital and Intangible Assets, Net**

Capital assets and intangible assets as of June 30, 2022 and 2021 are as follows (in thousands):

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
2022					
Cost - Nondepreciable					
Land	\$ 58,425	\$ —	\$ —		\$ 58,425
Rare books	48,468	28	—		48,496
Construction in progress	37,752	40,304	—	(37,950)	40,106
Subtotal	144,645	40,332	—	(37,950)	147,027
Cost - Depreciable					
Buildings	1,501,606	2,233	(9,261)	37,950	1,532,528
Infrastructure	53,907	71	—	—	53,978
Land improvements	21,471	—	(161)	—	21,310
Equipment	235,521	10,491	(1,062)	—	244,950
Leasehold improvements	2,117	—	—	—	2,117
Library materials	177,375	1,074	—	—	178,449
Right-of-use asset	69,538	3,023	—	—	72,561
Subtotal	2,061,535	16,892	(10,484)	37,950	2,105,893
Total capital and intangible assets, cost	2,206,180	57,224	(10,484)	—	2,252,920
Accumulated depreciation					
Buildings	678,554	41,204	(7,599)	—	712,159
Infrastructure	7,489	901	—	—	8,390
Land improvements	6,446	603	—	—	7,049
Equipment	205,158	11,157	(979)	—	215,336
Leasehold improvements	1,816	64	—	—	1,880
Library materials	167,360	2,436	—	—	169,796
Right-of-use asset	5,509	5,618	—	—	11,127
Total accumulated depreciation	1,072,332	61,983	(8,578)	—	1,125,737
Capital and intangible assets, net	\$ 1,133,848	\$ (4,759)	\$ (1,906)	\$ —	\$ 1,127,183

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	2021 (Restated)				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 58,425	\$ —	\$ —	\$ —	\$ 58,425
Rare books	48,382	86	—	—	48,468
Construction in progress	5,233	34,993	—	(2,474)	37,752
Subtotal	112,040	35,079	—	(2,474)	144,645
Cost - Depreciable					
Buildings	1,498,062	1,070	—	2,474	1,501,606
Infrastructure	53,907	—	—	—	53,907
Land improvements	21,471	—	—	—	21,471
Equipment	226,500	12,037	(3,016)	—	235,521
Leasehold improvements	2,117	—	—	—	2,117
Library materials	176,111	1,264	—	—	177,375
Right-of-use asset	—	69,538	—	—	69,538
Subtotal	1,978,168	83,909	(3,016)	2,474	2,061,535
Total capital and intangible assets, cost	2,090,208	118,988	(3,016)	—	2,206,180
Accumulated depreciation					
Buildings	636,269	42,285	—	—	678,554
Infrastructure	6,591	898	—	—	7,489
Land improvements	5,873	573	—	—	6,446
Equipment	197,026	11,122	(2,990)	—	205,158
Leasehold improvements	1,755	61	—	—	1,816
Library materials	164,519	2,841	—	—	167,360
Right to use asset	—	5,509	—	—	5,509
Total accumulated depreciation	1,012,033	63,289	(2,990)	—	1,072,332
Capital and intangible assets, net	\$ 1,078,175	\$ 55,699	\$ (26)	\$ —	\$ 1,133,848

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following at June 30, 2022 and 2021 (in thousands):

	2022	2021 (Restated)
Salaries and benefits	\$ 37,913	\$ 37,319
Payroll taxes	26,269	36,265
Construction	4,046	3,486
Accrued interest	4,662	5,022
Other	40,370	31,718
Total	\$ 113,260	\$ 113,810

Accrued interest includes \$1.3 million relate to leases payable as of June 30, 2022 and 2021.

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8. Line of Credit

The University received a line of credit with a financial institution in the form of a revenue anticipation note on July 1, 2020 in the amount of \$50 million with a maturity date of June 30, 2021. Advances on the line of credit bear interest at the daily LIBOR plus 1.25%. No draws were made from the available credit through its expiration. The University renewed the line of credit on July 1, 2022 with a maturity date of June 30, 2023 with substantially the same terms as the original line of credit.

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 line of credit converts to a 20-year note May 31, 2023 with principal and interest payments through April 30, 2043. The interest rate on the new loan at conversion is fixed at 2.93%. There were no draws on the line of credit during the year ending June 30, 2022. The balance of the line of credit is \$9.0 million as of June 30, 2022.

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 2067 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 Association does not have any leases subject to a residual value guarantee.

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

	Net asset balance as of June 30, 2022
Building	\$ 60,803
Land	632
Total	\$ 61,435

See Note 6, Capital Assets for balances of right-of-use assets and associated accumulated depreciation. See Note 12 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:

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For the year ending June 30,	Principal	Interest
2023	\$ 4,832	\$ 1,734
2024	4,307	1,612
2025	2,736	1,510
2026	2,782	1,429
2027	2,455	1,352
2028-2032	12,079	5,690
2033-2037	12,038	3,870
2038-2042	12,770	1,985
2043-2047	7,608	264
2048-2052	43	31
2053-2057	50	24
2058-2062	58	16
2063-2067	67	6
Future minimum lease payments	\$ 61,824	\$ 19,525

The University leases operating and office facilities from an affiliated party, and a related right-to-use lease asset and liability have been recorded. The leases provide for minimum annual lease payments totaling \$1.3 million expiring at various times through 2038, plus variable payments based on usage.

b. Lessor Arrangements

The University leases operating, office space and hospitals 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 Research Foundation's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. During the years ended June 30, 2022 and 2021, the University recognized revenues relating to these lease arrangements totaling \$28.2 million and \$27.6 million, respectively. Of those receipts, \$26.7 million was received from a related party during each respective year.

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10. Bonds, Notes, and Contracts

Long-term debt, net of discount, of the University consisted of the following at June 30, 2022 and 2021 (in thousands):

	Interest Rate	Fiscal Year of Maturity	2022	2021
General Receipts Bonds:				
Series B of 2010	5.5%	2028	20,942	20,942
Series A of 2011	4.0% to 5.0%	2032	—	1,565
Series A of 2012	5.0%	2023	1,635	3,190
Series A of 2016	2.0% to 5.0%	2036	9,435	10,275
Series B of 2016	3.0% to 5.0%	2028	15,025	17,270
Series C of 2016	2.0% to 4.0%	2029	38,370	43,050
Series D of 2016	3.0% to 5.0%	2036	45,295	45,295
Series E of 2016	2.2% to 3.0%	2023	1,055	2,185
Series F of 2016	5.0%	2028	15,540	17,715
Series A of 2020	2.0% to 5.0%	2051	45,320	45,320
Series A of 2021	1.5%	2032	20,980	21,400
Series B of 2021	2.0% to 5.0%	2051	39,300	39,450
Notes from direct placement	2.9%	2043	14,855	11,000
Contracts	1.8% to 10.7%	2021 to 2033	30,551	17,986
Total long-term debt			298,303	296,643
Net unamortized premium			11,372	13,347
Long-term debt, net			\$ 309,675	\$ 309,990

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

	2022					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Bonds payable	\$ 267,657	\$ —	\$ (14,760)	\$ 252,897	\$ 17,025	\$ 235,872
Notes from direct placement	11,000	4,979	(1,124)	14,855	465	14,390
Contracts	17,986	16,383	(3,817)	30,552	7,930	22,622
Total	296,643	21,362	(19,701)	298,304	25,420	272,884
Less amortized net (discount)/ premium	13,347	—	(1,976)	11,371	1,762	9,609
Net long-term debt	\$ 309,990	\$ 21,362	\$ (21,677)	\$ 309,675	\$ 27,182	\$ 282,493

	2021					
	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Noncurrent Portion
Bonds payable	\$ 241,277	\$ 60,850	\$ (34,470)	\$ 267,657	\$ 15,390	\$ 252,267
Notes from direct placement	5,156	11,000	(5,156)	11,000	—	11,000
Contracts	27,543	260	(9,817)	17,986	4,282	13,704
Total	273,976	72,110	(49,443)	296,643	19,672	276,971
Less amortized net (discount)/ premium	14,329	2,454	(3,436)	13,347	1,771	11,576
Net long-term debt	\$ 288,305	\$ 74,564	\$ (52,879)	\$ 309,990	\$ 21,443	\$ 288,547

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Principal maturities and interest 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
2023	\$ 17,025	\$ 9,290	\$ 465	\$ 274	\$ 7,930	888
2024	16,460	8,664	1,382	443	5,000	586
2025	16,060	8,057	1,032	400	3,578	459
2026	16,410	7,423	782	369	3,385	366
2027	17,080	6,761	775	342	2,920	277
2028-2032	81,507	19,924	10,419	1,050	7,329	420
2033-2037	38,390	9,958	—	—	409	11
2038-2042	15,815	5,499	—	—	—	—
2043-2047	17,960	3,351	—	—	—	—
2048-2052	16,190	872	—	—	—	—
Total	\$ 252,897	\$ 79,798	\$ 14,855	\$ 2,878	\$ 30,551	\$ 3,007

The University has capitalized leased equipment with a net book value of \$3.1 million as of June 30, 2022 and 2021,

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. Total principal and interest remaining on the bond debt is \$332.7 million, with annual requirements ranging from \$4.3 million in 2037 to \$42.0 million in 2028.

As of June 30, 2022 and 2021, investments at fair value totaling approximately \$15.0 million and \$15.4 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 project financed consists 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 to 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 expects to receive a cash subsidy payment 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, 2011 Series A

In August 2011, the University issued \$33.8 million of University of Louisville, General Receipts Bonds, 2011 Series A at a total interest cost of 3.6%. The project financed consists of a 128,700 square foot student recreation center. Features include six basketball courts, an indoor running track, a synthetic surface multi-activity court, three aerobics studios, a fitness lab, four racquetball courts, multipurpose activity space, and nearly 20,000 square feet of weight and cardiovascular equipment. Final maturity of the bonds is September 1, 2031. These bonds were partially refunded by the issuance of General Receipts Bonds 2021 Series A. The final maturity due to the refunding is September 1, 2021. The balance remaining of the General Receipts Bonds 2011 Series A is \$1.6 million as of June 30, 2021.

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University of Louisville General Receipts Bonds, 2012 Series A

In June 2012, the University issued \$14.6 million of University of Louisville, General Receipts Bonds, 2012 Series A at a total interest cost of 2.1%. The bonds were issued to advance refund \$13.5 million of Consolidated Educational Buildings Revenue Bonds Series N (Series N) with a weighted average interest rate of 3.9% and \$5.3 million of Consolidated Educational Buildings Revenue Bonds Series O (Series O) with a weighted average interest rate of 4.1% (combined, the prior bonds). Final maturity on the 2012 Bonds is March 1, 2023.

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 currently 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 Bonds 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 bonds 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 and Taxable General Receipts Bonds, 2016 Series E

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% and \$5.4 million of University of Louisville, Taxable General Receipts Bonds, 2016 Series E at a total interest cost of 2.5%. The proceeds of the 2016 Series D Bonds and the 2016 Series E Bonds will be used by the University to finance the expansion of the University's Papa John's Cardinal Stadium. Final maturity on the 2016 Series D and Series E Bonds is March 1, 2036 and March 1, 2023, respectively.

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 will be 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

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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 have been deposited in escrow and will be 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. The University will reduce its total debt service payments over the next ten years by \$4.2 million and realize net present value savings of approximately \$3.8 million as a result of the refinancing.

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 will be 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, 2051.

Notes from Direct Placement

In April 2021, the Association entered into a \$11 million term loan with a financial institution. The loan is secured by collateral, including funds and revenues of the Association and third-party pledges to the Association. Principal repayments will begin May 31, 2023 as the note carries an interest only period ending on April 30, 2023. The interest rate on the new loan is fixed at 2.93%. The balance of the term loan is \$11 million as of June 30, 2022.

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 is \$3.9 million as of June 30, 2022.

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.

11. 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, 2022 and 2021.

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12. Other Liabilities

Other liabilities of the University are summarized at June 30, 2022 and 2021 (in thousands):

	2022					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	2,486	5,387	(4,609)	3,264	1,120	2,144
Deposits	1,142	1,257	(630)	1,769	–	1,769
Advances	57,436	349,498	(358,970)	47,964	42,019	5,945
Amounts due federal government for student loan program	17,311	2	(978)	16,335	–	16,335
Leases payable	63,469	2,811	(4,456)	61,824	4,832	56,992
Other long-term liabilities	5,045	–	(3,000)	2,045	–	2,045
Total	\$ 146,889	\$ 358,955	\$ (372,643)	\$ 133,201	\$ 47,971	\$ 85,230

	2021 (Restated)					
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Noncurrent Portion
Unearned compensation and wages payable	5,248	2,203	(4,965)	2,486	1,537	949
Deposits	1,061	520	(439)	1,142	–	1,142
Advances	54,844	389,615	(387,023)	57,436	50,894	6,542
Amounts due federal government for student loan program	17,145	291	(125)	17,311	–	17,311
Leases payable	–	69,538	(6,069)	63,469	4,336	59,133
Other long-term liabilities	6,130	–	(1,085)	5,045	–	5,045
Total	\$ 84,428	\$ 462,167	\$ (399,706)	\$ 146,889	\$ 56,767	\$ 90,122

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13. Natural Classification

The University's operating expenses by natural classification were as follows for the years ended June 30, 2022 and 2021 (in thousands):

	2022					
	Salary and wages	Employee Benefits	Utilities	Scholarships and fellowships	Supplies and other	Total
Instruction	\$ 193,660	\$ 50,673	\$ 10	\$ 1,404	\$ 14,683	\$ 260,430
Research	87,213	22,771	40	1,709	47,203	158,936
Public service	52,809	13,778	47	288	105,083	172,005
Academic support	83,661	20,791	137	1,022	63,820	169,431
Student services	18,451	6,325	125	61	10,932	35,894
Institutional support	49,361	12,880	—	(31)	28,775	90,985
Operation and maintenance of plant	14,603	5,230	21,416	272	22,981	64,502
Scholarships and fellowships	4,463	982	—	52,400	809	58,654
Auxiliary enterprises	1,651	636	664	(179)	5,628	8,400
Intercollegiate athletics	45,311	8,795	958	5,812	60,660	121,536
Depreciation and amortization	—	—	—	—	—	61,983
Total	\$ 551,183	\$ 142,861	\$ 23,397	\$ 62,758	\$ 360,574	\$ 1,202,756

	2021 (Restated)					
	Salary and wages	Employee Benefits	Utilities	Scholarships and fellowships	Supplies and other	Total
Instruction	\$ 183,884	\$ 43,599	\$ 7	\$ 1,190	\$ 12,742	241,422
Research	87,355	19,611	43	1,040	43,184	151,233
Public service	52,491	11,602	40	254	83,186	147,573
Academic support	83,998	18,026	75	1,070	62,305	165,474
Student services	16,764	5,511	125	108	7,679	30,187
Institutional support	46,184	7,257	—	178	25,440	79,059
Operation and maintenance of plant	13,410	5,083	20,098	229	13,327	52,147
Scholarships and fellowships	4,346	782	—	30,219	573	35,920
Auxiliary enterprises	1,392	467	704	(248)	4,951	7,266
Intercollegiate athletics	35,789	7,458	895	5,583	34,547	84,272
Depreciation and amortization	—	—	—	—	—	63,128
Total	\$ 525,613	\$ 119,396	\$ 21,987	\$ 39,623	\$ 287,934	\$ 1,057,681

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14. 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 between \$500 and \$1,000,000 per occurrence. Losses in excess of \$1,000,000 are insured by commercial carriers up to \$1.2 billion per occurrence on an actual cash value basis. 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 \$200,000 for any one person and \$350,000 for multiple claims resulting from a single act of negligence. 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 2021 to 2022. Settlements have not exceeded insurance coverage during the past three years.

