

MINUTES OF THE MEETING OF THE
AUDIT, COMPLIANCE, AND RISK COMMITTEE OF THE
BOARD OF DIRECTORS OF THE UofL RESEARCH FOUNDATION, INC., AND THE
BOARD OF TRUSTEES OF THE UNIVERSITY OF LOUISVILLE

October 25, 2023

In Open Session

Members of the Audit, Compliance, and Risk Committee of the UofL Research Foundation, Inc., Board of Directors and the UofL Board of Trustees met in the Jefferson Room, Grawemeyer Hall, Belknap Campus, on October 25, 2023 at 9:33 a.m., with members present and absent as follows:

Present: Mr. James Rogers, Chair
Dr. Larry Benz
Mr. Al Cornish
Ms. Mary Nixon
Mr. Gary Stewart, Advisor, non-voting

Other Trustees

Present: Mr. Jerry Abramson
Dr. Raymond Burse
Mr. Brian Lavin
Ms. Diane Medley
Dr. Eugene Mueller
Ms. Diane Porter
Ms. Sherrill Zimmerman

From the

University: Dr. Kim Schatzel, President
Dr. Gerry Bradley, Interim Provost
Dr. Kevin Gardner, Executive Vice President for Research and Innovation
Mr. Dan Durbin, Executive Vice President for Finance and Administration
Dr. Gail DePuy, Senior Vice Provost
Ms. Angela Curry, General Counsel and Vice President for Legal Affairs
Dr. Douglas Craddock, Vice President for Community Engagement
Ms. Mary Elizabeth Miles, Vice President for Human Resources
Mr. Brent Pieper, Vice President for University Advancement
Dr. Michael Mardis, Vice President for Student Affairs, Dean of Students
Mr. Lee Gill, Vice President for Institutional Equity
Ms. Sandy Russell, Vice President for Risk, Audit, and Compliance
Mr. John Drees, Vice President for Communications & Marketing
Dr. Jeff Bumpous, Interim Vice President for Academic Medical Affairs
Mr. Rick Graycarek, Vice President for Budget and Finance
Ms. Shannon Rickett, Associate Vice President for Government Relations

Ms. Julie Dials, Associate Vice President for University Advancement
Mr. Darrell Griffiths, Assistant Vice President for Community Engagement
Ms. Beverly Santamouris, Treasurer
Dr. Cherie Dawson-Edwards, Vice Provost for Faculty Affairs
Mr. Jerry Johnson, Chief of Staff to the Executive Vice President for Finance
Ms. Amy Calabrese, Deputy Athletic Director
Mr. Marvin Mitchell, Deputy Athletic Director
Mr. Nick Bowes, Deputy Athletic Director and CFO
Ms. Michelle Comer, Director of Accounting and Reporting
Ms. Kate Roessler, Director of Planning and Assessment
Mr. Chris Wooton, Director of Internal Communications
Ms. Ivory Rollins Cross, Director of Community Engagement
Ms. Susan Jenkins, Executive Assistant to the VP for Community Engagement
Dr. Gineva Stark, Director of Nystrand Center of Excellence in Education
Mr. Gary Stewart, BOT Audit Committee Advisor
Mr. John Smith, Former Member, BOT, Retired University Staff Member
Dr. Matthew Neal, Student, Co-Founder of Immersive Hearing Technologies
Mr. Jeff Cummins, Co-Founder of Immersive Hearing Technologies
Dr. Anora Morton, Student, CEO of The Nori Project
Ms. Chelsea Smith, Academic Advisor in TRIO/Upward Bound
Ms. Ecasia Burris, Academic Advisor in TRIO
Mr. Denzel Robinson, Academic Advisor in TRIO/Upward Bound
Mr. Travis Tandy, Academic Advisor in TRIO/Upward Bound
Mr. Adrian Williams, Student
Mr. Jake Beamer, Dir. of Governance & Strategic Initiatives & Asst. Secretary

From the UofL

Foundation: Mr. Keith Sherman, Executive Director and COO

From UofL

Health: Mr. Tom Miller, CEO

Guests: Mr. Chris Suda, CLA

I. Call to Order

Chair Rogers called the roll and having determined a quorum present, called the meeting to order at 9:33 a.m.

Approval of Minutes, 6-22-2023

Mr. Cornish made a motion, which Dr. Benz seconded, to approve the minutes of the June 22, 2023, meeting.

The motion passed.

II. Information Item: UofL and ULRF Audited Financial Statements

Mr. Suda briefed the committee on the financial statements of the University, the Research Foundation, and the Single Audit Report, and provided an overview of the external audit processes using the **attached** presentation.

He then fielded questions from trustees.

III. Action Item: Approval of UofL Audited Financial Statements

Mr. Cornish made a motion, which Ms. Nixon seconded, to approve the

President's recommendation that the Board of Trustees approve the Auditor's Report and Financial Statements June 30, 2023, as presented under Governmental Accounting Standards Board (GASB) 34, as attached.

The motion passed.

IV. Action Item: Single Audit Report

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

President's recommendation that the ULRF Board of Directors approve the Single Audit Report and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2023, as attached.

The motion passed.

V. Action Item: Approval of ULRF Audited Financial Statements

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

President's recommendation that the ULRF Board of Directors approve the Auditor's Report and Financial Statements June 30, 2023, as presented under Governmental Accounting Standards Board (GASB) 34, as attached.

The motion passed.

VI. Information Item: Overview FY 2023 Financial Results

Mr. Graycarek and Ms. Santamouris, using the **attached** presentation, provided an overview of the university's FY 2023 audit and financial results, highlighting the following key points regarding the financial statements: they reflect a positive margin which results in a balanced budget, indicate a strong balance sheet and net position increases outpacing liability increases, and there was an increase of \$7.9 million from the draft results shared with trustees at the September Finance Committee meeting due to the UofL Health profit margin.

Additionally, Mr. Graycarek and Ms. Santamouris discussed with committee members a summary of the university's revenues, expenses, changes in net position, and days of cash on hand.

They then fielded questions from trustees.

Chair Rogers thanked Mr. Graycarek and Ms. Santamouris for their update.

VII. Report of the Vice President for Risk, Audit, and Compliance

Vice President Russell briefed the committee on the Annual Audit Services Report and the Annual Risk, Audit, and Compliance Report using the **attached** presentation.

She then fielded questions from committee members.

Chair Rogers thanked Ms. Russell for her report.

VIII. Action Item: Revised Audit Mission Statement and Services Charter

Vice President Russell explained to the committee the proposed revisions to the Audit Mission Statement and Charter.

After she answered the trustees' questions, Mr. Cornish made a motion, which Dr. Benz seconded, to approve the

President's recommendation that the Board of Trustees approve the adoption of a revised Audit Services Charter, as attached.

The motion passed.

IX. Adjournment

Having no other business to come before the committee, Dr. Benz made a motion, which Ms. Nixon seconded, to adjourn.

The motion passed and the meeting adjourned at 10:23 a.m.

Approved by:


Signature on file _____
Assistant Secretary



We'll get you there.

University of Louisville and Affiliated Corporations

Audit Presentation Year Ending June 30, 2023

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Terms of Engagement



Express an opinion on the University's financial statements as of June 30, 2023.

Report on internal controls and compliance under Government auditing standards (Yellow Book).

Express an opinion on compliance over major federal programs and completion of the schedule of findings and questioned costs.

Summarize audit findings and observations and present to management and the Board of Trustees



Audit Scope and Coverage

- Performed audit using a risk-based approach
- Time spent understanding and testing each audit area was commensurate with the level of assessed risk:

Internal Controls

Compliance
Uniform Guidance
(SFA Cluster)

Revenue
Recognition

Payroll Expense

Accounts
Receivable and
Related Allowance

Capital Assets
(Property &
Equipment)

Unearned
Revenues

Actuarial
Estimates – Other
Postemployment
Benefits

Bonds, Notes and
Debt

Cash and
Investments

Implementation of
GASB 94 and 96



Audit Results Highlights

- Financial statement audit opinion is unmodified “cleanest opinion” (page 1).
- Consolidated & Research Foundation Audits - One significant deficiency reported on internal controls over financial reporting for procurement cards (page 29).
- Federal awards opinion is unmodified “cleanest opinion” (page 24).
- One significant deficiency reported on internal controls over compliance related to NSLDS reporting (page 30).
- Implementation of GASB Statement No. 96 and GASB No. 94, SBITAs.



Government Auditing Standard Deficiencies (Consolidated Audit)

- Significant Deficiency:
 - 2023-001 Procurement Card Transactions:
During the audit process, CLA noted that controls related procurement card transactions review and approvals were not operating effectively.



Government Auditing Standard Deficiencies (Research Foundation)

- Significant Deficiency:
 - 2023-001 Procurement Card Transactions:
During the audit process, CLA noted that controls related procurement card transactions review and approvals were not operating effectively.



Effects of GASB 96 and GASB 94 Implementation

- Changes to Net Position as of June 30, 2022 are as follows (in thousands):

| Entity | As previously reported | Effect of Change | As Restated |
|---------------|-------------------------------|-------------------------|--------------------|
| Consolidated | \$1,039,488 | \$937 | \$1,038,551 |



Federal Awards Audit

- One Major Program
 - Student Financial Aid
- Significant Deficiency
 - 2023-002 NSLDS Reporting: The enrollment effective date reported to the National Student Loan Database System (NSLDS) for one of the forty sampled students from the University was incorrect. The University did not update student status change and enrollment effective dates timely.



Governance Communication Letter

Overall

- No transactions noted which there is a lack of authoritative guidance.
- No changes in scope of audit.

Estimates

- Some estimates present in financial statements.
- Allowance for doubtful accounts receivable, depreciation based on estimated useful lives, self-insurance accrual, fair market value of investments, other postretirement liability and related deferred outflows and inflows, Medicaid reimbursement.
- We are comfortable with management's estimates.

Difficulties

- No difficulties with management.
- No disagreements encountered.

Other

- Management has provided a signed Representation letter at the conclusion of the audit.
- Management has determined that the effects of all uncorrected misstatements are immaterial.
- None of the misstatements detected as a result of audit procedures and corrected by management were material.



Uncorrected Misstatements – Consolidated

- Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.



Uncorrected Misstatements

- Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The below schedule summarizes uncorrected misstatements of the financials.

SUMMARY OF UNCORRECTED MISSTATEMENTS - AUDIT

University of Louisville

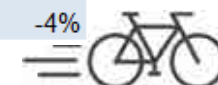
University of Louisville Research Foundation

Year Ended June 30, 2023

UNCORRECTED MISSTATEMENTS OF AMOUNTS

Effect of misstatements on:

| Description | Assets | Liabilities | Fund Balance / Net Assets | Net |
|---|----------------|----------------|------------------------------|--|
| | | | | Expense/Revenue and Change in Net Assets / Fund Balance |
| Pcard Accrual | | \$ (791,530) | \$ 714,426 | \$ 77,104 |
| UL Health Margin Share | | | 1,310,046 | (1,310,046) |
| Clinical Revenue | 1,110,156 | | | (1,110,156) |
| Net current year misstatements (Iron Curtain Method) | 1,110,156 | (791,530) | 2,024,472 | (2,343,098) |
| Net prior year misstatements | - | - | (653,027) | 653,027 |
| Combined current and prior year misstatements (Rollover Method) | \$ 1,110,156 | \$ (791,530) | \$ 1,371,445 | \$ (1,690,071) |
| Financial statement totals | \$ 983,704,000 | \$ 733,420,000 | \$ 250,284,000 | \$ 42,004,000 |
| Current year misstatement as a % of financial statement totals (Iron Curtain Method) | 0% | 0% | 1% | -6% |
| Current and prior year misstatement as a % of financial statement totals (Rollover Method) | 0% | 0% | 1% | -4% |



Questions

- We welcome any questions pertaining to the audit report and governance communication letter.
- We appreciate the opportunity to serve the Board of Trustees as the auditors for the University of Louisville.