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 also has the benefit of an excess coverage fund established by the Commonwealth of Kentucky.

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, 2022 and 2021, respectively, was approximately \$71.3 million and \$68.2 million, including \$5.9 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, 2022, June 30, 2021, and June 30, 2020 (in thousands):

Fiscal year ended June 30,	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2022	\$ 5,449	\$ 71,711	\$ (71,304)	\$ 5,856
2021	\$ 5,287	\$ 68,376	\$ (68,214)	\$ 5,449
2020	\$ 5,189	\$ 61,615	\$ (61,517)	\$ 5,287

15. Funding from Higher Education Relief Funds

The Federal Government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 on December 27, 2020, and the American Rescue Plan Act of 2021 on March 11, 2021, all of which included funding for the Higher Education Emergency Relief Fund (HEERF). These funds were awarded to institutions of higher education in multiple allotments. The University received funding in two allotments: institutional aid to provide support for pivoting instruction to online delivery, and a student portion to provide emergency financial aid grants to students. The University received allocations totaling \$31.3 million for financial aid grants and \$39.2 million for institutional aid. As of June 30, 2022, all of the funding had been utilized. These revenues are included in nonexchange grants and contracts in Nonoperating revenue (expenses) while expenses are reported in institutional and scholarship in the operating expense section of the Statements of Revenues, Expenses, and Changes in Net Position.

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16. Retirement Plans

a. Defined Contribution Plan

Permanent, full-time University employees become eligible to participate in a defined contribution plan administered by the University upon completion of one year's service and attainment of age 21. The University of Louisville 403(b) Retirement Plan (Plan) was established by the University and approved by the Board of Trustees. The plan requires three years of continuous service for employees to vest in employer contributions.

From plan inception through April 30, 2020, eligible employees not contributing to the Retirement Plan were entitled to a 7.5% of base salary contribution on their behalf from the University and an additional match of 2.5% employee contributions. The University amended the Retirement Plan during and discontinued base salary and matching contributions from May 1, 2020 through July 30, 2020. Beginning August 1, 2020, base salary and matching contributions were reinstated with an amendment to the plan where eligible employees not contributing to the Retirement Plan are entitled to a 2.5% match of base salary and an additional contribution of 2.5%. The plan was further amended February 1, 2021, the additional contribution was increased to 6.0% to increase the additional contribution to 6% and amended again on July 1, 2021 to 7.5%.

Other information relating to this plan for the years ended June 30, 2022 and 2021 is presented as follows (in thousands):

	2022	2021
Total University payroll	\$ 556,154	\$ 530,287
Total payroll covered by the plan	\$ 528,172	\$ 514,324
Employee contributions	\$ 33,869	\$ 31,877
University contributions	\$ 37,628	\$ 22,134

As of June 30, 2022 and 2021, the University had no outstanding liability related to the Retirement Plan and \$193 thousand and \$42 thousand 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, 2022 and June 30, 2021. 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, 2022 and 2021 are as follows (in thousands):

	2022	2021
Actuarial present value of nonvested accumulated plan benefits	\$ 479	\$ 558
Net assets available for benefits	\$ 965	\$ 1,026
Net pension surplus	\$ (486)	\$ (468)
Funded ratio	201 %	184 %

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, 2022 and 2021, for preretirement and postretirement periods.

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17. Postemployment Healthcare Benefits

a. Plan Description

University 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.

At July 1, 2022, the following employees were covered by the benefit terms.

Inactive plan members	1,586
Active plan members	4,701
Total	6,287

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, 2022 and 2021, the University contributed approximately \$3.7 million and \$3.5 million to the Plan, approximately 80% and 78% of total premiums, respectively. Retired Plan members under age 65 receiving benefits contributed approximately \$924 thousand and \$956 thousand, approximately 25% and 27% of total premiums for the years ended June 30, 2022 and 2021, respectively. Health plan rates remained unchanged for the year ended June 30, 2022. Retired Plan members made monthly contributions according to the rate schedule below.

	PPO		EPO		PCA High		PCA Low	
Employee	\$	364	\$	385	\$	306	\$	257
Employee and Spouse	\$	874	\$	924	\$	734	\$	617

Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For the years ended June 30, 2022 and 2021, the University contributed \$2.2 million and \$2.1 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 an actuarial valuation as of June 30, 2020. The total OPEB liability in the June 30, 2020 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 cost trend rates	6.4% for 2021, decreasing 0.10%-0.25% per year to an ultimate rate of 4.15% for 2034 and later 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 is 1.92% as of the Measurement Date, 2.45% as of the beginning of the Measurement Period.

The following table shows the components of the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation on the following page (in thousands):

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	Total OPEB Liability
Balances at 6/30/2021	\$ 80,238
Changes for the year:	
Service cost	2,795
Interest	1,956
Differences between expected and actual experience	(458)
Changes of assumptions	4,967
Benefit payments	(3,558)
Net Changes	5,702
Balances at 6/30/2022	\$ 85,940

The following reflects the sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rate (in thousands):

	1% Decrease (0.92)%	Discount Rate (1.92)%	1% Increase (2.92)%
Sensitivity of OPEB Liability to Changes in Discount Rate	\$ 96,719	\$ 85,940	\$ 76,935

	1% Decrease (5.4)%	Healthcare Cost Trend Rates (6.4)%	1% Increase (7.4)%
Sensitivity of OPEB Liability to Changes in Medical Trend Rate	\$ 82,316	\$ 85,940	\$ 90,197

For the year ended June 30, 2022 the University recognized OPEB expense of \$2.7 million. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,151	\$ 3,651
Changes of assumptions	11,732	17,525
Contributions made in fiscal year ending 6/30/2022 after the measurement date of 6/30/2021	3,684	—
Total	\$ 16,567	\$ 21,176

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 related to OPEB will be recognized in OPEB expense on the following page:

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Year ended June 30:		
2023	\$	(2,032)
2024		(2,032)
2025		(2,032)
2026		(1,615)
2027		(1,515)
Thereafter		933
Total	\$	(8,293)

d. Funded Status and Funding Progress

As of June 30, 2020, the most recent actuarial valuation date, the plan was 0% funded. The unfunded OPEB liability for benefits was \$85.9 million and \$80.2 million and there were no assets, resulting in an unfunded net OPEB liability of \$85.9 million and \$80.2 million as of June 30, 2022 and 2021, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$434.9 million and \$490.2 million, and the ratio of the unfunded net OPEB liability to the covered payroll was 20% and 16%, for the years ended June 30, 2022 and 2021, respectively.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

e. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2020, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an annual healthcare cost trend rate of 6.4% initially, reduced by increments to an ultimate rate of 4.25% after 13 years. The increase in the benefit obligation recognized during the fiscal year ending June 30, 2020 was due to a change in the discount rate from 2.45% as of the beginning of the reporting year to 1.92% as of the measurement date, and updates to the retirement rates, participation rates and health care trend rates. The gains on the benefit obligation recognized during the fiscal year ended June 30, 2021 was due to updates made on expected future health claims and an increase in the discount rate from 2.45% as of the beginning of the reporting year to 1.92% as of the measurement date, and changes in the assumed per capita cost.

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18. Health Science Center Affiliations and Agreements

a. University Hospital Affiliation, Lease and Operating Agreements

During the fiscal year ending June 30, 2020 UMC became wholly owned by UL Health, Inc. UL Health, Inc. consolidated the management of existing hospital facilities and facilities obtained in acquisition with operations of UMC and ULP to optimize operations and management. UL Health, Inc.'s operating agreement with the University states that profitable operations in excess of budget will be shared equally with the university. The profit share contribution was \$22.3 million and \$33.2 million for the years ended June 30, 2022 and 2021, respectively.

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 run 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, 2022 and 2021, support totaling approximately \$150.1 million and \$113.7 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 \$84.5 million and \$74.7 million related academic, departmental and research support for June 30, 2022 and 2021, respectively. Norton made additional payments to the Research Foundation for professional services provided by clinical providers of \$2.3 million and \$3.4 million for the years ending June 30, 2022 and 2021, respectively.

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19. Commitments and Contingencies

a. Commitments

At June 30, 2022, the University had approximately \$29.4 million in encumbrances outstanding for future expenditures.

b. 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.

c. NCAA Investigation

The University received a Notice of Allegation from the NCAA on May 4, 2020 as a result of information obtained during the federal criminal charges against former Adidas representatives, and the subsequent investigation. A number of other university athletic programs with Adidas contracts similarly received a Notice of Allegation from the NCAA. The outcome of the NCAA's allegations against the University and the future impact on the financial position of the Association cannot be estimated at the time of issuance of the audited financial statements.

d. 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.

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20. 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, 2022 and 2021, are on the following pages (in thousands):

	2022			
	University	Research Foundation	Athletic Association	Total
Current assets	\$ 186,939	\$ 208,829	\$ 40,868	\$ 436,636
Other noncurrent assets	110,647	680,915	36,959	828,521
Capital assets, net	820,221	56,510	250,452	1,127,183
Total assets	1,117,807	946,254	328,279	2,392,340
Deferred outflows of resources	11,601	5,964	1,564	19,129
Total assets and deferred outflows of resources	1,129,408	952,218	329,843	2,411,469
Current liabilities	93,384	46,369	57,660	197,413
Noncurrent liabilities	253,916	38,035	162,712	454,663
Total liabilities	347,300	84,404	220,372	652,076
Deferred inflows of resources	58,958	659,534	1,413	719,905
Net investment in capital assets	613,648	51,519	127,205	792,372
Restricted-nonexpendable	–	–	1,831	1,831
Restricted-expendable	43,236	24,422	7,635	75,293
Unrestricted	66,266	132,339	(28,613)	169,992
Total net position	723,150	208,280	108,058	1,039,488
Total liabilities, deferred inflows of resources and net position	\$ 1,129,408	\$ 952,218	\$ 329,843	\$ 2,411,469

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	2021 (Restated)			
	University	Research Foundation	Athletic Association	Total
Current assets	\$ 189,418	\$ 169,702	\$ 44,683	\$ 403,803
Other noncurrent assets	126,525	678,488	29,349	834,362
Capital assets, net	816,869	59,465	257,514	1,133,848
Total assets	1,132,812	907,655	331,546	2,372,013
Deferred outflows of resources	10,282	5,438	1,585	17,305
Total assets and deferred outflows of resources	1,143,094	913,093	333,131	2,389,318
Current liabilities	109,308	35,203	56,509	201,020
Noncurrent liabilities	267,379	34,423	158,105	459,907
Total liabilities	376,687	69,626	214,614	660,927
Deferred inflows of resources	61,419	678,901	1,799	742,119
Net investment in capital assets	615,240	54,347	130,662	800,249
Restricted - nonexpendable	—	—	1,868	1,868
Restricted - expendable	37,808	17,536	18,033	73,377
Unrestricted	51,940	92,683	(33,845)	110,778
Total net position	704,988	164,566	116,718	986,272
Total liabilities, deferred inflows of resources and net position	\$ 1,143,094	\$ 913,093	\$ 333,131	\$ 2,389,318

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	2022			
	University	Research Foundation	Athletic Association	Total
Student tuition and fees, net	\$ 240,060	\$ —	\$ —	\$ 240,060
Clinical services and practice plan	6,530	398,098	—	404,628
Grants and contracts	—	132,023	—	132,023
Facilities and administrative cost recoveries	6	38,708	—	38,714
Other operating revenue	27,152	8,015	96,940	132,107
Total operating revenues	273,748	576,844	96,940	947,532
Depreciation	42,364	9,043	10,576	61,983
Other operating expenses	463,000	546,123	131,650	1,140,773
Total operating expenses	505,364	555,166	142,226	1,202,756
Operating gain (loss)	(231,616)	21,678	(45,286)	(255,224)
State appropriations	131,725	—	—	131,725
Gifts	693	5,488	27,039	33,220
Interest expense	(9,025)	(130)	(1,905)	(11,060)
Other nonoperating revenues	4,577	92,947	2,752	100,276
Capital appropriations	169	—	—	169
Capital gifts	—	—	9,629	9,629
Contributions from affiliates, net	44,481	—	—	44,481
Transfers	77,158	(76,269)	(889)	—
Total nonoperating revenues	249,778	22,036	36,626	308,440
Change in net position	18,162	43,714	(8,660)	53,216
Net position - beginning of year	704,988	164,566	116,718	986,272
Net position - end of year	\$ 723,150	\$ 208,280	\$ 108,058	\$ 1,039,488

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	2021 (Restated)			
	University	Research Foundation	Athletic Association	Total
Student tuition and fees, net	\$ 231,505	\$ —	\$ —	\$ 231,505
Clinical services and practice plan	7,948	380,121	—	388,069
Grants and contracts	—	107,418	—	107,418
Facilities and administrative cost recoveries	6	32,428	—	32,434
Other operating revenue	21,412	6,961	62,384	90,757
Total operating revenues	260,871	526,928	62,384	850,183
Depreciation	43,760	9,006	10,362	63,128
Other operating expenses	396,569	503,646	94,338	994,553
Total operating expenses	440,329	512,652	104,700	1,057,681
Operating gain (loss)	(179,458)	14,276	(42,316)	(207,498)
State appropriations	125,420	—	—	125,420
Gifts	75	2,905	18,342	21,322
Interest on capital asset-related debt	(11,437)	(161)	(1,636)	(13,234)
Other nonoperating revenues	4,704	85,409	3,389	93,502
Capital appropriations	120	—	—	120
Capital gifts	—	—	8,782	8,782
Contributions from affiliates, net	42,412	—	—	42,412
Transfers	34,273	(38,097)	3,824	—
Total nonoperating revenues	195,567	50,056	32,701	278,324
Change in net position	16,109	64,332	(9,615)	70,826
Net position - beginning of year	688,879	100,234	126,333	915,446
Application of accounting change	—	—	—	—
Net position - end of year	\$ 704,988	\$ 164,566	\$ 116,718	\$ 986,272

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2022				
	University	Research Foundation	Athletic Association	Total
Cash (used)/provided by:				
Operating activities	\$ (189,658)	\$ 16,142	\$ (47,058)	\$ (220,574)
Noncapital financing activities	237,096	51,894	24,403	313,393
Capital and related financing activities	(64,448)	(3,797)	20,951	(47,294)
Investing activities	(60,200)	—	3	(60,197)
Net (decrease)/increase in cash and cash equivalents	(77,210)	64,239	(1,701)	(14,672)
Cash and cash equivalents, beginning of year	194,072	42,542	26,024	262,638
Cash and cash equivalents, end of year	\$ 116,862	\$ 106,781	\$ 24,323	\$ 247,966

2021 (Restated)				
	University	Research Foundation	Athletic Association	Total
Cash (used)/provided by:				
Operating activities	\$ (131,527)	\$ 4,024	\$ (33,803)	\$ (161,306)
Noncapital financing activities	219,428	26,072	21,968	267,468
Capital and related financing activities	(30,506)	(7,525)	12,517	(25,514)
Investing activities	(12,247)	—	3,081	(9,166)
Net (decrease)/increase in cash and cash equivalents	45,148	22,571	3,763	71,482
Cash and cash equivalents, beginning of year	148,924	19,971	22,261	191,156
Cash and cash equivalents, end of year	\$ 194,072	\$ 42,542	\$ 26,024	\$ 262,638

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b. Discretely Presented Component Units

The combining schedule 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, 2022 and 2021 are as follows (in thousands):

2022				
	UL Foundation	UL RE Foundation	UL Health	Total
Current assets	\$ 31,243	\$ 16,983	\$ 1,074,270	\$ 1,122,496
Capital assets	48,915	145,713	298,346	492,974
Other noncurrent assets	950,504	93,631	691,321	1,735,456
Total assets	1,030,662	256,327	2,063,937	3,350,926
Current liabilities	15,820	4,205	410,977	431,002
Other noncurrent liabilities	45,600	61,725	984,870	1,092,195
Total liabilities	61,420	65,930	1,395,847	1,523,197
Restricted nonexpendable	636,969	—	—	636,969
Restricted expendable	272,986	—	15,026	288,012
Unrestricted	59,287	190,397	653,064	902,748
Total net position	969,242	190,397	\$ 668,090	1,827,729
Total liabilities and net position	\$ 1,030,662	\$ 256,327	\$ 2,063,937	\$ 3,350,926

2021				
	UL Foundation	UL RE Foundation	UofL Health	Total
Current assets	\$ 33,359	\$ 12,188	\$ 813,947	\$ 859,494
Capital assets	50,467	140,609	272,655	463,731
Other noncurrent assets	991,841	97,777	56,266	1,145,884
Total assets	1,075,667	250,574	1,142,868	2,469,109
Current liabilities	17,769	2,667	461,886	482,322
Other noncurrent liabilities	47,219	72,034	113,269	232,522
Total liabilities	64,988	74,701	575,155	714,844
Restricted nonexpendable	650,132	—	—	650,132
Restricted expendable	300,231	—	24,658	324,889
Unrestricted	60,316	175,873	543,055	779,244
Total net position	1,010,679	175,873	\$ 567,713	1,754,265
Total liabilities and net position	\$ 1,075,667	\$ 250,574	\$ 1,142,868	\$ 2,469,109

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	2022			
	UL Foundation	UL RE Foundation	UofL Health	Total
Patient revenue, net	\$ —	\$ —	\$ 2,023,518	\$ 2,023,518
Other operating revenue	9,085	34,803	164,830	208,718
Total operating revenue	9,085	34,803	2,188,348	2,232,236
Depreciation	2,224	8,919	44,623	55,766
Other operating expense	66,642	11,360	2,006,912	2,084,914
Total operating expense	68,866	20,279	2,051,535	2,140,680
Operating income (loss)	(59,781)	14,524	136,813	91,556
Gifts and donations	50,310	—	—	50,310
Investment income	(31,966)	—	(826)	(32,792)
Other nonoperating revenue (expense)	—	—	(35,610)	(35,610)
Total nonoperating revenue (expense)	18,344	—	(36,436)	(18,092)
Change in net position	(41,437)	14,524	100,377	73,464
Net position-beginning of year	1,010,679	175,873	567,713	1,754,265
Net position-end of year	\$ 969,242	\$ 190,397	\$ 668,090	\$ 1,827,729
	2021			
	UL Foundation	UL RE Foundation	UofL Health	Total
Patient revenue, net	\$ —	\$ —	\$ 1,719,742	\$ 1,719,742
Other operating revenue	8,338	21,357	215,765	245,460
Total operating revenue	8,338	21,357	1,935,507	1,965,202
Depreciation	2,931	9,027	35,765	47,723
Other operating expense	59,716	10,031	1,785,114	1,854,861
Total operating expense	62,647	19,058	1,820,879	1,902,584
Operating income (loss)	(54,309)	2,299	114,628	62,618
Gifts and donations	38,636	—	—	38,636
Investment income	254,220	—	2,011	256,231
Other nonoperating revenue (expense)	—	—	(29,599)	(29,599)
Total nonoperating revenue (expense)	292,856	—	(27,588)	265,268
Change in net position	238,547	2,299	87,040	327,886
Net position-beginning of year	772,132	173,574	480,673	1,426,379
Net position-end of year	\$ 1,010,679	\$ 175,873	\$ 567,713	\$ 1,754,265

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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. No modifications have been made to the Foundation's financial information in the University's financial statements for these differences.

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

Recent Accounting Pronouncements

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Non-financial Assets*. This ASU intends to improve the transparency of disclosures in the notes to financial statements by requiring distinct presentation of contributed non-financial assets within the statement of activities and clarification of the contributed non-financial assets by category within the notes. The ASU is effective for annual reporting periods ending after June 15, 2022, with early adoption permitted. The Foundation adopted this new standard for the fiscal year ended June 30, 2022.

2. 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 as 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.

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The composition of net assets by type of endowment fund at June 30, 2022 and 2021 was as follows (in thousands):

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 630,374	\$ 630,374
Board-designated endowment funds	35,510	170,066	205,576
	\$ 35,510	\$ 800,440	\$ 835,950

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 650,132	\$ 650,132
Board-designated endowment funds	36,987	176,329	213,316
	\$ 36,987	\$ 826,461	\$ 863,448

Changes in endowment net assets for the years ended June 30, 2022 and 2021 were as follows (in thousands):

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 36,987	\$ 826,461	\$ 863,448
Investment return:			
Investment and endowment income			—
Net appreciation	(448)	(11,019)	(11,467)
Total investment return	(448)	(11,019)	(11,467)
Contributions	—	6,467	6,467
Appropriations	(786)	(24,352)	(25,138)
Other changes	(243)	2,883	2,640
Endowment net assets, end of year	\$ 35,510	\$ 800,440	\$ 835,950

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 31,380	\$ 618,121	\$ 649,501
Investment return:			
Investment and endowment income	221	4,713	4,934
Net appreciation	10,160	210,686	220,846
Total investment return	10,381	215,399	225,780
Contributions	—	6,571	6,571
Appropriations	(660)	(22,045)	(22,705)
Other changes	(4,114)	8,415	4,301
Endowment net assets, end of year	\$ 36,987	\$ 826,461	\$ 863,448

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 or without donor restrictions and aggregated to approximately \$0.3 million and \$0 at June 30, 2022 and 2021, respectively, in net assets with donor restrictions. These deficiencies resulted from unfavorable

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market fluctuations that occurred after investment of contributions with donor restrictions. 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.

In April 2021, the Board of the Foundation approved a 3.00% spending policy for the fiscal year 2021-2022 for support to the academic units and allocated 1.00% for overall fundraising efforts and operations of the Foundation. The spending policy is based on a twelve-quarter moving average of certain market values as of December 31.

The Foundation has adopted an investment objective to preserve its purchasing power while providing a continuing, stable, and sustainable funding source to support the current and future mission of the University. The Foundation's investments seek to generate a total return that will exceed not only its spending rate, but also all expenses associated with managing the fund and the eroding effects of inflation. Investments are managed on a total return basis, consistent with the applicable standard of conduct set forth in the UPMIFA. The annual return (loss) for total endowment assets was (5.0%) and 34.0% in 2022 and 2021, respectively.

3. ULF - Investments and Investment Income

Investments as of June 30, 2022 and 2021, are as follows (in thousands):

	2022	2021
Cash equivalents	\$ 55,755	\$ 50,790
Alternate investments:		
Hedge Funds	87,449	137,470
Investments in partnerships	478,467	451,571
Mutual funds:		
Equity	168,635	153,005
Fixed Income	15,088	18,837
Marketable alternatives:		
Domestic marketable equity securities	34,748	50,996
Marketable debt securities:		
U.S. Treasury	38,385	42,408
Total Investments	\$ 878,527	\$ 905,077

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The Foundation invests in various securities, which 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 on the consolidated statements of financial position.

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

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.

The major portion of long-term 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.

4. ULF - Gurantees

a. Loans

In December 2010, ULF guaranteed 51% of the outstanding loan of Campus One. As of June 30, 2022 and 2021, the amount under guarantee was \$6.3 million and \$6.6 million, respectively.

The Foundation has not made any payments on these guarantees 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.

5. 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 \$27.0 million and \$35.0 million as of June 30, 202 and 2021, respectively.

The Foundation's portion of the market value of the remaining trusts was approximately \$32.0 million and \$40.0 million as of June 30, 2022 and 2021, respectively. These funds are invested in various equities and income-producing assets. For the years ended June 30, 2022 and 2021, the Foundation recorded (losses) income of (\$13.0) million and \$18 million, respectively, from these trusts, which is included in changes in funds held in trust by others on the consolidated statements of activities and changes in net assets.

6. 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,

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2022 and 2021, the Foundation held approximately \$3.4 million and \$3.5 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, 2022 and 2021, the Foundation held approximately \$10.4 million and \$10.7 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, 2022 and 2021, the Foundation held approximately \$270,000 and \$274,000, 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.

7. ULF - Transactions with ULREF

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 \$4.9 million and \$6.3 million for the years ended June 30, 2022 and 2021, respectively, 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, 2022 and 2021, the Foundation recorded approximately \$2.3 million in revenues from the University and related affiliates, which is included in net rental revenues and other revenues on the consolidated statements of activities and changes in net assets.

In connection with the assignment of certain membership interests to ULREF, the Foundation entered into a memorandum of agreement effective June 30, 2016, with ULREF and certain of its affiliates whereas ULREF promises, and agrees, to pay to the Foundation approximately \$28.9 million. The unpaid balances shall bear no interest. ULREF may make payments on the unpaid balance at any time, in whole or in part, without premium or penalty.

At June 30, 2022 and 2021, the net receivable from ULREF is \$8.6 million and \$12.1 million, respectively, and is included as due from ULREF on the consolidated statements of financial position. The amount due from ULREF is included within the endowment assets as of June 30, 2022 and 2021. See Note 7 for further information regarding the endowment.

d. University of Louisville Real Estate Foundation

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

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modifications have been made to ULREF's financial information in the University's financial statements for these differences.

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

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

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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 years ended June 30, 2022 and 2021, ULREF recorded approximately \$9.0 million and \$7.6 million, respectively, of TIF revenues.

2. ULREF - Capital Assets

Capital assets at June 30, 2022 and 2021, consist of the following (in thousands):

	2022	2021
Land and land improvements	\$ 52,442	\$ 49,642
Buildings	106,852	100,652
Building improvements	2,171	2,153
Tenant finish	3,669	3,542
Furniture, fixtures, and equipment	1,750	2,622
	166,884	158,611
Accumulated depreciation	(22,293)	(18,977)
Construction-in-progress	1,122	975
	\$ 145,713	\$ 140,609

3. ULREF - Acquired Lease Intangible Assets and Liabilities

The approximate carrying basis and accumulated amortization of recognized intangible assets and liabilities at June 30, 2022 and 2021, were as follows (in thousands):

	2022		2021	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and liabilities:				
In-place leases	\$ 354	\$ (321)	\$ 354	\$ (310)
Above-market leases	2,917	(897)	2,917	(774)
Tax incremental financing	116,600	(29,785)	116,600	(25,421)

Amortization expense for each of the years ended June 30, 2022 and 2021, was approximately \$4.5 million and \$4.6 million, respectively.