Chris Suda, Principal

314-925-4395

Chris.Suda@CLAconnect.com

Ethan Lay, Manager

314-925-4416

Ethan.Lay@CLAconnect.com



[CLAconnect.com](https://www.CLAconnect.com)



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RECOMMENDATION TO THE AUDIT, COMPLIANCE, AND RISK COMMITTEE
OF THE BOARD OF TRUSTEES CONCERNING THE CONSOLIDATED
AUDITED FINANCIAL STATEMENTS FOR YEAR ENDING JUNE 30, 2023 AND
INDEPENDENT AUDITOR'S REPORT

Audit, Compliance, and Risk Committee – October 25, 2023
Board of Trustees – October 25, 2023

RECOMMENDATION:

The President recommends that the Board of Trustees approve the Auditor's Report and Financial Statements June 30, 2023, as presented under Governmental Accounting Standards Board (GASB) 34, as [attached](#).

COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file _____
Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file _____
Assistant Secretary



UNIVERSITY OF LOUISVILLE & AFFILIATED CORPORATIONS

A Component Unit of the Commonwealth of Kentucky

Auditor's Report & Financial Statements
June 30, 2023 & 2022



UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
University of Louisville and Affiliated Corporations
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component units of the University of Louisville and Affiliated Corporations (the University), collectively a component unit of the Commonwealth of Kentucky, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise University of Louisville's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component units of the University, collectively a component unit of the Commonwealth of Kentucky, as of June 30, 2023 and 2022, and the changes in financial position, and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Louisville Health, Inc. (UofL Health), the University of Louisville Real Estate Foundation, Inc. (ULREF) and University of Louisville Foundation, Inc. and Affiliates (the Foundation), which comprise 100% of the aggregate discretely presented component units of the University as of June 30, 2023 and 2022. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for UofL Health, ULREF and the Foundation are based solely on the reports of the other auditors. The financial statements of UofL Health, ULREF and the Foundation were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

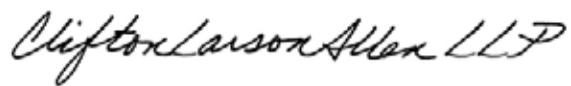
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion Analysis on pages 4 through 15 and the Post-employment Benefit Information on page 75 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2023, on our consideration of University of Louisville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of University of Louisville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University of Louisville's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Louis, Missouri
October 23, 2023

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, 2023 and 2022

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, 2023 and 2022. Comparative information for the year ended June 30, 2021 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 Shelbyhurst Campus is located in eastern Jefferson County. This campus houses business offices and technology endeavors. The University offers approximately 73 undergraduate degree programs, 80 master level graduate degree programs, 36 doctoral degree programs, and 3 professional degree programs.

The 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, which were \$921.5 million as of June 30, 2023.

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.

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.

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, 2023 and 2022

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 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 standards No.94 - *Private and Public-Public Partnerships and Availability Payment Arrangements*, and No. 96 *Subscription-Based Information Technology Arrangements* during the current year. Implementation was not applied to the prior period presented due to the inability to calculate the effect of the accounting change. Instead, the beginning net position of the current year was restated. The new accounting standards resulted in new right-to-use assets, liabilities, and deferred inflows of assets related to contracts. Notes 1, 10, and 14 provide explanation and detail of the accounting changes.

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.

A condensed version of the University's assets, liabilities, and net position at June 30, 2023, 2022, and 2021 (in thousands) is summarized below:

| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|--|------------------|------------------|--------------------|---------------------|---------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Current assets | \$ 462,059 | \$ 436,636 | 403,803 | \$ 25,423 | \$ 32,833 |
| Noncurrent assets | 852,078 | 828,521 | 834,362 | 23,557 | (5,841) |
| Right-to-use assets, net | 75,302 | 61,435 | 64,029 | 13,867 | (2,594) |
| Capital assets, net | 1,054,040 | 1,065,750 | 1,069,819 | (11,710) | (4,069) |
| Deferred outflows of resources | 20,299 | 19,129 | 17,305 | 1,170 | 1,824 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 2,463,778 | 2,411,471 | 2,389,318 | 52,307 | 22,153 |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | | |
| Current liabilities | 199,303 | 197,415 | 201,020 | 1,888 | (3,605) |
| Noncurrent liabilities | 481,557 | 454,663 | 459,907 | 26,894 | (5,244) |
| Deferred inflows of resources | 708,943 | 719,905 | 742,119 | (10,962) | (22,214) |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 1,389,803 | 1,371,983 | 1,403,046 | 17,820 | (31,063) |

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, 2023 and 2022

| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| NET POSITION | | | | | |
| Net investment in capital assets | 782,237 | 792,372 | 800,249 | (10,135) | (7,877) |
| Restricted - nonexpendable | 1,905 | 1,831 | 1,868 | 74 | (37) |
| Restricted - expendable | 74,031 | 67,387 | 73,377 | 6,644 | (5,990) |
| Unrestricted | 215,802 | 177,898 | 110,778 | 37,904 | 67,120 |
| TOTAL NET POSITION | 1,073,975 | 1,039,488 | 986,272 | 34,487 | 53,216 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | | | | | |
| | \$ 2,463,778 | \$ 2,411,471 | \$ 2,389,318 | \$ 52,307 | \$ 22,153 |

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 \$25.4 million for the year ended June 30, 2023 as compared to June 30, 2022 is mainly attributed to an increase in accounts receivable of \$35.8 million, offset by a decrease in short-term investments of \$13.3 million. Due to the interest rate environment, the University shifted to long-term investment vehicles which caused the decrease in short-term investments in fiscal year 2023..

Noncurrent assets increased \$25.7 million in fiscal year 2023. Almost all noncurrent asset categories experienced significant increases or decreases. In an effort to maximize investment returns long-term investments increased by \$26.8 million. The implementation of subscription-based arrangements accounting changes increased right-to-use assets by \$13.9 million. These are offset by a reduction in restricted cash and cash equivalents of \$15.0 million for the usage of funds restricted for capital purchases.

In fiscal year 2022, current assets increased \$32.8 million this is mainly attributed to an increase in cash and equivalents of \$14.3 million, an increase of \$40.0 million in short-term investments, offset by a reduction of \$16.1 million in due from affiliates. The reduction in due from affiliates is a shift between current and noncurrent receivables represents investments that were liquidated and are now invested in cash equivalents at the University.

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 accounts receivable of \$10.4 million. Long-term investments increased \$20.1 million which helped minimized the overall decrease year over year.

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 2023, deferred outflows increased \$1.2 million to \$20.3 million as compared to \$19.1 million as of June 30, 2022.

The increase in deferred outflows of resources as of June 30, 2022 was \$1.8 million over the balance of \$17.3 million as of June 30, 2021.

Liabilities

Current liabilities increased by \$1.9 million in fiscal year 2023 as compared to 2022. The operating line of credit of \$9.0 million converted to a long-term note payable which moved a majority of the balance to noncurrent liabilities. This reduction was offset by an increase in unearned revenues of \$3.6 million and subscription-based arrangements of \$5.9 million.

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Noncurrent liabilities decreased \$26.9 million during fiscal year 2023. Noncurrent liabilities consist primarily of unearned revenues, post-retirement benefits, and the portion of bonds, notes, and leases payable in excess of one year. Significant contributors to the increase were unearned revenues with an increase of \$36.2 million and subscription-based arrangements with an increase of \$12.5 million. These were offset by reductions in all other noncurrent liability categories.

Current liabilities decreased by \$3.6 million in fiscal year 2022 as compared to 2021. Accounts payable and accrued liabilities and unearned revenue comprise 79% of total current liabilities and decreased by \$9.4 million while current bonds and notes payable increased by \$5.7 million during fiscal year 2022. The \$5.2 million decrease in noncurrent liabilities during fiscal year 2022 primarily is due to the reduction of noncurrent bonds and notes payable of \$6.1 million.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. Deferred inflows decreased by \$11.0 million during fiscal year 2023. The most significant decrease is attributed to future revenues from leased assets of \$15.4 million and an increase in other post-retirement deferred inflows of \$5.9 million from assumptions used in the calculation of the OPEB liability.

In fiscal year 2022, deferred inflows of resources decreased \$22.2 million, which was attributed to decreases in future revenues from lease assets of \$15.2 million and changes in the assumptions used in the calculation of the OPEB liability of \$4.0 million

Net Position

In fiscal year 2023, net position increased \$34.5 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 \$37.9 million and restricted expendable net position of 6,644 but was negatively impacted by a reduction of \$10.1 million in capital assets.

In fiscal year 2022, net position increased \$53.2 million. This increase is a result of an increased in unrestricted net position of 67,120, which was offset by a decrease in of \$7.9 million in capital assets and a reduction of \$6.0 million in restricted expendables

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, 2023, 2022, and 2021 (in thousands) are summarized below:

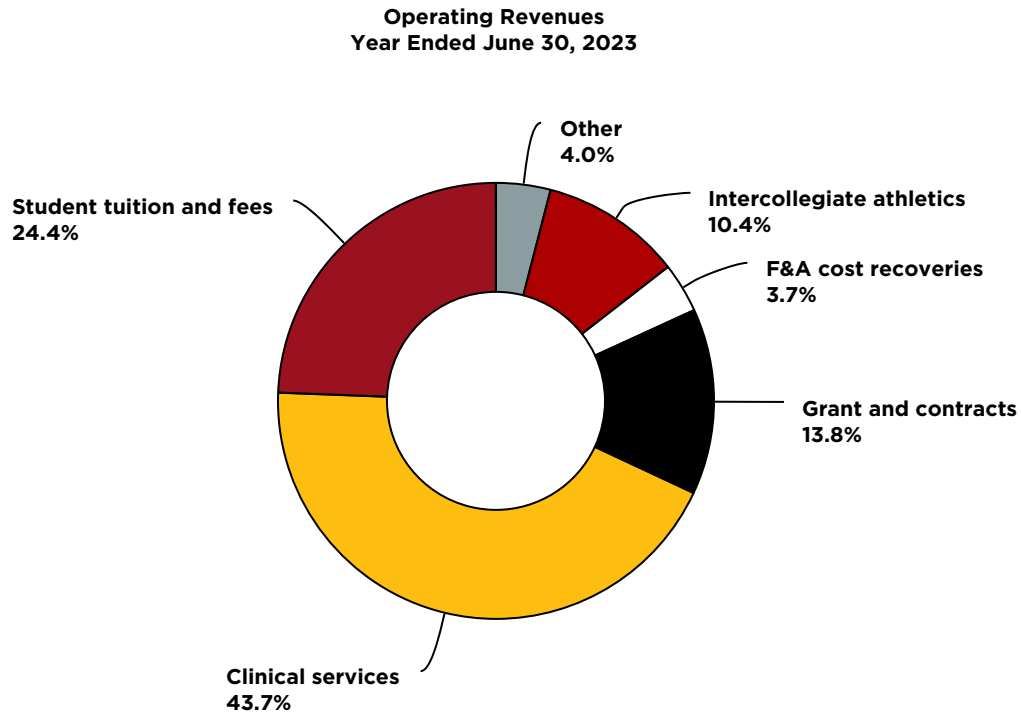
| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|---|------------------|------------------|--------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Student tuition and fees, net | \$ 227,520 | \$ 240,060 | \$ 231,505 | \$ (12,540) | \$ 8,555 |
| Clinical services and practice plan | 407,158 | 404,628 | 388,069 | 2,530 | 16,559 |
| Grants and contracts | 128,518 | 132,023 | 107,418 | (3,505) | 24,605 |
| Facilities and administrative cost recoveries | 34,381 | 38,714 | 32,434 | (4,333) | 6,280 |
| Intercollegiate athletics | 97,495 | 96,940 | 62,384 | 555 | 34,556 |
| Other | 37,526 | 35,167 | 28,373 | 2,359 | 6,794 |
| TOTAL OPERATING REVENUE | 932,598 | 947,532 | 850,183 | (14,934) | 97,349 |
| OPERATING EXPENSES | | | | | |
| Depreciation | 67,089 | 61,983 | 63,128 | 5,106 | (1,145) |
| Other | 1,142,860 | 1,140,773 | 994,553 | 2,087 | 146,220 |
| TOTAL OPERATING EXPENSE | 1,209,949 | 1,202,756 | 1,057,681 | 7,193 | 145,075 |