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At June 30, 2022, the amortization for acquired TIF intangibles, in-place leases, and above- and below-market leases, net during the next five years and thereafter, assuming no early lease terminations, is as follows (in thousands):

	In-Place Leases	Above- Market Leases	Tax Incremental Financing
2023	\$ 11	\$ 123	\$ 4,364
2024	11	123	4,364
2025	9	123	4,364
2026	2	123	4,364
2027	—	123	4,364
Thereafter	—	1,405	64,995
Total	\$ 33	\$ 2,020	\$ 86,815

4. ULREF - Debt

Debt in the consolidated statements of financial position at June 30, 2022 and 2021 consists of the following (in thousands):

Description	Fiscal Year of Maturity	2022	2021
Permanent Financing- 22 Preston LLC	2024	7,940	8,406
Note Payable - KYT, LLC	2023	8,000	12,000
Northwestern Mutual Loan- Housing	2038	37,090	38,546
Debt		\$ 53,030	\$ 58,952
Less debt issuance costs		(393)	(451)
Total debt		\$ 52,637	\$ 58,501

Preston had a construction loan agreement with a bank with a maximum draw available amount of \$10.1 million, which was secured by Preston's real estate and assignment of lease. The terms of the agreement required Preston to maintain a debt service coverage ratio of 1.00 to 1.00, which was measured annually on December 31.

In June 2016, KYT entered into a note payable with a financial institution to refinance \$19.5 million borrowed in relation to the purchase of property adjacent to the University in 2008. The note is collateralized by mortgages on properties and a guarantee from Cardinal Station, LLC and ULREF. ULREF is subject to certain financial covenants under the terms of the note and is in compliance with such covenants at June 30, 2021.

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A summary of scheduled principal payments on the above obligations is as follows (in thousands):

Year ending June 30:	
2023	\$ 1,863
2024	17,067
2025	1,672
2026	1,754
2027	1,839
Thereafter	28,835
Total	\$ 53,030

5. ULREF - Leasing Activities

ULREF leases space to tenants under non-cancelable operating leases. As of June 30, 2022, ULREF had various leases expiring monthly to 85 years, through 2106. These leases generally require ULREF to pay all executory costs (property taxes, maintenance, and insurance).

Rental revenue for the years ended June 30 was as follows (in thousands):

	2022	2021
Base minimum rents	\$ 13,635	\$ 12,198
Common area maintenance	142	139
Total	\$ 13,777	\$ 12,337

Future leasing rent payments due to ULREF on noncancelable leases are as follows (in thousands):

Year ending June 30:	
2022	\$ 3,013
2023	2,739
2024	2,063
2025	1,854
2026	1,427
Thereafter	19,216
Total	\$ 30,312

Included in the amounts above is a certain subleased property that requires ULREF to pay approximately \$450,000 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.

d. 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/James Graham Brown Cancer Center (UMC), UofL Health – Louisville (Jewish Hospital), Inc., UofL Health – Shelbyville, Inc. (Jewish Hospital Shelbyville), and University of Louisville Physicians, Inc. (ULP). 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 (collectively, the "Corporation"). The business and affairs of the Corporation are conducted by its Board of Directors. The Board of Directors (the Board)

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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.

UofL Health, Inc. - Louisville (Jewish Hospital) and UofL Health, Inc. - Shelbyville (Jewish Hospital 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 Jewish Hospital 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.

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. Change in Accounting Principle

On July 1, 2020, the Corporation adopted the new revenue recognition accounting standard issued by the FASB and codified in FASB Accounting Standards Codification (ASC) 606. The revenue recognition standard in ASC 606 outlines a single comprehensive model for recognizing revenue as performance obligations, defined in a contract with a customer as goods or services transferred to the customer in exchange for consideration, are satisfied. The standard also requires expanded disclosures regarding the Corporation's revenue recognition policies and significant judgements employed in the determination of revenue.

The Corporation applied the modified retrospective approach to all contracts when adopting ASC 606. As a result, upon the Corporation's adoption of ASC 606, the majority of what was previously classified as the provision for bad debts in the statement of operations and changes in net assets is now reflected as implicit price concessions (as defined in ASC 606) and therefore is included as a reduction to patient care service revenues for the year ending June 30, 2021. For periods prior to the adoption of ASC 606, the provision for bad debts was presented consistent with the previous revenue recognition standards that required such provision to be presented separately as a component of net operating revenues.

Additionally, upon adoption of ASC 606, the allowance for doubtful accounts of approximately \$97.4 million as of June 30, 2020 was reclassified as a component of patient accounts receivable. Other than these changes, the adoption of ASC 606 did not have a material impact on the 2020 financial statements and the Corporation does not expect it to have a material impact on its results of operations on a prospective basis. As part of the adoption of ASC 606, the Corporation elected two of the available practical expedients provided for in the standard. First, the Corporation does not adjust the transaction price for any financing components as those were deemed insignificant.

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Additionally, the Corporation expenses all incremental customer contract acquisition costs as incurred because such costs are not material and would be amortized over a period of less than one year.

2. Business Combination

On August 14, 2019, UofL entered into an asset purchase agreement with Jewish Hospital & St. Mary's Healthcare, Inc., a Kentucky nonprofit corporation; KOMG-Louisville Region, Inc., a Kentucky nonprofit corporation, and CHI Kentucky, Inc., a Kentucky Corporation (collectively, KentuckyOne-Louisville). The agreement included CommonSpirit Health f/k/a Catholic Health Initiatives, a Colorado, nonprofit corporation, for limited specific purposes. The acquisition was finalized on November 1, 2019. As part of this acquisition, the Corporation received \$187.8 million of KentuckyOne assets in exchange for assumption of certain liabilities in the amount of \$53.5 million and a cash payment of \$6.6 million. As part of this asset acquisition, UMC's long-term debt with CHI Kentucky, Inc. of \$8.9 million, and UMC's long-term debt with KentuckyOne Health of \$10.0 million was forgiven. As a result of the asset purchase agreement, the Corporation recognized a gain on acquisition for the excess of the fair value of assets acquired over liabilities assumed of \$146.5 million and is included in the consolidated statement of operations and changes in net assets.

The following is a reconciliation of the transaction for the Corporation as of November 1, 2019 (in thousands):

Fair value of assets acquired:	
Cash and cash equivalents	\$ 16
Accounts receivable	92,800
Inventories	17,362
Prepaid expense and other	3,626
Property and equipment, net	73,975
Total fair value of assets acquired	\$ 187,779
Liabilities assumed:	
Accounts payable and accrued expenses	\$ 53,548
Total liabilities assumed	53,548
Cash paid in acquisition	\$ 6,618
Long-term debt forgiven in acquisition	\$ 18,893
Gain on acquisition	\$ 146,506

Further, in conjunction with the acquisition, the Corporation received donor restricted gifts of approximately \$50.0 million, which have been recognized as contributions in the statements of operations and changes in net assets. \$40.0 million of the contributions were included within the asset purchase agreement to be paid by the seller entities to the buyer entities over a four-year period. Additionally, the Corporation received a \$10.0 million pledge from the Jewish Heritage Fund for Excellence, Inc. for the acquisition and operation of the acquired entities.

Additionally, effective November 1, 2019, UofL Health became the sole corporate member of UMC and ULP through a noncash business transaction. The Corporation recorded the carrying value of the assets acquired and liabilities assumed as of November 1, 2019. There was no gain or loss associated with this business combination. The total amount of net asset transfers relating to UMC and ULP was \$268.5 million.

3. Patient Accounts Receivable

The Corporation provides services without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors as of June 30, 2022 and 2021 is as follows (on the next page):

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	2022	2021
Medicare	13 %	13 %
Medicaid	3 %	3 %
Managed care	39 %	39 %
Commercial and other	43 %	44 %
Self-pay	2 %	1 %
	100 %	100 %

4. Net Patient Service Revenue

The composition of patient care service revenue by primary payor for the year ended June 30 is as follows:

	2022
Medicare	13 %
Medicaid	3 %
Managed Care	25 %
Commercial and other	58 %
Self-pay	1 %
	100 %

5. Passport Health Plan by Molina Healthcare

Passport is a comprehensive risk-based entity that has separate financial statements available. Passport contracts with the Commonwealth of Kentucky's Medicaid program to provide comprehensive medical services to patients in its region. Passport also has a Medicare replacement insurance product. Sponsors and affiliated entities provide health care services to members at contracted rates. The Corporation has a 0% sponsorship interest in Passport as of June 30, 2022 and 2021 as the Corporation received approximately \$34,323,000 as part of the sale of certain Passport assets during 2020. The Corporation had an outstanding payment amount of \$10,335,877 from the sale of such assets during the year ending June 30, 2021, which was recorded in other accounts receivable on the balance sheet as of June 30, 2021. The Corporation received payment of \$7,611,933 during 2022, which resulted in a loss of \$2,723,944 and is recorded within other non-operating income (expense). During 2021, the Corporation sold its 19.16 shares of common stock in Passport, which resulted in a gain of \$12,776,000 and is recorded within equity in earnings of affiliates on the statement of operations and changes in net assets.

6. Refundable Advances

During 2020, Provider Relief Fund (PRF) grants authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act were distributed to healthcare providers impacted by the outbreak of the COVID-19 pandemic under Catalog of Federal Domestic Assistance (CFDA) #93.498. Revenues from Provider Relief Fund grants are recognized to the extent of expenses incurred specific to responding to the COVID-19 pandemic. In addition to these eligible expenses, changes in operating income (loss) as a result of the pandemic could qualify as eligible for reimbursement. Changes in operating income lost represent the deficiency of net operating revenues less operating expenses related to health care services recognized over the same period in the previous year. The Corporation received PRF grants of approximately \$20.2 million. PRF grants of approximately \$88.2 million are included in the consolidated statement of operations and changes in net assets as federal grants

The guidance issued by the grantor to define eligible expenses and, more specifically, to determine changes in patient care service revenues related to the pandemic that would be eligible for reimbursement is evolving and is uncertain as of the date the financial statements were available to be issued. Therefore, these funds are subject to recoupment by the grantor in the event that the conditions for recognition are not met. The Corporation has

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recorded a reserve of approximately \$13.2 million and \$16.6 million as refundable advance liabilities on the balance sheets as of June 30, 2022 and 2021, respectively.

The passage of the CARES Act also authorized Centers for Medicare and Medicaid Services (CMS) to expand the Medicare Accelerated and Advancement Payment Program to a broader group of Medicare Part A providers and Part B suppliers. As eligible healthcare organizations, UMC, Jewish Hospital, Jewish Hospital Shelbyville, and ULP were eligible to request up to 100% of their Medicare payment amounts for a six-month period. These payments were issued in April 2020. Recoupment of the advance payment was to begin following a 120-day deferral period. The Continuing Appropriations Act, 2021 and Other Extensions Act which passed on September 30, 2020 allowed providers to extend repayment for a full year before recoupment begins. The recoupment process began April 2021 and payment for submitted claims is to be reduced by 25% for 6 months, then 50% for the following 11 months, and any outstanding payments after this period will be due in full to CMS. The advance payment is included in refundable advances on the balance sheet.

As of and for the year ended June 30, 2022, revenues recognized and refundable advances were as follows:

	Revenue Recognized	Refundable Advances	Total
Provider relief fund	\$ 20,151	\$ 13,189	\$ 33,340
Medicare accelerated and advance payment program	—	31,814	31,814
Ending balance as of June 30, 2021	\$ 20,151	\$ 45,003	\$ 65,154

As of June 30, 2021, refundable advances were as follows:

	Refundable Advances
Provider relief funds	\$ 16,604
Medicare accelerated and advance payment program	115,344
Ending balance as of June 30, 2020	\$ 131,948

7. 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 \$19.0 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.

The Corporation is not aware of any 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.

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Fiscal Year Ending
(in thousands)

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB liability					
Service Cost	\$ 2,795	\$ 2,538	\$ 2,437	\$ 4,630	\$ 5,203
Interest	1,956	2,318	2,497	3,296	2,728
Difference between expected and actual experience	(458)	(1,687)	1,923	(1,718)	(2,608)
Changes of assumption	4,967	5,757	5,488	(27,504)	(5,495)
Benefit payments	(3,558)	(2,927)	(2,836)	(2,817)	(3,007)
Net change in OPEB Liability	\$ 5,702	\$ 5,999	\$ 9,509	\$ (24,113)	\$ (3,179)
OPEB liability - beginning of year	80,238	74,239	64,730	88,843	92,022
OPEB liability - end of year	\$ 85,940	\$ 80,238	\$ 74,239	\$ 64,730	\$ 88,843
Covered employee payroll	\$ 434,864	\$ 490,221	\$ 493,893	\$ 450,332	\$ 445,356
Total OPEB liability as a percentage of covered employee payroll	19.76%	16.37%	15.03 %	14.37 %	19.95 %

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.

DRAFT

RECOMMENDATION TO THE BOARD OF TRUSTEES
OF THE UNIVERSITY OF LOUISVILLE CONCERNING THE
DESIGNATION OF PROJECT IN DOWNTOWN LOUISVILLE

Board of Trustees – October 28, 2022

RECOMMENDATION:

The President recommends the Board of Trustees approve the naming of a project at Founder's Square, 501 W. Muhammad Ali Blvd., as The Trager Micro-Forest Project at Founder's Square.

BACKGROUND:

In recognition of a \$1 million gift to establish a project of scientific inquiry into the impact of intense urban greening on human health, economic vitality, and the natural environment, a request has been made to name the project The Trager Micro-Forest Project at Founder's Square.

The University of Louisville's Christina Lee Brown Envirome Institute will undertake an investigation into the health, socioeconomic, and environmental impacts of intensive urban greening, in the form of an experimental micro-forest to be developed in Founders Square in downtown Louisville.

In addition, this project will be designed to concentrate greening efforts at one location to catalyze the development of green corridors that connect downtown Louisville's fragmented green spaces; excite and engage people; improve perceptions of downtown; and promote a healthier, more vibrant city.

The University Advisory Committee on Awards and Designations joins the Co-Interim Vice Presidents for Advancement and the Interim President in supporting this recommendation, which requires approval by the UofL Board of Trustees.

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____

 ps
Signature on file _____

Assistant Secretary

RECOMMENDATION TO THE UofL ATHLETIC ASSOCIATION BOARD OF DIRECTORS
REGARDING THE TURF REPLACEMENT AT CARDINAL STADIUM

Finance and Budget Committee – October 28, 2022
Board of Directors – October 28, 2022

RECOMMENDATION:

The Athletic Director recommends that the Board of Directors authorize the replacement of the playing surface at Cardinal Stadium at a cost not to exceed \$1,000,000.00

BACKGROUND:

Athletics is seeking approval to replace the turf playing surface at Cardinal Stadium. The existing turf was installed in 2013 and has exceeded its life expectancy. The new turf, which will be installed by FieldTurf under an existing state contract, will have a 10-year warranty. Work will begin in July 2023 and be completed by Sept 2, 2023.

The scope of work will include replacing 104,474 square feet of turf, upgrading electrical service to the field, and installing a monitoring system to track turf depletion and weathering. The cost of the project will not exceed \$1 million and is included in the state capital budget.

This capital expense will be in fiscal year 2023-24 and will be included in the ULAA FY24 budget. It is anticipated that a minimum of 75% of the cost of the project to be funded from proceeds of a major concert being held at Cardinal Stadium in July. The remaining balance will be funded from the 2023-24 operating budget.

Pursuant to the ULAA Financial Transactions Policy, the Board of Trustees must approve any athletic capital project that exceeds \$500,000.

COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____

 ^{Signature} on file
Assistant Secretary

ULAA BOARD ACTION:

Passed X

Did Not Pass _____

Other _____

 ^{Signature} on file
Assistant Secretary

BOT Board Action:

Passed X

Did Not Pass _____

Other _____

 ^{Signature} on file
Assistant Secretary



BOT Meeting
Office of the Provost Report
October 28, 2022

Highlights

6-Yr Graduation Rates

- Incoming 2016 GRS Cohort: 62.2% (Slide 4)
- Underprepared: 45.6% (Slide 4)
- Underfunded: 52.6% (Slide 4)
- 2016 cohort's graduation rate for underprepared students: 45.6% (Slide 5)

Retention Rates

- 1st to 2nd year (fall 2021 to fall 2022*): 78.3% (Slide 6)
- Underrepresented Minorities: 75.2% (Slide 6)

Incoming Freshman Profile

- Total incoming class headcount: 2,705 (Slide 8)
- Black/African American student population has steadily increased (Slide 8 & 9)

Fall 2022 Enrollment

- 253 more new freshmen than last fall (Slide 12)
- 113 more Black/African American than last fall (Slide 12)
- Increase in Public Health enrollments, decrease in Nursing enrollments (Slide 12)

Faculty Diversity

- Ad recently posted for Director of Faculty Inclusive Excellence (Slide 17)
- COACHE Survey Committee meeting next month to review unit climate feedback and prepare dissemination plan (Slide 20)

ACADEMICS



6-YEAR GRADUATION RATES

[first-time, full degree baccalaureate degree-seeking students]

- **Incoming 2016 GRS Cohort: 62.2%**
- **Represents an increase of 0.6 of a percentage point over last year; this is the highest 6-year graduation rate in UofL's history.**
 - **Underrepresented Minorities: 57.2%**
(up 3.4 percentage points over 2021 reported rate)
 - **Underprepared: 45.6%**
(up 0.6 of a percentage point over 2021 reported rate)
 - **Underfunded: 52.6%**
(up 1.9 percentage points over 2021 reported rate)

6-YEAR GRADUATION RATES (GRS COHORT)

[first-time, full degree baccalaureate degree-seeking students]

Entering Cohort	# of Students in Cohort	Graduation Rate: Cohort	# of Students in Cohort	Graduation Rate: Underrepresented Minorities ¹	# of Students in Cohort	Graduation Rate: Underprepared ²	# of Students in Cohort	Graduation Rate: Underfunded ³
2014	2,799	60.4%	507	53.7%	320	44.3%	857	50.3%
2015	2,735	61.6%	510	53.8%	217	45.0%	858	50.7%
2016	2,744	62.2%	585	57.2%	269	45.6%	824	52.6%

¹Underrepresented Minorities are defined by CPE as Black, American Indian or Alaskan Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and Two or More Races.

²Underprepared students are defined by CPE as not being college-ready in English, Mathematics, or Reading.

³Underfunded students are defined by CPE as receiving a Pell Grant during the year of entry.

RETENTION RATES

[first-time, full degree baccalaureate degree-seeking students]

- **1st to 2nd year (fall 2021 to fall 2022*): 78.3%**
- **Represents an increase of 1.7 percentage points over 2021 reported rate); down 2.6 percentage points from the 80.9% reported 2020 rate**
 - **Underrepresented Minorities: 75.2%**
(up 0.9 of a percentage point over last year; down 4.0 percentage points over 79.2% reported 2020 rate)
 - **Waiting on data for underfunded students from CPE**
 - **Work to reduce the achievement gaps of our strategic populations continuing**

* Fall 2022 data are preliminary as of October 17, 2022. Dual credit students and 2nd half of term students are still enrolling.

RETENTION RATES (GRS COHORT)

[first-time, full degree baccalaureate degree-seeking students]

Entering Cohort	# of Students in Cohort	Retention Rate: Cohort	# of Students in Cohort	Retention Rate: Underrepresented Minorities ¹
2019	2,540	80.9%	648	79.2%
2020	2,608	76.6%	690	74.3%
2021	2,447	78.3%	665	75.2%

¹Underrepresented Minorities are defined by CPE as Black, American Indian or Alaskan Native, Hispanic or Latino, Native Hawaiian or Other Pacific Islander, and Two or More Races.

Note: Underfunded and underprepared students require reconciliation with CPE and are not yet available.

INCOMING CLASS PROFILE

[full-time, first-time, baccalaureate degree-seeking students only]

- **Total incoming class headcount: 2,705**
- **Represents an increase of approximately 10.5% from fall 2021.**
 - **Hispanic: 8.5%**
(up 1.5 percentage points from fall 2021)
 - **Black/African American: 16.5%**
(up 2.5 percentage points from fall 2021)
 - **First-generation: 35.1%**
(up 2 percentage points from fall 2021)
 - **Pell-eligible: 39%**
(same as fall 2021)
 - **Percent with some college credit: 45.5%**
(down 2.1 percentage points from fall 2021)

* Fall 2022 data are preliminary as of October 17, 2022. Dual credit students and 2nd half of term students are still enrolling.

INCOMING CLASS PROFILE

[full-time, first-time, baccalaureate degree-seeking students only]

	Fall 2020	Fall 2021	Fall 2022*
Total Headcount	2,608	2,447	2,705
Hispanic	6.9%	7.0%	8.5%
Black/African American	12.8%	14.0%	16.5%
% with Some College Credit	54.5%	47.6%	45.5%
First-generation	33.7%	33.1%	35.1%
Pell-Eligible	37%	39%	39%

PRELIMINARY 2022 FALL ENROLLMENT

- **Total fall 2022* enrollment: 22,964**
 - **Undergraduate headcount: 15,942**
(up approximately 1% over fall 2021)
 - **Graduate headcount: 6,193**
(down approximately 5.1% from fall 2021)
 - **Post-Doctoral headcount: 89**
(down approximately 14.4% from fall 2021)
 - **House Staff headcount: 740**
(up approximately 1.2% from fall 2021)

* Fall 2022 data are preliminary as of October 17, 2022. Dual credit students and 2nd half of term students are still enrolling.

PRELIMINARY 2022 FALL ENROLLMENT

	Fall 2020	Fall 2021	Fall 2022*
Undergraduate	16,118	15,830	15,942
Graduate	6,320	6,529	6,193
Post-Doctoral	100	104	89
House Staff	708	731	740
Total	23,246	23,194	22,964

*Data are preliminary as of October 17, 2022. Dual credit students and 2nd Half of Term students are still enrolling.

NEW FRESHMAN COMPARISONS (PRELIMINARY)

- Fall Comparisons
 - Fall 2022 2,944; +253 over Fall 2021
 - Fall 2021 2,691
 - Fall 2020 2,870
 - Fall 2019 2,805
- Location
 - Resident +93
 - Non-Resident +99
 - Southwest Ohio +42 (Fall 2022 93, Fall 2021 51)
- Ethnicity
 - African American +113
 - Latinx +58
 - Caucasian +47
- Units
 - A&S +30, 2.0%
 - Business +54, 20.1%
 - Education +57, 23.7%
 - Engineering +57, 13.0%
 - Public Health +17, 68.0%
 - Social Work +1, 2.9%
 - Nursing -7, -6.0%

New First-Time-in-College (FTIC)		
Applied	Admitted	Deposited
4269 [!] Last Year: 4884 (-615 -12.6%)	2973 [!] Last Year: 3257 (-284 -8.7%)	200 [!] Last Year: 239 (-39 -16.3%)

New Transfer		
Applied	Admitted	Enrolled
141 [✓] Last Year: 97 (+44 +45.4%)	39 [✓] Last Year: 31 (+8 +25.8%)	Available Early April 2023

Readmit		
Applied	Admitted	Enrolled
37 [✓] Last Year: 8 (+29 +362.5%)	8 [✓] Last Year: 5 (+3 +60%)	Available Early April 2023

Fall 23 New Student Comparison



FACULTY AFFAIRS



Faculty Recruiting & Hiring

UofL Term and Tenure Faculty Hiring Needs (as of 10.18.22)	
Unit	Number
A&S	12
CEHD	11
COB	4
Dentistry	10
SPHIS	10
Kent	5
Law	6
Libraries	6
Music	0
Nursing	3
Medicine	66
Speed	6
Total	139

Faculty Retention

January – October 2022

	Hired	Resigned	Delta
Asian	35	20	15
Black	12	8	4
Hispanic	9	3	6
Other	3	0	3
White	112	59	53

Faculty Recruiting & Hiring

What We Have	Next Steps
<p>Implicit Bias/Equity Conscious Search Trainings</p> <ul style="list-style-type: none">Started July 2022, required STRIDE training for all executive searches and chairs of all faculty search committees10/20 EAB Training Recruiting BIPOC Faculty <p>Inclusive Job Descriptions</p> <ul style="list-style-type: none">Sent memos to units re: STRIDE which includes inclusive job descriptions tips <p>Director of Faculty Inclusive Excellence</p> <ul style="list-style-type: none">Ad posted 10/14Currently creating the search committee	<p>Build accountability into the search process</p> <ul style="list-style-type: none">Will be an area of focus for FA Director of Inclusive Excellence <p>Diversity Advocates for search committees</p> <ul style="list-style-type: none">Requested for Fall Dean SearchesIncluded request form in search memo to units <p>Employ Diversity Statement Assessment Rubric</p> <ul style="list-style-type: none">Using in Dean Searches and encouraged for all searches

Faculty Onboarding & Development

What We Have	Next Steps
<p>New faculty onboarding</p> <ul style="list-style-type: none">• Discussions of DEI at 7/5 and 8/1 New Faculty Orientations• Planning the first January new faculty orientation to include Faculty Affairs' current DEI work <p>Faculty development repository</p> <ul style="list-style-type: none">• Updated Faculty Affairs website to include cross-listed pages on Faculty Professional Development and Faculty Inclusive Excellence <ul style="list-style-type: none">• Faculty hire tracker system (active)	<p>Expand Faculty Mentoring</p> <p>NCFDD Mentor Mapping Workshop</p> <ul style="list-style-type: none">• Pending for Spring 2023 <p>Centralize faculty hiring needs (ongoing)</p>

Tenure & Promotion Policies & Processes

What We Have	Next Steps
<p>New faculty development sessions</p> <ul style="list-style-type: none">• 9/22 Employee Success Center DEI Workshop• Provided for all new employees at the 6-month check-in <p>Academic leadership sessions</p> <ul style="list-style-type: none">• Planning upcoming P&T sessions for faculty• November 2nd – Faculty Affairs and Community Engagement are cohosting the 2/3 series on Community Engagement and P&T	<p>P&T systematic policies review for equity</p> <ul style="list-style-type: none">• VP for D&E has prioritized P&T documents for their policy equity analysis <p>Evaluate equity in workload distribution</p>

Inclusive Climate for Faculty

What We Have	Next Steps
<p>Climate/Faculty Satisfaction Survey Data</p> <ul style="list-style-type: none">• COACHE Communications Committee will meet in November 2022• Currently compiling unit responses to COACHE 2020• Planning to present in a townhall in December/January• Will be disseminated in February 2023 <p>Dispute/resolution processes</p> <ul style="list-style-type: none">• Reviewing proposed revisions of The Redbook Chapter 4 <p>Dual Career Couple and Strategic Hire Fund</p>	<p>Develop a community of support</p> <ul style="list-style-type: none">• Collaboration with ERG & Academic Units• Establish external community connections <p>Empower VPFA Leadership, Equity & Diversity Committee</p> <ul style="list-style-type: none">• 9/8 reimagine and recharge meeting held• Working on a collaborative document to identify faculty concerns across campus <p>Elevate & Expand DCC program</p>

The University Libraries

Increasing Access to Scholarship
Supporting Student Success
Advancing Diversity and Inclusion Efforts

Bob Fox
Dean, University Libraries
October 28, 2022



UNIVERSITY
LIBRARIES

Discover. Create. Succeed.