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| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|--|---------------------|---------------------|--------------------|---------------------|---------------------|
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| State appropriations | 147,718 | 131,725 | 125,420 | 15,993 | 6,305 |
| Other nonoperating revenues | 165,057 | 176,715 | 152,904 | (11,658) | 23,811 |
| TOTAL NONOPERATING REVENUE/ (EXPENSES) | 312,775 | 308,440 | 278,324 | 4,335 | 30,116 |
| INCREASE/(DECREASE) IN NET POSITION | 35,424 | 53,216 | 70,826 | (17,792) | (17,610) |
| Net position - beginning of year | 1,039,488 | 986,272 | 915,446 | 53,216 | 70,826 |
| Cumulative effect of change in accounting principle | (937) | \$ — | \$ — | \$ — | \$ — |
| Net position - end of year | \$ 1,073,975 | \$ 1,039,488 | \$ 986,272 | \$ 35,424 | \$ 53,216 |

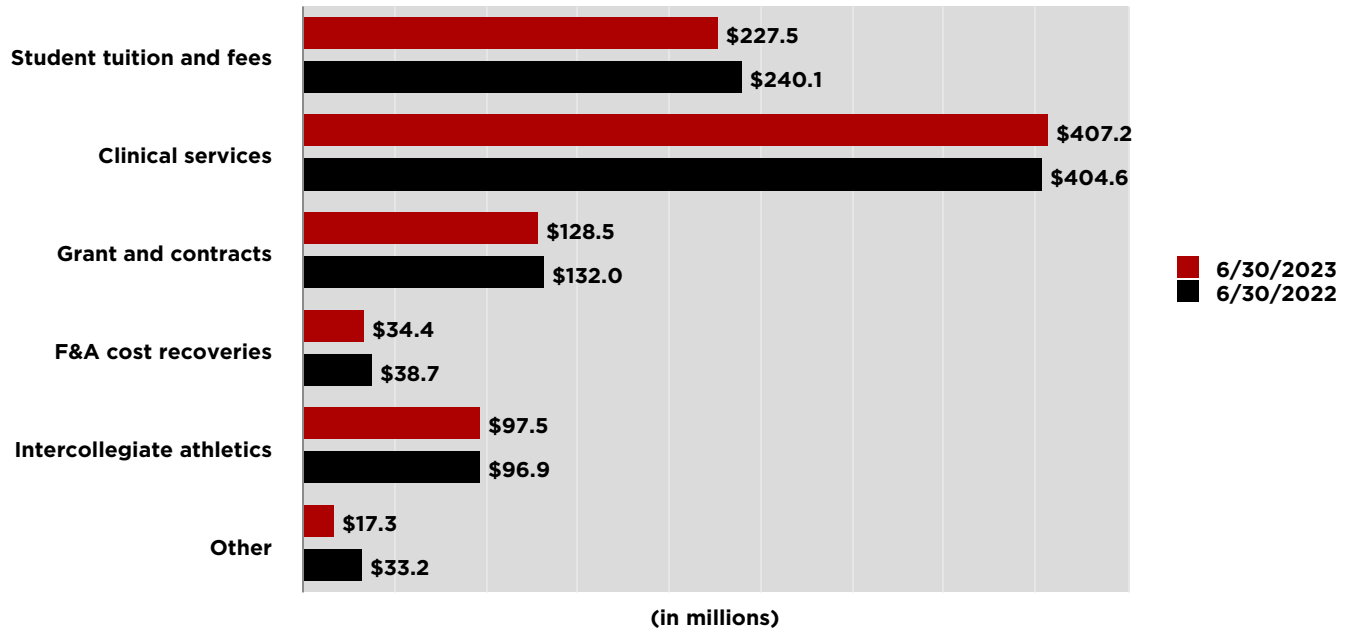
Operating Revenues

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, 2023 and 2022:



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Operating Revenue Trends



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 \$227.5 million and \$240.1 million, or 24.4% and 25.4% of total operating revenues for the years ended June 30, 2023 and 2022, respectively. 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 2023 were stable and reflected the University's successful recruiting and retention efforts.

Clinical services and practice plan revenue amounted to \$407.2 million and \$404.6 million, or 43.7% and 42.8% of total operating revenues for fiscal years 2023 and 2022, 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 slight increase for 2023 totaling \$2.5 million is from changes in volumes and reimbursements.

Revenue from operating grants and contracts totaled \$128.5 million and \$132.0 million for the years ended June 30, 2023 and 2022, respectively, an decrease of \$3.5 million. The decrease is attributed to a reduction in nongovernmental grants and contracts of \$3.2 million

The University's grants and contracts from government and private sources normally provide for the recovery of indirect or overhead costs. Facilities and administrative (F&A) cost recoveries were \$34.4 million and \$38.7 million for the years ended June 30, 2023 and 2022, respectively. F&A cost recovery revenues generally follow the trend in direct cost revenues and expenditures.

Revenues for intercollegiate athletics were \$97.5 million for the year ended June 30, 2023, an increase of \$555 thousand from \$96.9 million for the year ended June 30, 2022. Auxiliary revenues from housing and parking also increased by \$3.2 million during the year ended June 30, 2023 as compared to the year ended June 30, 2022.

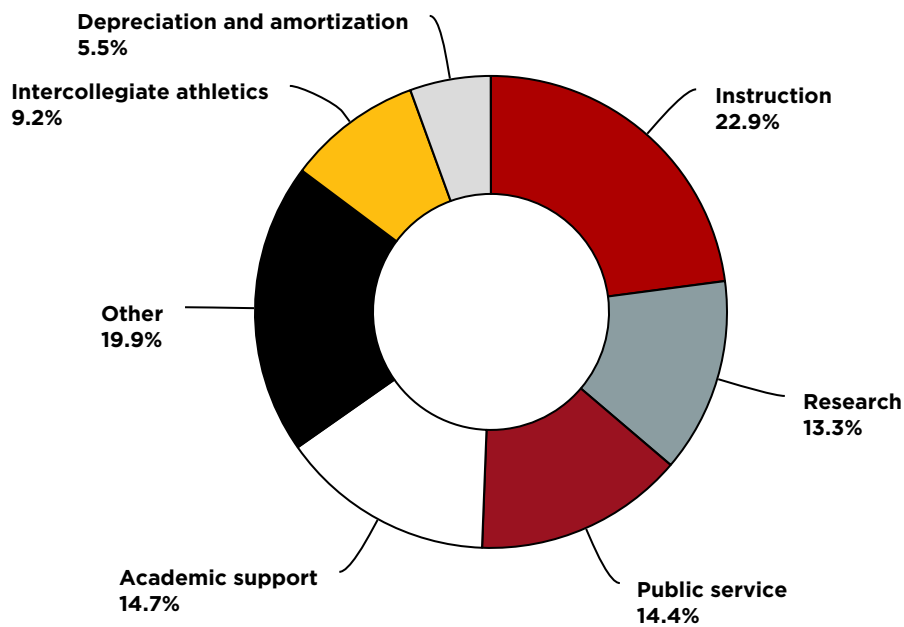
UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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Operating revenues increased \$97.3 million in fiscal year 2022 over fiscal year 2021. The most significant increases coming from clinical services and practice plan of \$16.6 million due to increased programmatic support and tuition and fees of \$8.6 million due to an increase in the tuition rate. Overall, revenues from grants and contracts increased \$24.6 million with the most significant increase being recorded in federal grants and contracts of \$15.0 million while state and local grants and contracts contributed \$7.2 million to the overall increase.

Operating Expenses

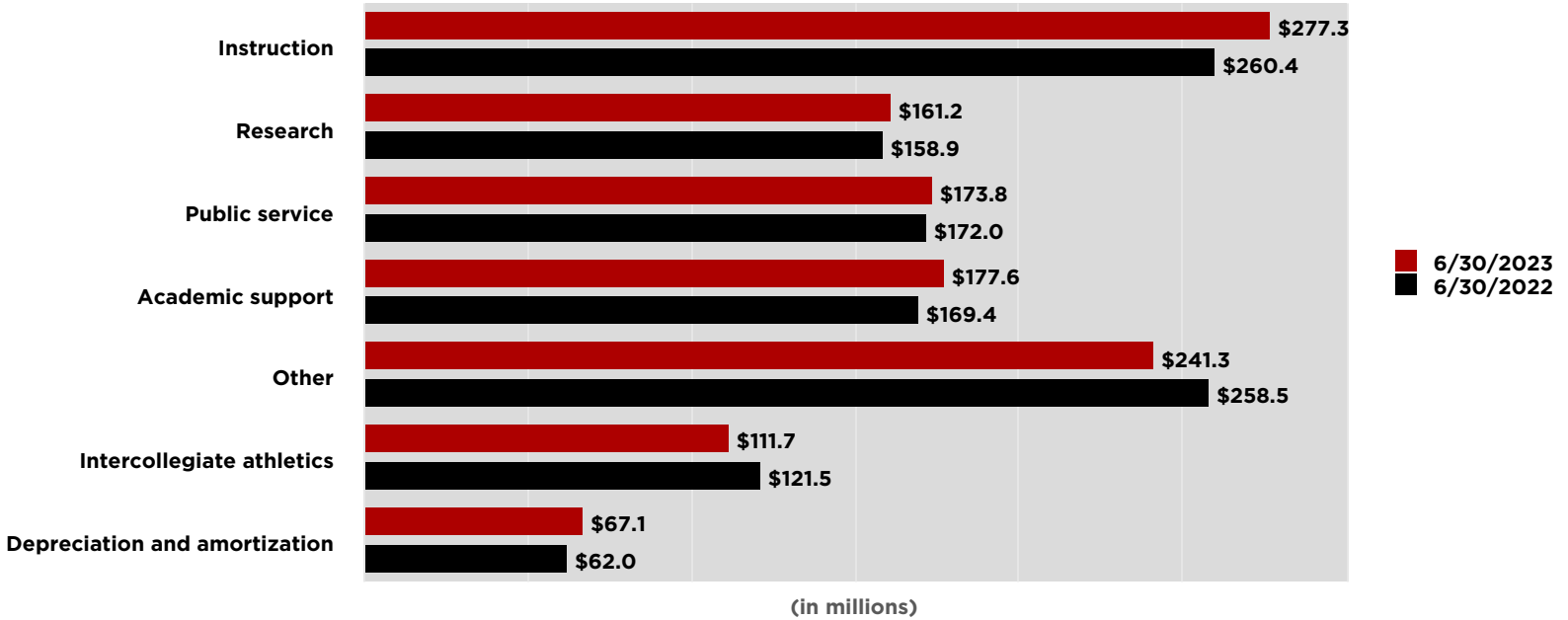
Graphic illustrations of total expenses by functional and natural classifications for the years ended June 30, 2023 and 2022 are summarized below:

Operating Expenses by Functional Classification
Year Ended June 30, 2023

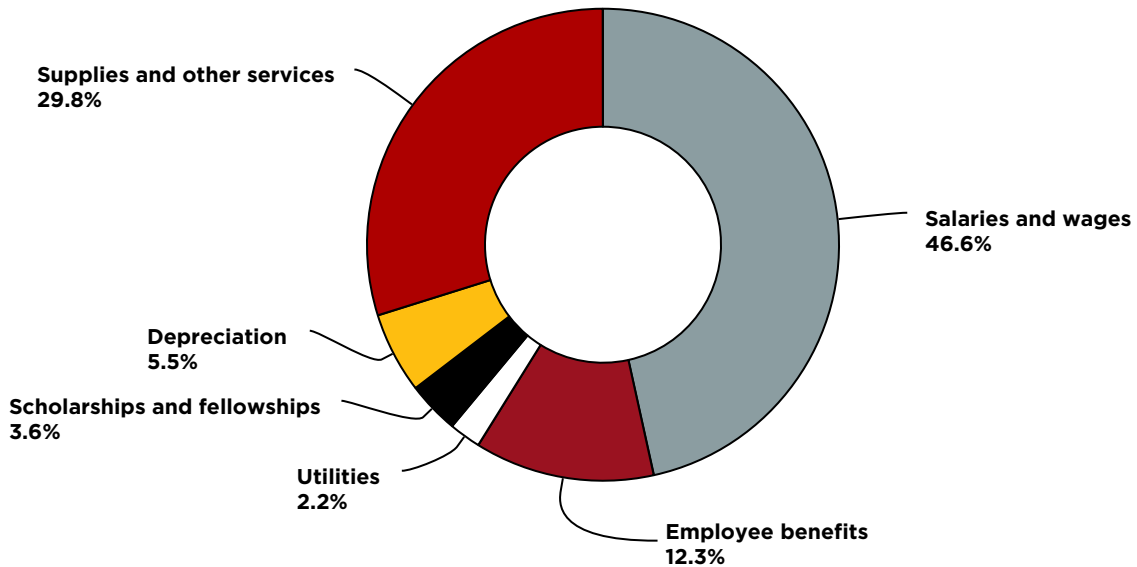


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Functional Expense Trends

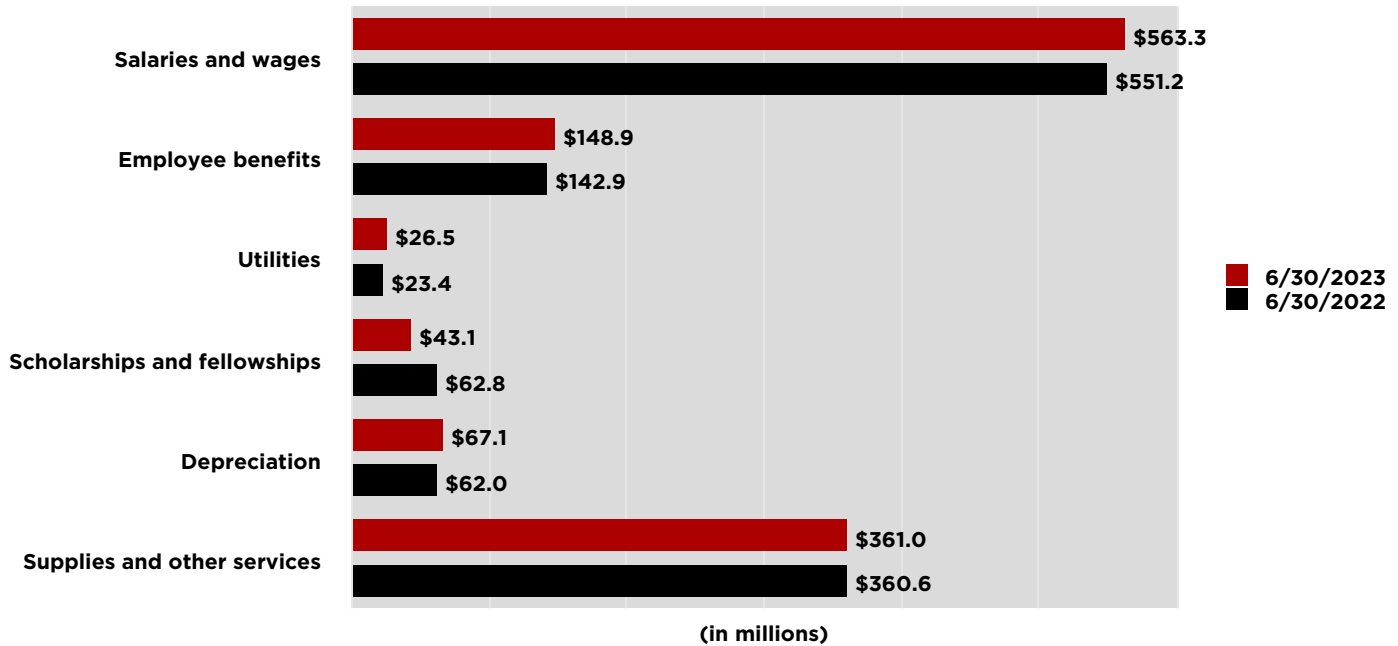


Operating Expenses by Natural Classification
Year Ended June 30, 2023



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Natural Expense Trends



Operating expenses were \$1.21 billion and \$1.20 billion and exceeded operating revenues by \$277.4 million and \$255.2 million for the years ended June 30, 2023 and 2022, respectively. In fiscal year 2023, operating expenses increased \$7.2 million or 0.6%. Expenses in most functional classifications increased, the most significant being instruction of \$16.9 million and academic support of \$8.1 million.

Increases in salaries and wages and related employee benefits totaled \$18.2 million and accounts for a majority of operating cost increases. The allocation of more scholarship and fellowship cost to discount (based on sources of funds) reduced the natural expense classification by \$19.7 million

Operating expenses increased \$145.1 million in fiscal year 2022 over fiscal year 2021. The dramatic increase is attributed to the bounce back in campus and athletic operations after pandemic shut downs. The most significant increases were in public service of \$24.4 million, instruction of \$19.0 million, and intercollegiate athletics of \$37.3 million

Nonoperating Revenues (Expenses)

Nonoperating revenue and expenses, net, experienced an overall increase of \$0.1 million in fiscal year 2023. State appropriations increased by \$16.0 million. Investment income increased by \$9.4 million as interest rates increases helped boost earnings. Contributions from the Foundation increased by \$12.4 million as a result of increased utilization of gift and endowment funds, Contracts declined by \$28.4 million as the University did not receive HEERF funds during fiscal year 2023.

Nonoperating revenue and expenses, net, increased \$28.6 million in fiscal year 2022. This increase is attributed to the growth in gifts and donations of \$11.9 million, state appropriations of \$6.3 million, and nonexchange grants and contracts of \$8.1 million,

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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, 2023, 2022, and 2021 (in thousands) are summarized below:

| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|--|-------------------|-------------------|--------------------|---------------------|---------------------|
| CASH (USED)/PROVIDED BY: | | | | | |
| Operating activities | \$ (264,982) | \$ (220,574) | \$ (161,306) | \$ (44,408) | \$ (59,268) |
| Noncapital financing activities | 326,726 | 313,393 | 267,468 | 13,333 | 45,925 |
| Capital and related financing activities | (77,397) | (47,294) | (25,514) | (30,103) | (21,780) |
| Investing activities | (4,800) | (60,197) | (9,166) | 55,397 | (51,031) |
| NET (DECREASE)/INCREASE IN CASH EQUIVALENTS | (20,453) | (14,672) | 71,482 | (5,781) | (86,154) |
| Cash and cash equivalents - beginning of year | 247,966 | 262,638 | 191,156 | (14,672) | 71,482 |
| CASH AND CASH EQUIVALENTS- END OF YEAR | \$ 227,513 | \$ 247,966 | \$ 262,638 | \$ (20,453) | \$ (14,672) |

Total cash and cash equivalents decreased by \$20.5 million during fiscal year 2023 due to increased cost of operations and holding additional funds in investments. Cash used in operations increased by \$44.4 million in fiscal year 2023 as compared to fiscal year 2022 as a result of the effects of the full on-campus operations and cost increases for labor, supplies and goods.

Net cash provided by noncapital financing activities increased \$13.3 million, providing \$326.7 million in fiscal year 2023 as compared to \$313.4 million in fiscal year 2022. The largest contributor to this increase was state appropriations increasing \$16.0 million from fiscal year 2022.

The University consumed \$77.4 million in cash for capital and related financing during fiscal year 2023, which was an increase of \$30.1 million from prior year.

Investing activities resulted in a usage of cash of \$4.8 million during fiscal year 2023. The net increase in usage is a result of \$15.8 million more of investment purchases over maturities.

Total cash and cash equivalents decreased \$14.7 million in fiscal year 2022 as compared to fiscal year 2021. Cash used by operating activities increased \$59.3 million as a result of returning to full on-campus operations and increasing cost for all operational categories. Cash provided by noncapital financing activities increased \$45.9 million. Contributions from affiliated accounted for \$13.2 million of the increase and other activities increased \$15.2 million. Cash consumed by capital and financing activities was increased by \$21.8 million in fiscal year 2022 as compared to fiscal year 2021. Capital assets constructed or purchased increased accounted for this increase with the construction of the dormitory.

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 \$11.7 million.

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The most significant capital projects and acquisitions completed during the fiscal year ended June 30, 2023 are listed below (in millions):

| Project | Capitalized Cost |
|-----------------------|------------------|
| New Residence Hall #2 | \$ 39.8 |
| IT Network Center | 5.0 |

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 |
|--|------------------|
| JB Speed School Building Construction | \$ 75.0 |
| Replace HVAC various buildings | 25.0 |
| Purchase next generation ERP Support System | 20.0 |
| Biocontainment Laboratory Pressurization Upgrade | 10.8 |
| Roof replacements various buildings | 4.2 |
| Security system and camera upgrade | 3.6 |
| Steam Plant Tunnel Structure & Cooling Tower | 1.8 |

Debt and Financing Activities

As of June 30, 2023, the University had outstanding \$305.4 million of bonds, leases, and notes payable (inclusive of discounts/premiums) as compared to \$309.7 million as of June 30, 2022. 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.

Economic Factors That May Affect the Future

Higher education faces many challenges in the years to come. Shifts in the number and ethnicity of graduating high school students; declining numbers of males attending college; and ideological clashes – including over the perceived benefits of a college education—may all impact the industry. Financial steadiness is important during these times and maintaining a solid financial foundation is key to the University’s future success. The University takes these factors into consideration and attempts to incorporate contingencies and mitigating strategies as part of the budgeting and planning process. The fiscal year 2023-2024 operating budget can be found online at: <https://louisville.edu/finance/budget/opuds/2224/operating-budget-book-fy-2024>

Enrollment is a primary focus of the University because approximately one-fourth of operating revenues are generated from students in the form of tuition and fees, housing, and dining plans. 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. The University’s plan includes the following:

- a. Creating 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.

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- d. Partnering with employers to connect offered academic programs to needed credentials and training for their employees and their dependents.
- e. Focusing on retention efforts at all stages of a student's educational journey is a priority to the University as demonstrated through expanded scholarship programs, additional support services and expanded mental health services.

State operating budget support has increased due to the state performance funding model. The University continues to outpace the sector average in the performance model and received additional state funding of \$14.0 million for fiscal year 2023. The state also continues to support the the University's capital projects for asset preservation, renovation and maintenance projects and will appropriate \$81.9 million during fiscal years 2023 and 2024. In addition, the state appropriated bond funds of \$65.0 million to construct a new building for the School of Engineering.

The University's 2023-2025 strategic plan, addresses how the university ensures student success, creates and supports a thriving workplace and how it 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.