UNIVERSITY OF LOUISVILLE

SCHOLARSHIP

Licensed/purchased resources

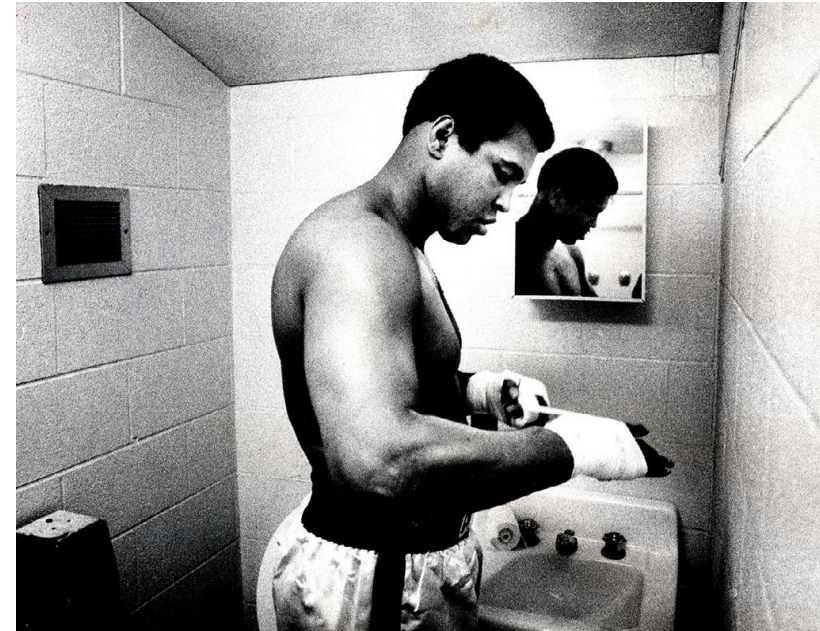
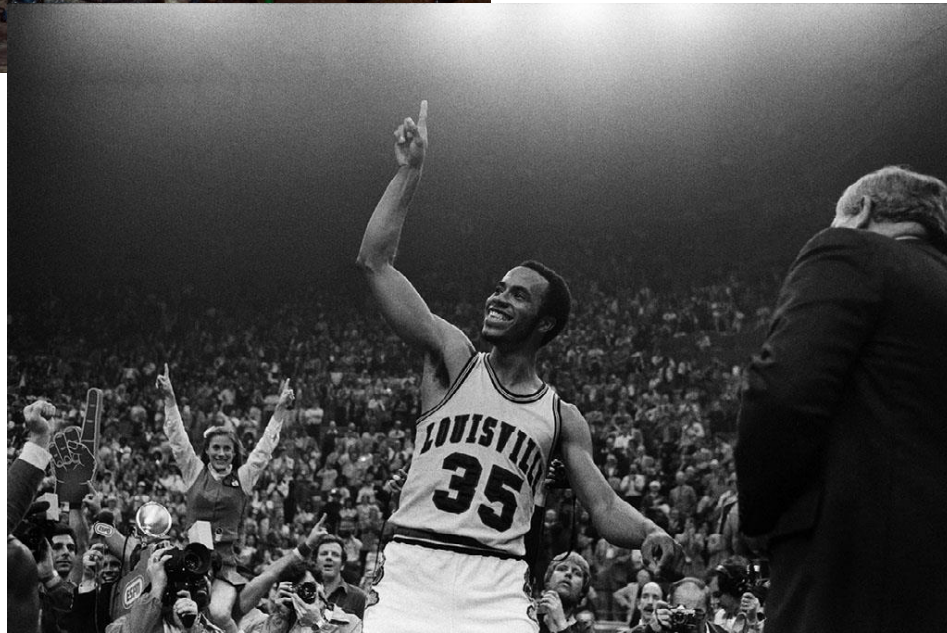
The screenshot shows the University of Louisville Libraries website. At the top, there is a navigation bar with the UL logo, "UNIVERSITY LIBRARIES", and links for "LIBRARIES -" and "ACCOUNTS -". Below the navigation bar, there is a search bar with the text "Search UofL Libraries site" and a "Q SEARCH" button. The main content area features a large banner with the text "How we're keeping our libraries safe" and a search interface with tabs for "All", "Articles", "Books", "Journal Titles", and "Videos". Below the banner, there are three columns of resources: "Quick Tools" (including All Databases A-Z, Interlibrary Loan, Journal Finder, and Subject Guides), "Discover" (including Primary Sources, Secondary and Scholarly Sources, Finding Statistics & Data, and Images), and "Create" (including Citing Sources, Data Management Resources, Digital Media Suite, and University Writing Center). To the right of these columns are four red buttons: "Ask a Librarian", "Reserve a Room", "Support for Faculty", and "Student Services". At the bottom, there are three sections: "Today's Hours" (listing Archives & Special Collections, Art Library, Ekstrom East, and Ekstrom West), "University Libraries News" (with a link to "Digital Collections - New and Old" and "The Susan and William Yarmuth Jewish Studies Reading Room Opens in Eks..."), and "Chat Now".

Home-grown resources

The screenshot shows the ThinkIR website, "The University of Louisville's Institutional Repository". The header features the "ThinkIR" logo and the University of Louisville logo. Below the header, there is a navigation bar with links for "Home", "About", "FAQ", and "My Account". The main content area features a large image of the Thinker statue. To the right of the image is a search bar with the text "Search" and "Enter search terms:". Below the search bar, there is a dropdown menu for "in this repository" and a "Search" button. Below the search bar, there are links for "Advanced Search" and "Notify me via email or RSS". Below the search bar, there is a "Browse" section with links for "Collections", "Disciplines", and "Authors". Below the "Browse" section, there is an "Author Corner" section with links for "Author FAQ", "Submit Research", "Collection Policy", and "License Agreements". Below the "Author Corner" section, there is a "Sponsored by:" section with the UL logo and "UNIVERSITY LIBRARIES". Below the "Sponsored by:" section, there is a "Browse Research and Scholarship" section with a "Follow" button and links for "Research unit, center, or department", "Researcher Profiles by Name", "Researcher Profiles by Discipline", "Open Access Journals", "Featured Publications", and "Theses and dissertations". Below the "Browse Research and Scholarship" section, there is a paragraph of text: "ThinkIR is an open-access collection of scholarly works created by the University of Louisville community. Please see 'about' for more information."

COLLABORATIVE PROJECTS

courier journal



GANNETT



STUDENT SUCCESS

- **Textbook affordability**
 - * Open educational resources (OERs)
 - * SGA Textbook initiative
- **Engaged learning**
- **Updated spaces**

SPACES

Ekstrom 3rd Floor



SPACES

Ekstrom Group Study Rooms



Julius Friedman Gallery

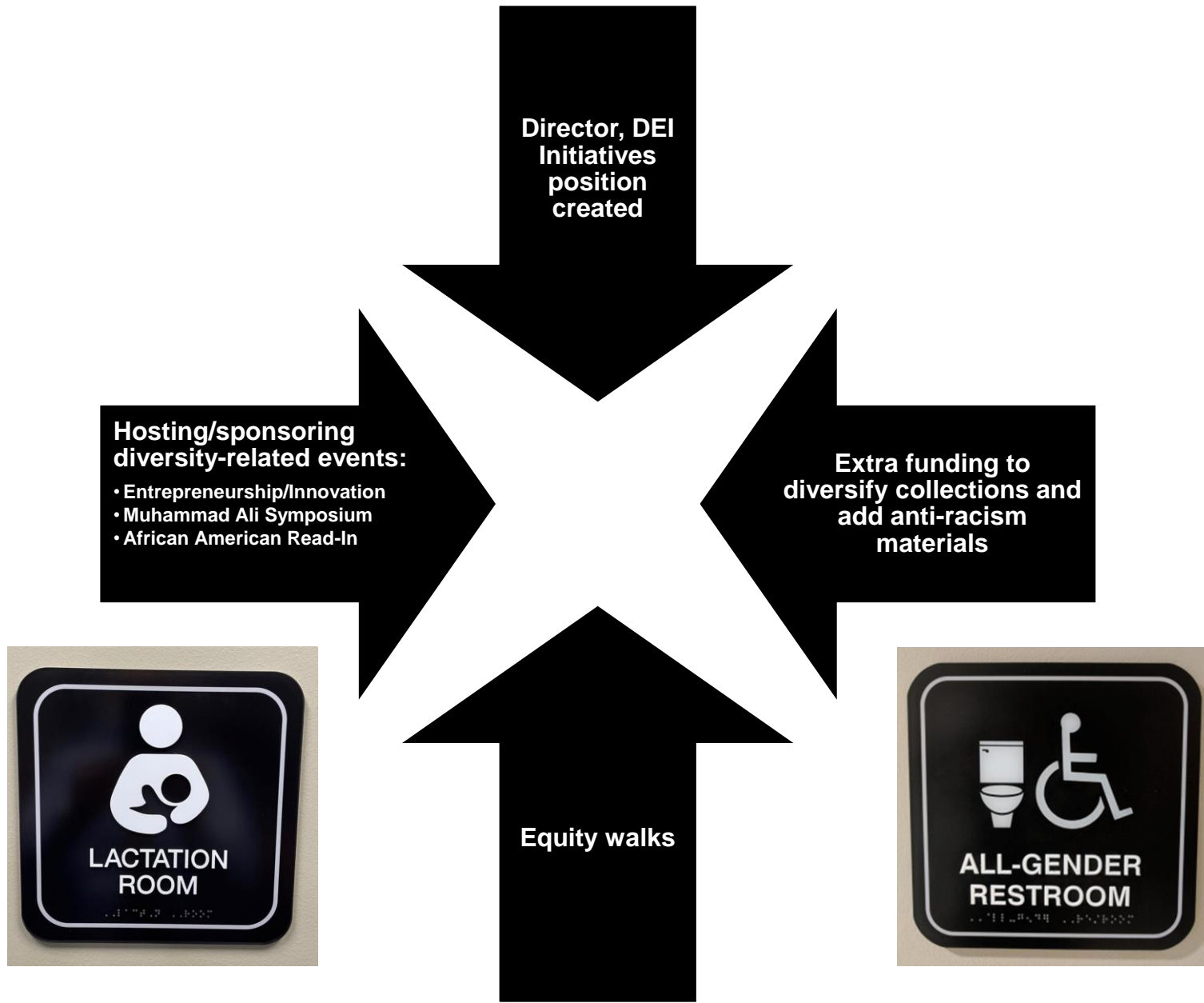


SPACES

Jewish Studies Reading Room



DIVERSITY, EQUITY & INCLUSION





QUESTIONS?



Actual-to-Budget Comparison FYTD through August 31, 2022

October 28, 2022

Summary of Actual-to-Budget Financial Activity




(Through August 2022, FY 2023)





















Overall:

- **University financial position is stable**
- **University (combined) continues to operate at a positive margin**
- **University (combined) is trending consistent with prior year (within \$1.3 million)**
- **Tuition revenues running below budget primarily due to graduate level enrollments:**
 - Possible \$4 million shortfall at end of Fall semester
 - Mitigation plans to counter shortfalls:
 - Focusing on Spring retention to improve revenues
 - Re-aligning impacted college expense budgets to match reduced revenues
 - Deploying, if necessary, the 1% contingency
- **Foundation spending only slightly above prior year level**
 - An opportunity given increased endowment spend policy in FY 2023
- **Cash and liquidity remain stable**

Actual-to-Budget Report thru August

(Through August 2022, FY 2023 - modified cash basis)

Status Indicators	
Better than Expected	
As Expected	
Worse than Expected	

Revenues	FY 2023				FY 2022	Year-over-Year	
	Annual Budget	YTD August	% Realized	Status	YTD August	\$ Change	
<u>General Funds</u>							
Tuition and Fees	344,928,809	169,890,374	49.3%		166,720,050	3,170,325	Increase over prior year but less than expected due to lower than grad level enrollment
State Appropriations	145,080,400	43,524,100	30.0%		39,038,700	4,485,400	Performance funding increase from state
Transfers In	26,567,934	3,538,136	13.3%		2,975,464	562,672	
Other Revenue	21,897,580	3,333,814	15.2%		2,878,592	455,222	Increase in Housing mgnt. fees (Denny Crum) and Univ. investment income
Auxiliaries	15,081,626	8,112,576	53.8%		5,903,441	2,209,135	Housing occupancy improvement & rate increases; parking down slightly
Hospital-Related	1,106,473	150,849	13.6%		108,635	42,214	
General Funds Total	554,662,822	228,549,849	41.2%		217,624,881	10,924,968	
<u>Non-General Funds</u>							
UL Research Foundation	693,603,627	108,400,965	15.6%		110,965,071	(2,564,106)	See "Description of Notable Revenue Changes" section
UL Athletic Association	114,800,000	55,722,007	48.5%		50,060,262	5,661,745	
UL Foundation	75,442,471	3,365,934	4.5%		3,026,030	339,904	See "Description of Notable Revenue Changes" section
Internally Designated	51,758,998	6,262,320	12.1%		793,923	5,468,397	Includes transfers across funds; offsetting expenses
Non-General Funds Total	935,605,096	173,751,225	18.6%		164,845,285	8,905,939	
Total Revenues	\$1,490,267,918	\$402,301,074	27.0%		\$382,470,166	\$19,830,908	
<i>General funds received in prior years</i>	1,300,157						
<i>Non-general funds received in prior years</i>	30,285,503						
Total Funds Available	\$1,521,853,578						
<u>Expenses</u>							
Expenses	FY 2023				FY 2022	Change	
	Annual Budget	YTD August	% of Budget	Status	YTD August		
<u>All Funds</u>							
Salary	599,837,826	93,769,175	15.6%		92,449,679	1,319,497	See "Description of Notable Expense Changes" section
Fringe Benefits	159,017,788	26,624,485	16.7%		26,094,298	530,187	See "Description of Notable Expense Changes" section
Operating & Other	505,734,281	91,843,119	18.2%		70,623,630	21,219,489	See "Description of Notable Expense Changes" section
Financial Aid	160,862,363	63,436,786	39.4%		66,231,128	(2,794,343)	See "Description of Notable Expense Changes" section
Capital Asset & Debt Service	31,876,576	1,280,755	4.0%		678,385	602,370	
Asset Preservation	40,943,000	254,204	0.6%		n/a	n/a	
Utilities	23,581,744	702,910	3.0%		640,364	62,546	
Total Expenses	\$1,521,853,578	\$277,911,434	18.3%		\$256,717,484	\$21,193,950	
Revenue Over/(Under) Expenses	\$0	\$124,389,640			\$125,752,682	(\$1,363,042)	Trending \$1.3 million less than prior year

Actual-to-Budget Report thru August

(Through August 2022, FY 2023 - modified cash basis)

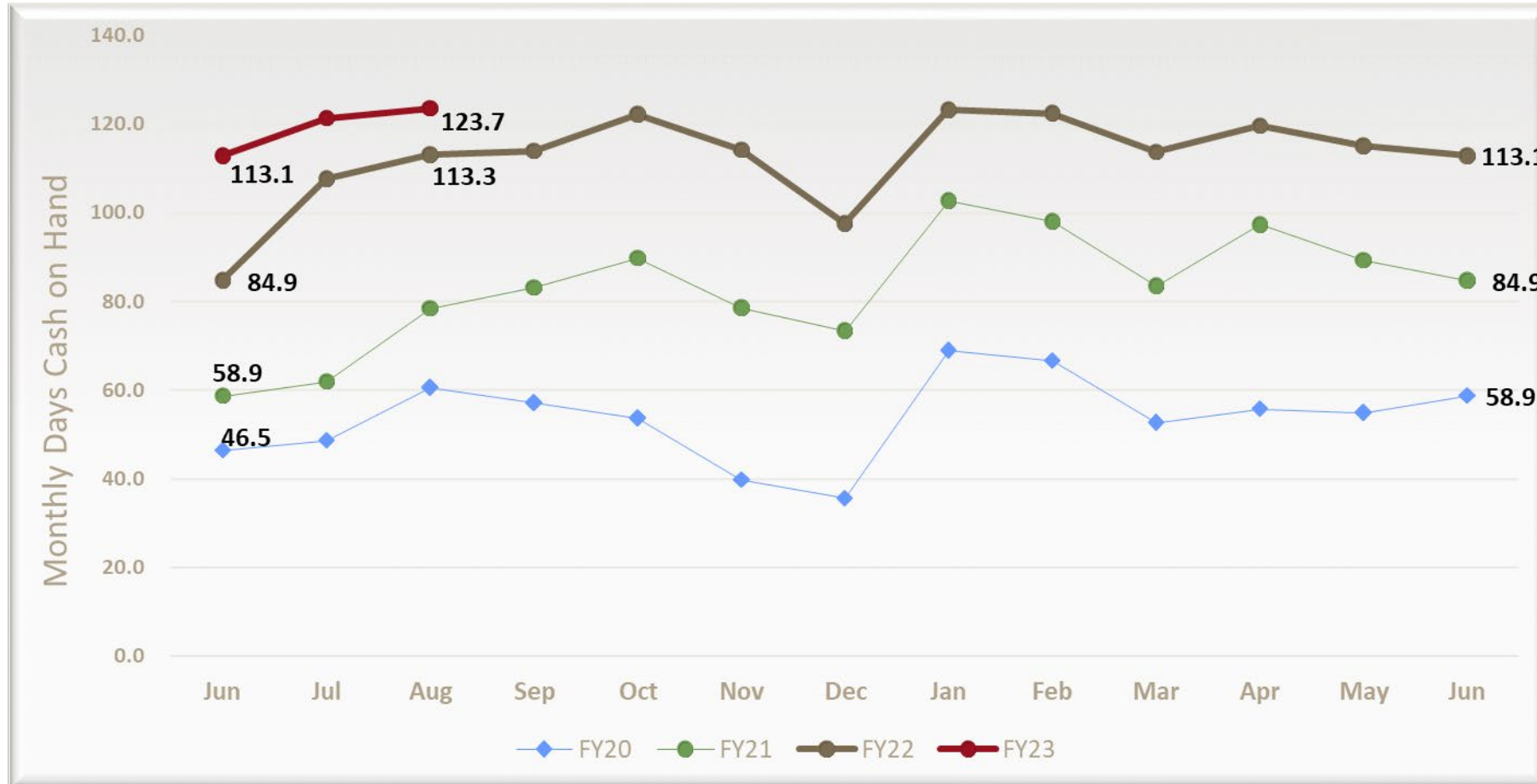
Description of Notable Revenue Changes

Revenues	Actuals (August)		Change	
	FY 2023	FY 2022		
Tuition and Fees	169,890,374	166,720,050	3,170,325	Increase over prior year but less than expected due to lower than grad level enrollment
UL Research Foundation	108,400,965	110,965,071	(2,564,106)	
<i>Sponsored Research</i>	<i>25,705,213</i>	<i>24,874,436</i>	<i>830,777</i>	
<i>F&A Recovery</i>	<i>5,364,098</i>	<i>6,084,806</i>	<i>(720,707)</i>	<i>Timing-related</i>
<i>Pass-through financial aid</i>	<i>11,640,251</i>	<i>19,308,994</i>	<i>(7,668,743)</i>	<i>End of CARES funding after FY22 (-\$9.6M)</i>
<i>Clinical-related activities</i>	<i>62,920,839</i>	<i>55,429,269</i>	<i>7,491,570</i>	<i>Primarily due to IGT pass-through to ULH (offsetting expense entry)</i>
<i>All other</i>	<i>2,770,563</i>	<i>5,267,566</i>	<i>(2,497,003)</i>	
UL Athletic Association	55,722,007	50,060,262	5,661,745	Primarily restricted revenues (Hickman Camp)
UL Foundation	3,365,934	3,026,030	339,904	Endowment revenues up \$400k- only slightly above prior year

Description of Notable Expense Changes

Expenses	Actuals (August)		Change	
	FY 2023	FY 2022		
Salaries and Wages	93,769,175	92,449,679	1,319,497	Primarily due to 2.5% COLA increase in July
Fringe Benefits	26,624,485	26,094,298	530,187	Increase in employer health insurance costs
Financial Aid	63,436,786	66,231,128	(2,794,343)	End of federal COVID support in FY22
Operating	91,843,119	70,623,630	21,219,489	
<i>Internal Transfers (revenue supported)</i>	<i>26,231,074</i>	<i>22,217,937</i>	<i>4,013,136</i>	<i>Timing of revenue supported transfers</i>
<i>Medicaid state match</i>	<i>12,792,365</i>	<i>-</i>	<i>12,792,365</i>	<i>Matching revenues received</i>
<i>Patents, Royalties, insurances</i>	<i>3,817,037</i>	<i>6,031,782</i>	<i>(2,214,745)</i>	<i>Primarily timing of insurance payments</i>
<i>Subscriptions</i>	<i>6,212,950</i>	<i>7,072,933</i>	<i>(859,983)</i>	<i>Timing of Libraries' payments</i>
<i>Travel</i>	<i>1,399,200</i>	<i>1,166,899</i>	<i>232,302</i>	
<i>Athletics</i>	<i>20,722,242</i>	<i>12,988,081</i>	<i>7,734,161</i>	<i>Largely Hickman Camp with offsetting revenues</i>

Days Cash on Hand – FY 2020 to FY 2023





**VISION FOR DIVERSITY AT THE
UNIVERSITY OF LOUISVILLE**

**LEE GILL, J.D.
VICE PRESIDENT FOR
DIVERSITY, EQUITY AND
INCLUSION**

October 28, 2022

FIRST 100 DAYS...

- Met with key university leaders, Board of Trustees, community leaders
- Repurposed existing positions and hiring new staff
- Created an Inclusion and Equity Council, replacing the former Diversity Council and adding corporate and non-profit community leaders
- Pipeline program to recruit 7th and 8th graders
 - Explore Pathways
 - JCPS Education Festival
- Working with the Office of Academic Planning and Accountability to improve the climate survey process for standardization and relevancy



VISION AND NEXT STEPS

- Decrease duplication of resources and increase collaborations to become more laser-focused on positively impacting DEI at UofL
- Pipeline program focusing on Pell-eligible students
- Working more intentionally with units to enhance diversity planning and training with the goal of improving recruitment and retention efforts
- Inclusive Excellence Scholars Program
- Corporate Chief Diversity Officer Advisory Board
- President's Forum on Inclusive Excellence
 - Inaugural event will be on November 9, featuring Dr. Freeman Hrabowski as the keynote speaker





U^{OF}L Health

University Board of Trustees

October 28, 2022

UofL Health Operations Update

- COVID 19
 - We are still seeing about 40 patients a day in the hospital
 - 5 in the ICU - the rest have other principal diagnosis but have Covid
 - Expect public health emergency to expire at end of year
 - Outstanding service commitment by our team members
- Access
 - Completed 910,000 clinic visits - 11.4% over budget
 - Never said no to any patient in need (continue to hold about 40 patients a day in ED)
 - Average inpatient census at 1035 a day
 - 840 providers at ULP
 - Recruited 131 new providers this past fiscal year
 - We have expanded services to Carroll County and Taylor Regional

UofL Health Operations Update

- Financials
 - Achieved EBITDA of \$181M on budget of \$90M (\$131M normalized)
 - Net income \$110M with \$80M capital reinvestment
 - Audit complete – Clean Audit (Blue & Company)
 - Provided approximately \$21M in margin support in 2022
 - Completed \$415M bond offering in April
 - \$215M designated for construction projects
 - \$200M for balance sheet improvements (Board designated)
 - Favorable interest rate 4.48% all in (fully insured)
 - Bonds all oversubscribed
 - 2022 operating revenues \$2.19B (13.1% growth over PY)
 - Spending \$8.5M a month on contract labor
 - Salaries, wages, contract labor, benefits up 23% over PY
 - For 5th year, no increase in “charges” to our patients

Strategic Focus

- Focused on growth
 - Bullitt County Hospital construction underway (opening Summer 2023) - 40 beds
 - University Hospital (modernization/bed expansion/all private beds)
 - Frazier Rehabilitation – Brownsboro
 - Building 40 bed rehab hospital in partnership with Kindred
 - Jewish Hospital (Heart Hospital at Rudd) - 106 dedicated beds
 - Brown Cancer Center expansion to Mary & Elizabeth Hospital
 - New 60,000 sq ft medical center on Dixie Highway
- Nursing recruitment
 - 151 international nurses have started (170 still delayed)
 - Using 435 traveling nurses throughout system (~\$8.5M a month)
 - 452 team members participating in free tuition program (fall)
- Community activities
 - Sports medicine at 14 high schools
 - Central High School pre-med magnet program
 - Pulse Program with School of Medicine
 - Health screening twice a month on West side

FY22 Goals

UofL Health Dashboard Quality													
Reduce mortality index (observed / expected) to 0.90													
Baseline = 0.88 (final result determined by Vizient year to date index)													
1		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90	0.90
	Month	0.93	0.76	0.87	0.77	0.70	0.80	0.55	0.65	0.61	0.70	0.56	0.71
	YTD	0.93	0.84	0.85	0.75	0.81	0.81	0.77	0.76	0.75	0.74	0.73	0.72
Maintain CMI adjusted length of staa to 3.0 days or below													
2		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
	Month	2.84	3.11	3.21	2.95	3.01	3.00	3.16	3.10	2.91	2.92	3.05	2.91
	YTD	2.84	2.97	3.04	3.03	3.03	2.99	3.04	3.04	3.00	2.99	3.00	2.99
Increase "Recommend this Hospital" percentile ranking to 35th percentile.													
Baseline = 20th (final result determined by Press Ganey percentile result of the last quarter of the fiscal year)													
3		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	35	35	35	35	35	35	35	35	35	35	35	35
	Month			18			18			25			26
	YTD			18			18			25			26
Reduce Readmissions to 11.5%													
Baseline = 14.02% (final result determined by Vizient benchmark)													
4		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
	Month	11.7%	9.4%	9.0%	9.48%	10.56%	10.36%	9.35%	9.44%	11.05%	10.65%	9.79%	9.90%
	YTD	11.7%	10.6%	10.1%	10.04%	10.14%	10.29%	10.15%	10.18%	10.28%	10.32%	10.34%	10.34%
Reduce Nursing vacancies													
Baseline = N/A (final result determined by annual monthly open full time RN positions)													
6		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
	Month	14.09%	14.09%	14.09%	7.6%	9.1%	10.5%	9.8%	10.9%	11.9%	13.7%	17.6%	20.1%
	YTD	14.09%	14.09%	14.09%	12.5%	11.8%	11.6%	11.3%	11.3%	11.3%	11.6%	12.1%	12.8%
This is a yes no measure													
Maintain JCAHO/CARF accreditation across all facilities													
7		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Month	Yes	Yes	Jewish survey	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	YTD	Yes	Yes	Yes	Yes	Yes	UMC Survey	Yes	Yes	Yes	Yes	Yes	Yes

FY22 Goals

UofL Health Dashboard (Mission Support/Research)

Mission Support Amount provided to the University of Louisville School of Medicine Baseline = \$7,500,000

8		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	
	Goal	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00	\$ 625,000.00
	Month	\$ 625,000	\$ 625,000	\$ 18,750,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000
	YTD	\$ 625,000	\$ 1,250,000	\$ 20,000,000	\$ 20,625,000	\$ 21,250,000	\$ 21,875,000	\$ 22,500,000	\$ 23,125,000	\$ 23,750,000	\$ 24,375,000	\$ 25,000,000	\$ 25,625,000	

Amount of Intergovernmental Transfer money Dollars provided to School of Medicine from ULP

9		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal			\$ 12,181,000			\$ 12,181,000			\$ 12,181,000			\$ 12,181,000
	Month			\$ 12,181,000			\$ 12,181,000			\$ 12,181,000			\$ 12,181,000
	YTD			\$ 12,181,000			\$ 24,362,000			\$ 36,543,000			\$ 48,724,000

Residents supported by UofL Health Baseline = 308 (determined by the number of funded resident positions on 6/30)

10		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	308	308	308	308	308	308	308	308	308	308	308	308
	Month	411	411	429	576	576	576	576	576	576	576	576	576

Meet 6 of the State of Kentucky quality measures for Medicaid patients (total of 14 measures)

11		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
	Goal	6	6	6	6	6	6	6	6	6	6	6	6
	Month	5	5	5	6	7	7	10	10	10	10	10	10
	YTD	5	5	5	6	7	7	10	10	10	10	10	10

FY22 Goals

UofL Health Dashboard (Community Measures)

Access to care

Number of Physician office visits per month

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
12	Month Goal	74,058	74,058	74,058	74,058	74,058	74,058	74,058	74,058	74,058	74,058	74,058	74,058
	Actual	75,004	82,046	79,743	66,589	66,209	83,792	70,636	64,374	81,317	77,239	78,800	84,312
	YTD Goal	74,058	148,116	220,017	296,232	370,290	444,348	535,245	607,963	658,052	696,452	749,298	817,839
	YTD Actual	75,004	157,050	236,793	303,382	369,591	453,383	524,019	588,393	669,710	746,949	825,749	910,061