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
A Component Unit of the Commonwealth of Kentucky
Statements of Net Position
As of June 30, 2023 and 2022
(in thousands)

| | University of Louisville | | Discretely Presented Component Units | |
|--|--------------------------|---------------------|---|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 215,518 | \$ 220,996 | \$ 301,559 | \$ 216,929 |
| Short-term investments | 34,558 | 47,809 | 249,176 | 335,991 |
| Deposit with bond trustee and escrow agent | 14,697 | 33 | — | — |
| Loans, accounts and contributions receivable, net | 149,164 | 113,344 | 361,750 | 338,654 |
| Due from affiliates | 27,627 | 36,880 | 13,699 | 18,619 |
| Inventories | 6,285 | 5,627 | 54,649 | 54,120 |
| Investments held with University of Louisville Foundation, Inc. | 3,537 | 3,400 | — | — |
| Other assets | 10,673 | 8,547 | 180,825 | 158,183 |
| Total current assets | 462,059 | 436,636 | 1,161,658 | 1,122,496 |
| Noncurrent assets | | | | |
| Restricted cash and cash equivalents | 11,996 | 26,970 | — | — |
| Deposit with bond trustee and escrow agent | 15,413 | 14,946 | — | — |
| Loans, accounts and contributions receivable, net | 733,467 | 712,437 | — | 4,926 |
| Due from affiliates | 13,262 | 25,625 | — | — |
| Other long-term investments | 76,245 | 46,865 | 1,024,641 | 987,448 |
| Right-to-use assets, net | 75,302 | 61,435 | 506,206 | 534,267 |
| Other long-term assets | 1,695 | 1,678 | 106,864 | 208,815 |
| Capital assets, net | 1,054,040 | 1,065,750 | 565,215 | 492,974 |
| Total noncurrent assets | 1,981,420 | 1,955,706 | 2,202,926 | 2,228,430 |
| Total assets | 2,443,479 | 2,392,342 | 3,364,584 | 3,350,926 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| | 20,299 | 19,129 | — | — |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 2,463,778 | \$ 2,411,471 | \$ 3,364,584 | \$ 3,350,926 |

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, 2023 and 2022
(in thousands)

| | University of Louisville | | Discretely Presented Component Units | |
|--|--------------------------|---------------------|---|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 113,212 | 113,262 | 250,094 | 197,126 |
| Line of credit | — | 9,000 | — | — |
| Unearned compensation and wages payable | 1,145 | 1,120 | 87,380 | 103,930 |
| Unearned revenue | 45,600 | 42,019 | — | 45,012 |
| Due to affiliate | — | — | 31,488 | 39,157 |
| Lease payable | 4,629 | 4,832 | 33,156 | 35,228 |
| Subscription-based arrangements | 5,936 | — | — | — |
| Bonds and notes payable | 28,781 | 27,182 | 17,338 | 10,548 |
| Total current liabilities | 199,303 | 197,415 | 419,456 | 431,001 |
| Noncurrent liabilities | | | | |
| Note payable to University of Louisville Foundation, Inc. | 1,000 | 1,000 | — | — |
| Unearned compensation and wages payable | 1,386 | 2,144 | — | — |
| Deposits | 1,057 | 1,769 | — | — |
| Unearned revenue | 42,184 | 5,945 | — | — |
| Amounts due to federal government for student loan programs | 13,758 | 16,335 | — | — |
| Due to affiliate | — | — | 18,241 | 36,870 |
| Other post-retirement benefits | 79,415 | 85,940 | — | — |
| Other long-term liabilities | — | 2,045 | 15,182 | 16,507 |
| Lease payable | 53,695 | 56,992 | 507,309 | 512,140 |
| Subscription-based arrangements | 12,491 | — | — | — |
| Bonds and notes payable | 276,571 | 282,493 | 498,980 | 526,679 |
| Total noncurrent liabilities | 481,557 | 454,663 | 1,039,712 | 1,092,196 |
| Total liabilities | 680,860 | 652,078 | 1,459,168 | 1,523,197 |
| DEFERRED INFLOWS OF RESOURCES | 708,943 | 719,905 | — | — |
| NET POSITION | | | | |
| Net investment in capital assets | 782,237 | 792,372 | — | — |
| Restricted: | | | | |
| Nonexpendable | 1,905 | 1,831 | 491,695 | 636,969 |
| Expendable | 74,031 | 67,387 | 447,462 | 288,012 |
| Unrestricted | 215,802 | 177,898 | 966,259 | 902,748 |
| Total net position | 1,073,975 | 1,039,488 | 1,905,416 | 1,827,729 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 2,463,778 | \$ 2,411,471 | \$ 3,364,584 | \$ 3,350,926 |

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, 2023 and 2022
(in thousands)

| | University of Louisville | | Discretely Presented Component Units | |
|---|--------------------------|------------------|---|------------------|
| | 2023 | 2022 | 2023 | 2022 |
| OPERATING REVENUES | | | | |
| Gross tuition and fees | \$ 339,998 | \$ 335,805 | \$ — | \$ — |
| Less: scholarship allowance | (112,478) | (95,745) | — | — |
| Student tuition and fees, net | 227,520 | 240,060 | — | — |
| Clinical services and practice plan | 407,158 | 404,628 | — | — |
| Patient service revenue | — | — | 2,168,675 | 2,023,518 |
| Federal grants and contracts | 97,210 | 97,217 | — | — |
| State and local grants and contracts | 16,069 | 16,370 | — | — |
| Nongovernmental grants and contracts | 15,239 | 18,436 | — | — |
| Sales and services of educational departments | 3,357 | 1,884 | — | — |
| Facilities and administrative cost recoveries | 34,381 | 38,714 | — | — |
| Auxiliary enterprises, net of discount of \$2,434 in 2023 and \$2,190 in 2022 | 20,180 | 16,961 | — | — |
| Intercollegiate athletics | 97,495 | 96,940 | — | — |
| Other operating revenue | 13,989 | 16,322 | 272,472 | 208,718 |
| Total operating revenue | 932,598 | 947,532 | 2,441,147 | 2,232,236 |
| OPERATING EXPENSES | | | | |
| Instruction | 277,290 | 260,430 | — | — |
| Research | 161,236 | 158,936 | — | — |
| Public service | 173,793 | 172,005 | — | — |
| Academic support | 177,562 | 169,431 | — | — |
| Student services | 38,788 | 35,894 | — | — |
| Institutional support | 85,536 | 90,985 | 2,331,331 | 2,028,753 |
| Operation and maintenance of plant | 66,901 | 64,502 | — | — |
| Scholarships and fellowships | 39,483 | 58,654 | — | — |
| Auxiliary enterprises | 10,576 | 8,400 | — | — |
| Intercollegiate athletics | 111,695 | 121,536 | — | — |
| Depreciation and amortization | 67,089 | 61,983 | 58,169 | 55,766 |
| Contributions to affiliates | — | — | 67,874 | 56,161 |
| Total operating expense | 1,209,949 | 1,202,756 | 2,457,374 | 2,140,680 |
| Operating (loss) revenue | (277,351) | (255,224) | (16,227) | 91,556 |

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, 2023 and 2022
(in thousands)

| | University of Louisville | | Discretely Presented Component Units | |
|--|--------------------------|---------------------|---|---------------------|
| | 2023 | 2022 | 2023 | 2022 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| State appropriations | 147,718 | 131,725 | — | — |
| Gifts and donations | 37,447 | 33,220 | 46,637 | 50,310 |
| Nonexchange grants and contracts | 55,787 | 84,180 | — | — |
| Contributions from University of Louisville Foundation, Inc. | 56,858 | 44,481 | — | — |
| Investment income | 10,355 | 941 | 65,522 | (32,792) |
| Realized and unrealized gain on investments | 597 | (1,436) | — | — |
| Interest expense | (13,028) | (11,060) | — | — |
| Other nonoperating revenue (expense) | 2,386 | 15,959 | (18,245) | (35,610) |
| Net nonoperating revenue | 298,120 | 298,010 | 93,914 | (18,092) |
| Income after other revenue, expense, gains and losses | 20,769 | 42,786 | 77,687 | 73,464 |
| Capital appropriations | 5,781 | 169 | — | — |
| Capital gifts | 8,874 | 10,261 | — | — |
| Total other revenue | 14,655 | 10,430 | — | — |
| Increase in net position | 35,424 | 53,216 | 77,687 | 73,464 |
| NET POSITION | | | | |
| Net position - beginning of year | 1,039,488 | 986,272 | 1,827,729 | 1,754,265 |
| Cumulative effect of change in accounting principle | (937) | — | — | — |
| Net position - end of year | \$ 1,073,975 | \$ 1,039,488 | \$ 1,905,416 | \$ 1,827,729 |

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, 2023 and 2022
(in thousands)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Student tuition and fees | \$ 223,584 | \$ 242,031 |
| Clinical services and practice plan | 351,063 | 389,095 |
| Grants and contracts | 138,902 | 134,296 |
| Sales and services of educational departments | 3,357 | 1,884 |
| Payments to suppliers, vendors and contractors | (354,116) | (349,646) |
| Payments for utilities | (26,431) | (23,223) |
| Payments to employees | (563,610) | (555,038) |
| Payments for benefits | (161,945) | (148,212) |
| Payments for scholarships and fellowships | (43,100) | (62,758) |
| Net (loans issued to students)/payments received from students | 3,101 | (4,902) |
| Auxiliary enterprises | 20,239 | 14,428 |
| Facilities and administrative cost recoveries | 34,381 | 38,714 |
| Intercollegiate athletics | 106,369 | 92,599 |
| Other receipts | 3,224 | 10,158 |
| Net cash used by operating activities | (264,982) | (220,574) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| State appropriations | 147,718 | 131,725 |
| Gifts | 35,812 | 32,392 |
| Nonexchange grants and contracts | 55,787 | 84,180 |
| Contributions from related entities | 55,948 | 44,898 |
| Due from affiliates | 22,108 | 3,608 |
| Other noncapital financing activities | 9,353 | 16,590 |
| Net cash provided by noncapital financing activities | 326,726 | 313,393 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Capital appropriations received | 5,781 | 169 |
| Capital gifts received | 1,908 | 9,629 |
| Purchases of capital assets | (52,120) | (54,449) |
| Proceeds from issuance of bonds, notes payables, and contracts | 13,819 | 21,363 |
| Payment of issuance costs | — | — |
| Principal paid on bonds and notes payable | (25,680) | (19,701) |
| Interest paid on bonds, notes payable, and contracts | (14,134) | (12,597) |
| Deposits with bond trustee and escrow agent | (15,761) | (83) |
| Other capital financing | 8,790 | 8,375 |
| Net cash used by capital and related financing activities | (77,397) | (47,294) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sales and maturities of investments | 621,442 | 968,765 |
| Purchase of investments | (637,226) | (1,030,391) |
| Interest on investments | 10,984 | 1,429 |
| Net cash used by investing activities | (4,800) | (60,197) |
| Net increase/(decrease) in cash and cash equivalents | (20,453) | (14,672) |
| Cash and cash equivalents - beginning of year | 247,966 | 262,638 |
| CASH AND CASH EQUIVALENTS- END OF YEAR | \$ 227,513 | \$ 247,966 |

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, 2023 and 2022
(in thousands)

| | 2023 | 2022 |
|--|---------------------|---------------------|
| RECONCILIATION OF NET OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES | | |
| Operating loss | \$ (277,351) | \$ (255,224) |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation and amortization | 67,089 | 61,983 |
| Loss on equipment disposals | 3,827 | 1,737 |
| Change in assets and liabilities: | | |
| Loans, accounts and contributions receivable | (65,640) | 4,828 |
| Inventories | (658) | 651 |
| Other assets | (2,144) | 1,131 |
| Other long-term assets | 114 | 193 |
| Accounts payable and accrued liabilities | (1,422) | (3,419) |
| Unearned revenue | 40,679 | (8,997) |
| Deposits | (712) | 627 |
| Due from affiliates | 419 | (1,081) |
| Unearned compensation and wages payable | (733) | 778 |
| Other long-term liabilities | (15,626) | 1,056 |
| Deferred outflows of resources | (1,862) | (2,623) |
| Deferred inflows of resources | (10,962) | (22,214) |
| Net cash used by operating activities | \$ (264,982) | \$ (220,574) |
| NON CASH TRANSACTIONS: | | |
| Accrued liabilities for capital asset additions | \$ 3,178 | \$ 2,236 |
| Gifts of capital assets | \$ 776 | \$ 353 |
| Loss on disposal of assets | \$ 3,827 | \$ 1,737 |
| Amortization of bond premium and discount | \$ (1,461) | \$ (1,976) |

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, 2023 and 2022

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

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

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

a. Basis of Presentation

As required by generally accepted accounting principles (GAAP) the financial reporting entity includes the University and all of its component units. The University's component units are either blended or discretely presented in the University's financial statements. The blended component units, although legally separate, are, in substance, part of the University's operations and, therefore, are reported as if they were part of the University. Discretely presented component units' financial data are reported in separate financial statements because of their, separation of operations and management, 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 22.

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

University of Louisville Real Estate Foundation (ULREF) - The ULREF was formed to acquire, maintain 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.

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

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For the Years Ended June 30, 2023 and 2022

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 \$14.7 million and \$33 thousand as of June 30, 2023 and June 30, 2022, 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 \$15.4 million and \$14.9 million as of June 30, 2023 and June 30, 2022, 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.

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

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For the Years Ended June 30, 2023 and 2022

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 value of student loans, net allowance, was approximately \$0.6 million at June 30, 2023 and 2022.

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 \$20.3 million and \$19.1 million for the years ended June 30, 2023 and 2022, 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 \$1.9 million and \$2.6 million for the years ended June 30, 2023 and 2022 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 \$18.4 million and \$16.6 million for the years ended June 30, 2023 and 2022 represent amounts to be paid for retiree 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. Unearned Revenue

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

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

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

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

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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 \$708.9 million and \$719.9 million for the years ended June 30, 2023 and 2022, respectively, consist of the following: gain on bond refinancing of \$567 thousand, and \$707 thousand respectively, postemployment benefit experience and assumptions changes of \$27.0 million and \$21.2 million, respectively, future revenues from leasing arrangements of \$650.0 million and \$665.4 million, respectively, and services concession arrangements of \$31.3 million and \$32.6 million, respectively.

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 and right-to-use assets such as land, buildings, equipment, depreciable library materials, and right-to-use assets. The balances are net of accumulated depreciation and amortization, related deferred outflows and related deferred inflows of resources and debt attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted-nonexpendable funds include amounts that are subject to externally imposed restrictions that require the University to maintain the assets in perpetuity. These balances are the permanent endowment for scholarships and other purposes.
- c. Restricted-expendable funds are those that are subject to externally imposed restrictions governing their use for a particular purpose or period of time. The University's most significant components in this category consist of amounts restricted for capital projects, debt service, research, and public service.
- d. Unrestricted net position results primarily from net operating income in excess of expenses. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for various academic programs, research initiatives, and capital projects.

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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For the Years Ended June 30, 2023 and 2022

The following table includes detail of the net position balances at June 30, 2023 and 2022 (in thousands):

| | 2023 | 2022 |
|----------------------------------|---------------------|---------------------|
| Net investment in capital assets | \$ 782,237 | \$ 792,372 |
| Restricted - Nonexpendable | | |
| Scholarships and fellowships | 1,905 | 1,831 |
| Restricted - Expendable | | |
| Scholarships and fellowships | 1,632 | 1,568 |
| Research | 21,046 | 21,103 |
| Instruction | 8,081 | 995 |
| Public service | 9,545 | 9,774 |
| Academic support | 58 | 5 |
| Institutional support | 9,082 | 13,954 |
| Loans | 2,078 | 2,787 |
| Capital projects | 9,060 | 2,216 |
| Debt service | 13,449 | 14,985 |
| Unrestricted | 215,802 | 177,898 |
| Total net position | \$ 1,073,975 | \$ 1,039,488 |

p. Revenue and Expense Classifications

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

Operating revenues and expenses – Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues 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.

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.

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Notes to Financial Statements
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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, 2023 the following GASB Statements were implemented which had a financial or disclosure impact on the financial statements.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The pronouncement establishes definitions of public-private and public-public partnerships (P3) and availability payment arrangements (APA). The objective of the pronouncement is to provide guidance for the accounting and financial reporting for transactions that meet these definitions. The University has implemented GASB 94 for the period ending June 30, 2023. Changes adopted conform to the provisions of this statement and are effective from July 1, 2022 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this statement retroactively was not calculable to warrant a restatement of beginning net position.

GASB Statement No. 96, *Subscription Based Information Technology Arrangements*. This pronouncement defines subscription-based information technology arrangements (SBITA) as a contract that conveys the control of the right to use a vendor's IT software. The objective of the pronouncement is to provide guidance for the accounting and financial reporting for the resulting capital and intangible assets and associated cost. The University has implemented GASB 96 for the period ending June 30, 2023. Changes adopted conform to the provisions of this statement and are effective from July 1, 2022 forward. A restatement of the financial statements for all prior periods presented was not practicable and the cumulative effect of applying this statement retroactively was not calculable to warrant a restatement of beginning net position.

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The cumulative effect of the adoption of the accounting pronouncements on net position as of June 30, 2022 is show below (in thousands) :

| | |
|---|----------------------------|
| Net position reported at June 30, 2022, as previously reported | \$ 1,039,488 |
| Adjustment for P3 arrangements change in accounting | (1,333) |
| Adjustment for subscription-based arrangements change in accounting | <u>396</u> |
| Net position as of June 30, 2022, as restated | <u><u>\$ 1,038,551</u></u> |

The following statements will be implemented in future reporting periods:

GASB Statement No. 101, *Compensated Absences*. The statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The Association has not yet adopted the standard and is evaluating the impact it may have on its financial statements. As of June 30, 2023 the following GASB Statements were implemented which had a financial or disclosure impact on the financial statements.

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For the Years Ended June 30, 2023 and 2022

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, 2023 and 2022 are as follows (in thousands):

| | 2023 | 2022 |
|--------------|-------------------|-------------------|
| Deposits | \$ 242,211 | \$ 247,999 |
| Investments | 129,753 | 113,020 |
| Total | \$ 371,964 | \$ 361,019 |

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

| | 2023 | 2022 |
|---|-------------------|-------------------|
| Cash and cash equivalents | \$ 215,518 | \$ 220,996 |
| Short-term investments | 34,558 | 47,809 |
| Deposit with bond trustee - current | 14,697 | 33 |
| Deposit with bond trustee - noncurrent | 15,413 | 14,946 |
| Restricted cash and cash equivalents | 11,996 | 26,970 |
| Investments held with University of Louisville Foundation, Inc. | 3,537 | 3,400 |
| Other long-term investments | 76,245 | 46,865 |
| Total | \$ 371,964 | \$ 361,019 |

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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b. Custodial Credit Risk

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

At June 30, 2023 and 2022, the University had deposits subject to custodial credit risk as follows (in thousands):

| | | 2023 | | |
|--|-----------------------|------------------------------|------------------|--|
| | State Deposits | Overnight Investments | Total | |
| Collateralized with securities held by pledging financial institution | \$ — | \$ 41,004 | \$ 41,004 | |
| Collateralized with securities held by the Commonwealth in the Commonwealth's name | 4,667 | — | 4,667 | |
| Total | \$ 4,667 | \$ 41,004 | \$ 45,671 | |

| | | 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) | |

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, 2023 and 2022, the University had investments subject to interest rate risk as reflected in the following schedules (in thousands):

| | | 2023 | | | |
|------------------------------|-------------------|-------------------------|------------------|-------------------|--|
| | Total | Less than 1 year | 1-5 years | 6-10 years | |
| US Treasury obligations | \$ 3,816 | \$ — | \$ 3,816 | \$ — | |
| US Agency obligations | 86,916 | 30,486 | 56,430 | — | |
| Other government obligations | 10,382 | 4,073 | 6,309 | — | |
| Repurchase agreement | 15,413 | — | — | 15,413 | |
| Certificates of deposit | 9,318 | — | 9,318 | — | |
| Total | \$ 125,845 | \$ 34,559 | \$ 75,873 | \$ 15,413 | |

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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| | 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 |

d. Credit Risk

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

As of June 30, 2023 and 2022, the University had the following investments exposed to credit risk as reflected in schedules below (in thousands):

| | 2023 | | |
|--|---------------|------------------|-----------------|
| | Aaa | Not Rated | Total |
| Annuities | \$ 372 | \$ — | \$ 372 |
| Investment held with the University of Louisville Foundation, Inc. | — | 3,537 | 3,537 |
| Total | \$ 372 | \$ 3,537 | \$ 3,909 |

| | 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 |

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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, 2023 and 2022, 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, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|----------------------------|--------------|--------------|
| Investment in partnerships | 53 % | 54 % |
| Marketable alternatives | 9 % | 10 % |
| Mutual funds | 24 % | 21 % |
| Fixed income | 10 % | 11 % |
| Preferred and common stock | 4 % | 4 % |
| Total | 100 % | 100 % |

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

f. Foreign Currency Risk

This risk relates to adverse effects on the fair value of an investment from changes in exchange rates. The University had no investments denominated in foreign currency at June 30, 2023 and 2022.

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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, 2023 and 2022 (in thousands):

| 2023 | | | | | |
|--|-------------------|---|---|--|--------------------|
| | 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 Treasury obligations | \$ 3,816 | \$ 3,816 | \$ — | \$ — | \$ — |
| US Agency obligations | 86,916 | 86,916 | — | — | — |
| Other governmental obligations | 10,381 | — | 10,381 | — | — |
| Certificate of deposit | 9,318 | 9,318 | — | — | — |
| University of Louisville Foundation, Inc. investment fund | 3,537 | — | — | — | 3,537 |
| Total investments measured at fair value | \$ 113,968 | \$ 100,050 | \$ 10,381 | \$ — | \$ 3,537 |

| 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 |

Investments held by the University measured at NAV (in thousands) as of June 30, 2023 and 2022 (in thousands):

| 2023 | | | |
|---|------------|-------------------------------------|--------------------------------|
| | Fair Value | Redemption Frequency | Redemption Notice Period |
| University of Louisville Foundation, Inc. investment fund | \$ 3,537 | Various from monthly to illiquid | Various from 10 to 90 days |
| 2022 | | | |
| | Fair Value | Redemption Frequency | Redemption Notice Period |
| University of Louisville Foundation, Inc. investment fund | \$ 3,400 | Various from monthly to illiquid | Various from 30 to 180 days |

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| | 2023 | | | | |
|---|---------------------|---|---|--|--------------------|
| | 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 | \$ 151,030 | \$ 151,030 | \$ — | \$ — | \$ — |
| Mutual funds | 218,199 | 218,199 | — | — | — |
| Domestic marketable equity securities | 39,299 | 39,299 | — | — | — |
| Mortgage bonds | 79,146 | — | 79,146 | — | — |
| Asset backed bonds | 28,997 | — | 28,997 | — | — |
| Corporate bonds | 86,015 | — | 86,015 | — | — |
| Funds held in trust by others | 65,903 | — | 65,903 | — | — |
| Hedge funds | 83,467 | — | — | — | 83,467 |
| Investments in partnerships | 482,246 | — | — | — | 482,246 |
| Total investments measured at fair value | \$ 1,234,302 | \$ 408,528 | \$ 260,061 | \$ — | \$ 565,713 |

| | 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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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, 2023 and 2022 are presented below (in thousands):

| 2023 | | | | | |
|-----------------------------|-------------------|-----------------------------|----------------------------------|---------------------------------|--|
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period | |
| Hedge funds | \$ 83,467 | \$ — | Various from monthly to illiquid | Various from 45 to 90 days | |
| Investments in partnerships | 482,246 | 74,173 | Various from monthly to illiquid | Various from 10 to 60 days | |
| 2022 | | | | | |
| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period | |
| Hedge funds | \$ 87,449 | \$ — | Various from monthly to illiquid | Various from 30 to 90 days | |
| Investments in partnerships | 478,467 | 97,727 | Various from monthly to illiquid | Various from 30 to 180 days | |

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4. Loans, Accounts, and Contributions Receivable, Net

Loans, accounts, and contributions receivable, net as of June 30, 2023 and 2022 (in thousands):

| | 2023 | | |
|--------------------------|-----------------------------|--------------------|---------------------------|
| | Gross Receivable | Allowance | Net Receivable |
| Student tuition and fees | \$ 57,856 | \$ (30,872) | \$ 26,984 |
| Patient care | 86,703 | (22,416) | 64,287 |
| Contributions receivable | 67,169 | (6,972) | 60,197 |
| Sponsored agreements | 27,559 | (3,067) | 24,492 |
| Trade receivables | 18,361 | — | 18,361 |
| Rent receivables | 669,193 | — | 669,193 |
| Other | 19,895 | — | 19,895 |
| Total | \$ 946,736 | \$ (63,327) | \$ 883,409 |
| Less discount | | | (778) |
| Total Receivables | | | \$ 882,631 |
| Current portion | | | 149,164 |
| Noncurrent portion | | | 733,467 |

| | 2022 | | |
|--------------------------|-----------------------------|--------------------|---------------------------|
| | Gross Receivable | Allowance | Net Receivable |
| Student tuition and fees | \$ 56,110 | \$ (26,913) | \$ 29,197 |
| Patient care | 43,396 | (18,425) | 24,971 |
| Contributions receivable | 34,055 | (5,109) | 28,946 |
| Sponsored agreements | 37,255 | (1,763) | 35,492 |
| Trade receivables | 15,354 | — | 15,354 |
| Rent receivables | 677,983 | — | 677,983 |
| Other | 14,754 | — | 14,754 |
| Total | \$ 878,907 | \$ (52,210) | \$ 826,697 |
| Less discount | | | (916) |
| Total Receivables | | | \$ 825,781 |
| Current portion | | | 113,344 |
| Noncurrent portion | | | 712,437 |

Contributions receivable consist primarily of charitable gifts totaling \$67.2 million pledged from individual and corporate donors that are associated with the construction projects and general fundraising of the Association. Receivables with payment schedules in excess of one year are stated at their present value, using discount rates ranging from 0.0% to 5.11% as of June 30, 2023.