Meeting the needs of those most at risk for care

Percentage of Medicaid, self pay and Charity patients at UofL Health

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
13	Medicaid	29.7%	28.9%	29.4%	28.1%	28.5%	27.7%	28.0%	26.8%	26.0%	27.7%	28.8%	27.9%
	Self-Pay	2.03%	1.75%	1.84%	1.85%	2.19%	1.19%	1.66%	1.65%	1.51%	2.09%	1.91%	1.75%

UofL Health Dashboard (Financials)

Meet board approved operating EBIDTA (Measured by monthly Uof L Health board approved budget)

		Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
17	Budget	6,455,295	6,630,438	6,157,209	7,131,370	6,122,923	7,387,905	7,954,930	7,011,536	7,945,664	9,090,223	8,398,199	9,694,566
	Month	7,246,777	14,392,246	(3,051,048)	11,421,604	(3,586,307)	19,311,397	16,424,829	36,784,129	29,991,261	28,532,891	11,075,205	12,892,702
	YTD Budget	6,455,295	13,085,733	19,242,942	26,374,312	32,497,235	39,885,140	47,840,070	54,851,606	62,797,270	71,887,493	80,285,692	89,980,258
	YTD	7,246,777	21,639,023	18,587,975	30,009,579	26,423,272	45,734,669	62,159,498	98,943,627	128,934,888	157,467,779	168,542,984	181,435,686

Medicaid FY 22 Quality results

Measure	Benchmarks from KY DMS	Combined UofL – Norton (July 1, 2021 – June 30, 2022)
Breast Cancer Screening	51%	54%
Colorectal Cancer Screening	51%	55%
Tobacco Screening and Intervention	51%	90%
Depression Screening and Follow Up	60%	51.5%
Diabetes A1c Poor Control (>9.0%) <i>(lower is better)</i>	≤45%	34%
Controlling High Blood Pressure (HTN)	52%	58%
BMI Screening and Follow Up	40%	69%
Statin Therapy for Patients with Cardiovascular Disease	70%	76%
Childhood immunization Status (Combo 10)	60%	45%
Well Child Visits to Age 0 – 15 Months	61.5%	71%
Well Child Visits for Ages 3-6 Years	60.15%	79.7%
Use of Opioids at High Dosage <i>(lower is better)</i>	≤1.5%	2.5%
Medication Reconciliation Post-Discharge	70%	68.05
30-Day-All-Cause-Readmissions	≤11.46%	11.31%

We are making a difference in the
health of our community,
together.





UNIVERSITY *of* LOUISVILLE
FOUNDATION

**BOARD OF TRUSTEES
OCTOBER 2022**

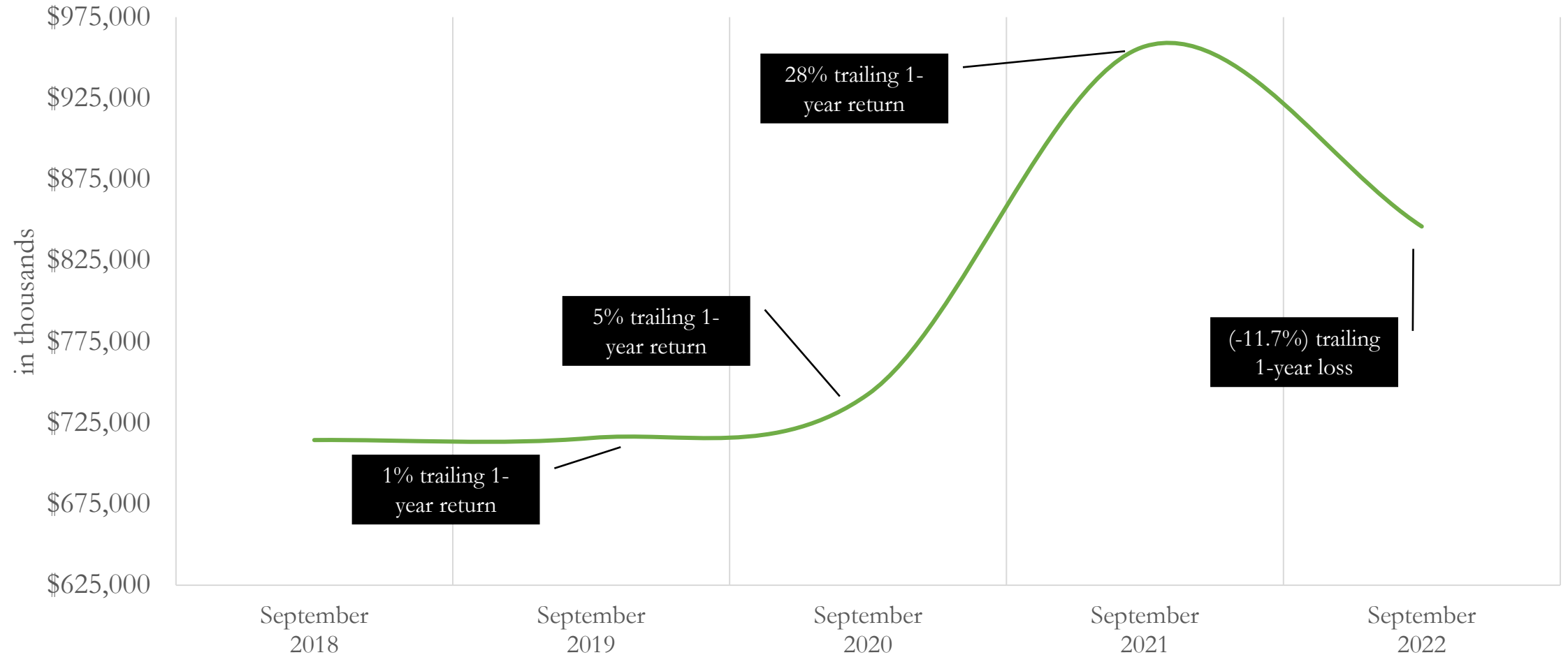
KEITH SHERMAN

FOUNDATION GLOSSARY

		September 2022	September 2021
		\$'s in thousands	
Foundation & ULREF	While legally separate entities, this represents combined total assets	\$ 1,233,666	\$ 1,334,418
Foundation total assets	501(c)3 – Separate Board of Directors, Management from UofL	978,435	1,097,393
ULREF total assets	501(c)3 – Separate Board of Directors, Management from UofL	266,076	251,927
Total investments	Includes Prime-advised assets, current-use gifts, FHITBO, and others	888,636	1,001,293
Endowment	Funds given to or for the benefit of the University that are restricted by donor or Board; invested with the intention of corpus to be whole in perpetuity	845,913	956,894
Main Endowment Pool	Foundation funds managed by Prime Buchholz; provides most University endowment spending	759,877	846,389
FHITBO	Funds held in trust <u>BY</u> others. Donor funds managed by entity other than Foundation. These funds are part of the Endowment	58,640	78,763
Current-use gifts	Non-endowed donor gifts to the University which can be expended completely	44,065	44,901
Other assets	Receivables, real estate, and other assets of Foundation and its consolidated affiliates	89,799	96,100
FHITFO	Funds held in trust <u>FOR</u> others. Other entities (i.e. ULAA) have their own funds invested with the Foundation, shown as a liability	13,271	15,160

TOTAL ENDOWMENT

5-YEAR HISTORY

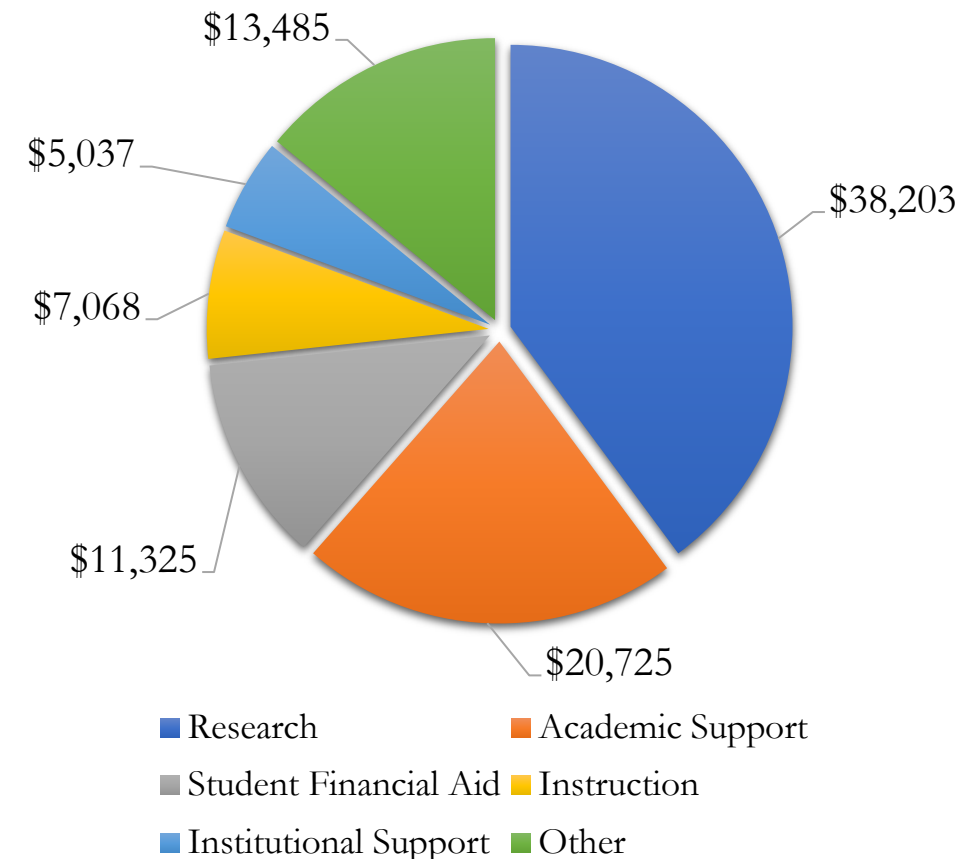


FUNDS AVAILABLE TO THE UNIVERSITY

(in thousands)

	As of September 30, 2022		
School/ Unit	Endowment	Current Use	Total Available
Medicine	23,654	22,604	46,258
A&S	4,116	3,065	7,181
Business	2,316	4,006	6,322
Speed School	3,609	3,043	6,652
Office of the President	1,013	2,135	3,148
Libraries	625	2,201	2,826
Law	1,390	568	1,958
Dental School	730	1,500	2,230
Office of the Provost	2,010	1,937	3,947
Education	1,408	1,182	2,590
Nursing	87	1,651	1,738
EVPR	20	2,989	3,009
Other	3,808	4,176	7,984
Total	44,786	51,057	95,843

FUNDS AVAILABLE BY AREA OF SUPPORT



- Amounts do not include \$11M Frazier gift; held by the University, or September reimbursements estimated at \$3 million.
- Funds may be encumbered and/or planned for; most funds are restricted as to use

PHILANTHROPY

CASE* vs. GAAP RECONCILIATION

For the Three Months Ended September 30, 2022

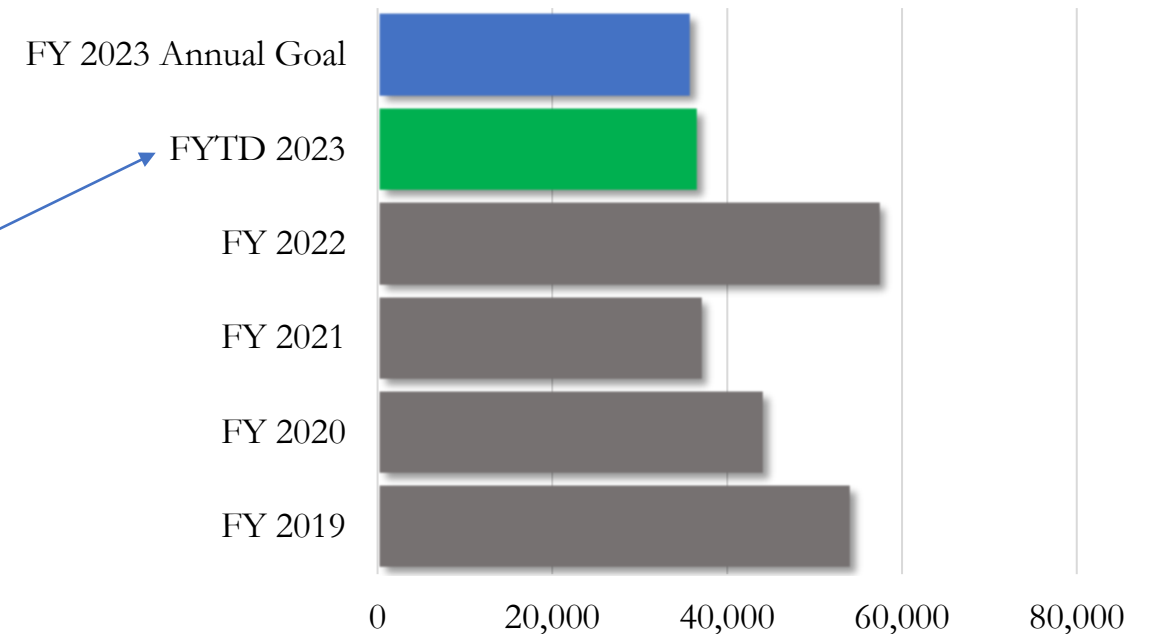
(in thousands)

Description	Amount
Total Philanthropy (Slide 19)**	46,496
Less: Athletics	(8,536)
Less: UofL Health & other	(1,120)
Total Foundation Philanthropy	36,840
Less: Bequests & cond. pledges	(25,321)
Total Foundation gift revenues (GAAP)	\$11,519

*CASE = Council for Advancement and Support of Education

**A single donor contributed \$30 million for current use pledge, most of which is conditional and based on future events and/or matching funds.

ANNUAL PHILANTHROPY HISTORY



ULF POST-REIMBURSEMENT DETAIL COMPLIANCE REVIEW

RESULTS

FY22 University Expenses

Total Reimbursements = \$40.5M

- 70% of reimbursed expense \$ underwent detailed review (an increase of 35% over prior year)
- Reimbursed expenses found to be non-compliant= \$124K (<1%)