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Contributions receivable as of June 30, 2023 and 2022 are due to be received as follows (in thousands):

| | 2023 | 2022 |
|---|------------------|------------------|
| Less than one year | \$ 10,126 | \$ 11,195 |
| One to three years | 11,509 | 8,923 |
| Greater than three years | 45,534 | 13,937 |
| Total gross contributions receivable | 67,169 | 34,055 |
| Less discount | (778) | (916) |
| Less allowance | (6,972) | (5,109) |
| Net contributions receivable | \$ 59,419 | \$ 28,030 |

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.

Rent receivables are future payments due from tenants leasing the university's equipment or real estate, stated at their present value. Other receivables consist primarily of receivables under service concession arrangements as of June 30, 2023 and June 30, 2022.

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 \$5.7 million and \$4.8 million to the University as of June 30, 2023 and 2022, 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, 2023 and 2022. 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. The University earned rents of \$661 thousand and \$1.1 million during the years ending June 30, 2023 and 2022 respectively, which is 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 \$823 thousand of the outstanding balance during the years ended June 30, 2023 and 2022, respectively. The outstanding note balance is \$1.6 million as of June 30, 2023 with \$831 thousand in current due from affiliate and the remaining \$769 thousand 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, 2023 and 2022, receivables of \$97 thousand and \$13 thousand were due respectively.

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d. 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 \$7.9 million and \$22.3 million for the years ended June 30, 2023 and 2022, respectively, payable to the Research Foundation over three years. During fiscal year 2023, the Research Foundation received payments of \$27.9 million related to the agreement with UL Health. As of June 30, 2023, the remaining balance due to the Research Foundation is \$33.0 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, 2023 and 2022, receivables of \$13.3 million and \$8.4 million were due, respectively.

6. Capital and Intangible Assets, Net

Capital assets and intangible assets as of June 30, 2023 and 2022 are as follows (in thousands):

| | 2023 | | | | |
|--|---------------------|--------------------|-------------------|-----------------|---------------------|
| | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
| Cost - Nondepreciable | | | | | |
| Land | \$ 58,425 | \$ — | \$ — | \$ — | \$ 58,425 |
| Rare books | 48,496 | 81 | — | — | 48,577 |
| Construction in progress | 41,916 | 24,640 | (608) | (51,833) | 14,115 |
| Subtotal | 148,837 | 24,721 | (608) | (51,833) | 121,117 |
| Cost - Depreciable | | | | | |
| Buildings | 1,532,528 | 4,532 | (419) | 45,787 | 1,582,428 |
| Infrastructure | 53,978 | — | — | — | 53,978 |
| Land improvements | 21,310 | 308 | — | 936 | 22,554 |
| Equipment | 243,141 | 16,817 | (9,400) | 5,110 | 255,668 |
| Leasehold improvements | 2,117 | 36 | (500) | — | 1,653 |
| Library materials | 178,449 | 1,004 | — | — | 179,453 |
| Right-to-use asset - subscription-based arrangements | 26,123 | 2,900 | — | — | 29,023 |
| Right-to-use asset - leases | 72,561 | 1,718 | (490) | — | 73,789 |
| Subtotal | 2,130,207 | 27,315 | (10,809) | 51,833 | 2,198,546 |
| Total capital and intangible assets, cost | 2,279,044 | 52,036 | (11,417) | — | 2,319,663 |
| Accumulated depreciation and amortization | | | | | |
| Buildings | 712,159 | 39,114 | (191) | — | 751,082 |
| Infrastructure | 8,390 | 900 | — | — | 9,290 |
| Land improvements | 7,049 | 656 | — | — | 7,705 |
| Equipment | 215,335 | 13,009 | (6,893) | — | 221,451 |
| Leasehold improvements | 1,880 | 51 | (500) | — | 1,431 |
| Library materials | 169,796 | 2,062 | (5) | — | 171,853 |
| Right-to-use asset - subscription-based arrangements | 5,085 | 5,735 | — | — | 10,820 |
| Right-to-use asset - leases | 11,127 | 5,562 | — | — | 16,689 |
| Total accumulated depreciation and amortization | 1,130,821 | 67,089 | (7,589) | — | 1,190,321 |
| Capital and intangible assets, net | \$ 1,148,223 | \$ (15,053) | \$ (3,828) | \$ — | \$ 1,129,342 |

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| | 2022 | | | | |
|--|---------------------|-------------------|-------------------|-----------------|---------------------|
| | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
| Cost - Nondepreciable | | | | | |
| Land | \$ 58,425 | \$ — | \$ — | \$ — | \$ 58,425 |
| Rare books | 48,468 | 28 | — | — | 48,496 |
| Construction in progress | 37,752 | 42,114 | — | (37,950) | 41,916 |
| Subtotal | 144,645 | 42,142 | — | (37,950) | 148,837 |
| 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 | 8,682 | (1,062) | — | 243,141 |
| Leasehold improvements | 2,117 | — | — | — | 2,117 |
| Library materials | 177,375 | 1,074 | — | — | 178,449 |
| Right-to-use asset - leases | 69,538 | 3,023 | — | — | 72,561 |
| Subtotal | 2,061,535 | 15,083 | (10,484) | 37,950 | 2,104,084 |
| Total capital and intangible assets, cost | 2,206,180 | 57,225 | (10,484) | — | 2,252,921 |
| Accumulated depreciation and amortization | | | | | |
| 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 | (980) | — | 215,335 |
| Leasehold improvements | 1,816 | 64 | — | — | 1,880 |
| Library materials | 167,360 | 2,436 | — | — | 169,796 |
| Right to use asset | 5,509 | 5,618 | — | — | 11,127 |
| Total accumulated depreciation and | 1,072,332 | 61,983 | (8,579) | — | 1,125,736 |
| Capital and intangible assets, net | \$ 1,133,848 | \$ (4,758) | \$ (1,905) | \$ — | \$ 1,127,185 |

7. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following at June 30, 2023 and 2022 (in thousands):

| | 2023 | 2022 |
|-----------------------|-------------------|-------------------|
| Salaries and benefits | \$ 37,737 | \$ 37,913 |
| Payroll taxes | 16,090 | 26,269 |
| Construction | 3,178 | 4,046 |
| Accrued interest | 4,326 | 4,662 |
| Other | 51,881 | 40,372 |
| Total | \$ 113,212 | \$ 113,262 |

Accrued interest includes \$1.2 million and \$1.3 million related to leases payable as of June 30, 2023 and 2022, respectively. Accrued interest also includes \$404 thousand related to subscription-based arrangement payables as of June 30, 2023.

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8. Line of Credit

The University has a line of credit with a financial institution in the form of a revenue anticipation note in the amount of \$25.0 million with a maturity date of June 30, 2023. Advances on the line of credit bear interest at the daily Bloomberg short-term bank yield index rate plus 0.60%. No draws were made from the available credit through its expiration as of June 30, 2023 and 2022. The University renewed the line of credit on July 1, 2023 with a maturity date of June 30, 2024 with substantially the same terms.

The Association entered into a \$20.0 million line of credit with a financial institution to fund the Association's working capital expenses. The line of credit is secured by collateral, including funding and revenues of the Association and third-party pledges to the Association. The balance on the line of credit was \$9.0 million as of June 30, 2022. The balance drawn on the line converted to a 20-year note May 31, 2023 with principal and interest payments through April 30, 2043. The interest rate on the new note at conversion is fixed at 2.93%. The balance at the term note is \$8.8 million as of June 30, 2023.

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 University 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, 2023 | Net asset balance as of June 30, 2022 |
|--------------|---|---|
| Building | \$ 56,531 | \$ 60,802 |
| Land | 569 | 632 |
| Total | \$ 57,100 | \$ 61,434 |

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

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

| For the year ending June 30, | Principal | Interest |
|--------------------------------------|------------------|------------------|
| 2024 | \$ 4,629 | \$ 1,660 |
| 2025 | 2,987 | 1,551 |
| 2026 | 2,981 | 1,464 |
| 2027 | 2,575 | 1,381 |
| 2028 | 2,463 | 1,310 |
| 2029-2033 | 12,534 | 5,396 |
| 2034-2038 | 12,143 | 3,538 |
| 2039-2043 | 12,879 | 1,614 |
| 2044-2048 | 4,911 | 111 |
| 2049-2053 | 44 | 30 |
| 2054-2058 | 51 | 23 |
| 2059-2063 | 59 | 14 |
| 2064-2068 | 68 | 4 |
| Future minimum lease payments | \$ 58,324 | \$ 18,096 |

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 \$1.8 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, 2023 and 2022, the University recognized revenues relating to these lease arrangements totaling \$28.7 million and \$28.2 million, respectively. Of those receipts, \$26.7 million was received from a related party during June 30, 2023 and 2022 .

10. Subscription-Based Information Technology Arrangements (SBITA)

The University contracts subscription-based information technology for operating activities for various terms under long-term, non-cancelable agreements. The agreements expire at various dates through 2028 and provide for renewal options ranging from one year to five years. The Association records right-of-use assets and current or noncurrent liabilities based on the present value of expected payments over the term of the respective agreements. The expected payments are discounted using the Association's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. Those variable payments are recognized as outflows of resources in the periods in which the obligation for those payments is incurred. There were no variable payments expensed during the current year.

Right-to-use assets acquired through subscription-based information technology agreements as of June 30, 2023 are \$29.0 million with accumulated amortization of the assets of \$10.8 million, resulting in a net value of \$18.2 million.

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

| For the year ending June 30, | Principal | Interest |
|----------------------------------|------------------|---------------|
| 2024 | \$ 5,936 | \$ 423 |
| 2025 | 5,037 | 262 |
| 2026 | 3,298 | 154 |
| 2027 | 2,339 | 81 |
| 2028 | 1,817 | 22 |
| Future agreement payments | \$ 18,427 | \$ 942 |

11. Bonds, Notes, and Contracts

Long-term debt, net of discount, of the University consisted of the following at June 30, 2023 and 2022 (in thousands):

| | Interest Rate | Fiscal Year of Maturity | 2023 | 2022 |
|-----------------------------|---------------|-------------------------|-------------------|-------------------|
| General Receipts Bonds: | | | | |
| Series B of 2010 | 5.5% | 2028 | \$ 20,942 | \$ 20,942 |
| Series A of 2012 | 5.0% | 2023 | — | 1,635 |
| Series A of 2016 | 2.0% to 5.0% | 2036 | 8,565 | 9,435 |
| Series B of 2016 | 3.0% to 5.0% | 2028 | 12,715 | 15,025 |
| Series C of 2016 | 2.0% to 4.0% | 2029 | 33,525 | 38,370 |
| Series D of 2016 | 3.0% to 5.0% | 2036 | 45,195 | 45,295 |
| Series E of 2016 | 2.2% to 3.0% | 2023 | — | 1,055 |
| Series F of 2016 | 5.0% | 2028 | 13,255 | 15,540 |
| Series A of 2020 | 2.0% to 5.0% | 2051 | 45,320 | 45,320 |
| Series A of 2021 | 1.5% | 2032 | 19,025 | 20,980 |
| Series B of 2021 | 2.0% to 5.0% | 2051 | 38,530 | 39,300 |
| Notes from direct placement | 2.9% | 2043 | 23,202 | 14,855 |
| Contracts | 1.8% to 10.7% | 2021 to 2033 | 35,168 | 30,552 |
| Total long-term debt | | | 295,442 | 298,304 |
| Net unamortized premium | | | 9,910 | 11,371 |
| Long-term debt, net | | | \$ 305,352 | \$ 309,675 |

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

| | 2023 | | | | | |
|--|-------------------|------------------|--------------------|-------------------|------------------|--------------------|
| | Beginning Balance | Additions | Retirements | Ending Balance | Current Portion | Noncurrent Portion |
| Bonds payable | \$ 252,897 | \$ — | \$ (15,825) | \$ 237,072 | \$ 19,380 | \$ 217,692 |
| Notes from direct placement | 14,855 | 9,000 | (653) | 23,202 | 2,454 | 20,748 |
| Contracts | 30,552 | 13,819 | (9,203) | 35,168 | 5,404 | 29,764 |
| Total | 298,304 | 22,819 | (25,681) | 295,442 | 27,238 | 268,204 |
| Less amortized net (discount)/ premium | 11,371 | — | (1,461) | 9,910 | 1,543 | 8,367 |
| Net long-term debt | \$ 309,675 | \$ 22,819 | \$ (27,142) | \$ 305,352 | \$ 28,781 | \$ 276,571 |

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| | 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 |

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 |
| 2024 | \$ 19,380 | \$ 8,664 | \$ 2,454 | \$ 691 | \$ 5,404 | \$ 1,025 |
| 2025 | 13,140 | 8,057 | 2,136 | 615 | 4,769 | 946 |
| 2026 | 16,410 | 7,423 | 1,920 | 550 | 4,715 | 790 |
| 2027 | 17,080 | 6,761 | 1,948 | 489 | 4,221 | 640 |
| 2028 | 37,732 | 5,463 | 1,985 | 427 | 4,177 | 500 |
| 2029-2033 | 53,325 | 17,133 | 12,759 | 854 | 11,882 | 852 |
| 2034-2038 | 33,055 | 8,533 | — | — | — | — |
| 2039-2043 | 16,210 | 5,104 | — | — | — | — |
| 2044-2048 | 18,435 | 2,878 | — | — | — | — |
| 2049-2051 | 12,305 | 492 | — | — | — | — |
| Total | \$ 237,072 | \$ 70,508 | \$ 23,202 | \$ 3,626 | \$ 35,168 | \$ 4,753 |

The University has capitalized leased equipment with a net book value of \$3.4 million and \$3.1 million as of June 30, 2023 and 2022, respectively.

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 \$307.6 million, with annual requirements ranging from \$4.3 million in 2037 to \$43.2 million in 2028.

As of June 30, 2023 and 2022, investments at fair value totaling approximately \$30.1 million and \$15.0 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

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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, 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 was 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.

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University of Louisville General Receipts Bonds, 2021 Series A

In June 2021, the University issued \$21.4 million of University of Louisville, General Receipts Bonds, 2021 Series A at a total interest cost of 1.55%. These bonds were a private placement with a financial institution. The proceeds were used to advance refund \$20.8 million of the General Receipt Bonds, 2010 Series A with a total interest cost of 3.6%. The bond proceeds 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 \$11.0 million term note with a financial institution. The note is secured by collateral, including funds and revenues of the Association and third-party pledges to the Association. Principal repayments will begin May 31, 2023 as the note carries an interest only period ending on April 30, 2023. The interest rate on the new note is fixed at 2.93%. The balance of the term note is was \$10.9 million and \$11.0 million as of June 30, 2023 and 2022, respectively.

The Association's \$9.0 million draw on a letter of credit converted to a 20-year term note with principal and interest payments beginning May, 2023. The interest rate is fixed at 2.93%. The balance at the term note is \$8.8 million as of June 30, 2023.

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 \$3.2 million as of June 30, 2023.

Contracts

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

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

In January 1999, the Association obtained an \$8.5 million unsecured, noninterest bearing loan from the Foundation for the construction of Cardinal Park. The Association is obligated to repay the loan upon redemption of a life insurance policy pledged by a certain donor. The outstanding balance was approximately \$1.0 million for each of the years ended June 30, 2023 and 2022.

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13. Other Liabilities

Other liabilities of the University are summarized at June 30, 2023 and 2022 (in thousands):

| | 2023 | | | | | |
|---|------------------------------|------------------|--------------------|---------------------------|----------------------------|-------------------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion | Noncurrent Portion |
| Unearned compensation and wages payable | \$ 3,264 | \$ 481 | \$ (1,214) | \$ 2,531 | \$ 1,145 | \$ 1,386 |
| Deposits | 1,769 | 145 | (857) | 1,057 | — | 1,057 |
| Unearned revenue | 47,964 | 59,241 | (19,421) | 87,784 | 45,600 | 42,184 |
| Amounts due federal government for student loan program | 16,335 | 770 | (3,347) | 13,758 | — | 13,758 |
| Leases payable | 61,824 | 1,717 | (5,217) | 58,324 | 4,629 | 53,695 |
| Subscription-based arrangements | 20,201 | 2,900 | (4,674) | 18,427 | 5,936 | 12,491 |
| Other long-term liabilities | 2,045 | 2,026 | (4,071) | — | — | — |
| Total | \$ 153,402 | \$ 67,280 | \$ (38,801) | \$ 181,881 | \$ 57,310 | \$ 124,571 |

| | 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 |
| Unearned revenue | 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 |

14. Public-Private and Public-Public Arrangements

The University has entered into contractual agreements with external parties to provide services to students, employees, and guest on behalf of the University. The contracted services include food service arrangements providing meals and concessions, print, copy and mail services, and bookstore services. The third parties (operators) receive the right to utilize and control university assets, such as infrastructure or other capital assets, to provide the services. In exchange for entering into the agreements, the University has received upfront payments, capital assets, and/or payments throughout the agreement term. The operators receive payments for services from customers or the university. The university has recognized \$1.1 million in current receivables and \$11.7 million in noncurrent receivables for future installment payments, \$10.7 million in capital asset additions or upgrades, net depreciation, and \$31.3 million in deferred inflows related to the agreements. Future installment payments were discounted using rates applicable at the time the agreement was commenced, between 0.75% - 1.56%.

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

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

15. Natural Classification

The University's operating expenses by natural classification were as follows for the years ended June 30, 2023 and 2022 (in thousands):

| | 2023 | | | | | |
|------------------------------------|-------------------|-------------------|------------------|------------------------------|--------------------|---------------------|
| | Salary and wages | Employee benefits | Utilities | Scholarships and fellowships | Supplies and other | Total |
| Instruction | \$ 203,333 | \$ 53,951 | \$ 71 | \$ 1,964 | \$ 17,971 | \$ 277,290 |
| Research | 87,646 | 23,300 | 40 | 1,818 | 48,432 | 161,236 |
| Public service | 52,826 | 14,291 | 48 | 50 | 106,578 | 173,793 |
| Academic support | 85,546 | 22,049 | 46 | 1,114 | 68,807 | 177,562 |
| Student services | 18,941 | 6,665 | 147 | 26 | 13,009 | 38,788 |
| Institutional support | 50,350 | 11,426 | — | (119) | 23,879 | 85,536 |
| Operation and maintenance of plant | 15,227 | 5,752 | 24,112 | 181 | 21,629 | 66,901 |
| Scholarships and fellowships | 4,691 | 979 | — | 33,056 | 757 | 39,483 |
| Auxiliary enterprises | 2,061 | 776 | 949 | (208) | 6,998 | 10,576 |
| Intercollegiate athletics | 42,640 | 9,745 | 1,114 | 5,218 | 52,978 | 111,695 |
| Depreciation and amortization | — | — | — | — | — | 67,089 |
| Total | \$ 563,261 | \$ 148,934 | \$ 26,527 | \$ 43,100 | \$ 361,038 | \$ 1,209,949 |

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| | 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 | 52,807 | 13,780 | 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 | 14,605 | 5,228 | 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 |

16. Risk Management

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

The Fund covers losses to property from fire, wind, earthquake, flood and other named perils 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 2022 to 2023.

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, 2023 and 2022, respectively, was approximately \$71.3 million and \$68.2 million, including \$6.0 million and \$5.9 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, 2023, June 30, 2022, and June 30, 2021 (in thousands):

| Fiscal year ended June 30, | Beginning Balance | Current Year Claims and Changes in Estimates | Claim Payments | Ending Balance |
|----------------------------|-------------------|--|----------------|----------------|
| 2023 | \$ 5,856 | \$ 75,500 | \$ (75,371) | \$ 5,985 |
| 2022 | 5,449 | 71,711 | (71,304) | 5,856 |
| 2021 | 5,287 | 68,376 | (68,214) | 5,449 |

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17. 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.

18. Retirement Plans

a. Defined Contribution Plan

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

Other information relating to this plan for the years ended June 30, 2023 and 2022 is presented as follows (in thousands):

| | 2023 | 2022 |
|-----------------------------------|------------|------------|
| Total University payroll | \$ 572,419 | \$ 556,154 |
| Total payroll covered by the plan | \$ 542,125 | \$ 528,172 |
| Employee contributions | \$ 33,948 | \$ 33,869 |
| University contributions | \$ 38,719 | \$ 37,628 |

As of June 30, 2023 and 2022, the University had no outstanding liability related to the Retirement Plan and \$452 thousand and \$193 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, 2023 and June 30, 2022. 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, 2023 and 2022 are as follows (in thousands):

| | 2023 | 2022 |
|--|----------|----------|
| Actuarial present value of nonvested accumulated plan benefits | \$ 445 | \$ 479 |
| Net assets available for benefits | \$ 922 | \$ 965 |
| Net pension surplus | \$ (477) | \$ (486) |
| Funded ratio | 207 % | 201 % |

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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, 2023 and 2022, for preretirement and postretirement periods.

19. 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.

The following employees were covered by the benefit terms as of July 1, 2023 and 2022:

| | 2023 | 2022 |
|----------------------------|--------------|--------------|
| Retirees and beneficiaries | 1,916 | 1,586 |
| Active plan members | 4,446 | 4,701 |
| Total | 6,362 | 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, 2023 and 2022, the University contributed approximately \$3.9 million and \$3.7 million to the Plan, approximately 80% of total premiums for both years. Retired Plan members under age 65 receiving benefits contributed approximately \$958 thousand and \$924 thousand, approximately 20% of total premiums for both years. Health plan rates remained unchanged for the year ended June 30, 2023. Retired Plan members made monthly contributions according to the rate schedule below.

| | PPO | | EPO | | PCA High | | PCA Low | |
|---------------------|-----|-------|-----|-------|----------|-----|---------|-----|
| Employee | \$ | 416 | \$ | 445 | \$ | 353 | \$ | 291 |
| Employee and Spouse | \$ | 1,000 | \$ | 1,069 | \$ | 847 | \$ | 698 |

Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For the years ended June 30, 2023 and 2022, the University contributed \$2.5 million and \$2.2 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, 2022. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|-----------------------------|---|
| Inflation | 2.25% |
| Salary Increases | 5.00%, average |
| Investment rate of return | NA |
| Healthcare cost trend rates | 7.0% for 2021, decreasing 0%-0.25% per year to an ultimate rate of 4.25% for 2038 and later years |

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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 3.69% as of the Measurement Date, 1.92% as of the beginning of the Measurement Period.

Changes in total reported liability for postemployment benefits obligations for the year ended June 30, 2023 and 2022 are summarized below (in thousands):

| | 2023 | 2022 |
|--|------------------|------------------|
| Balance, beginning year | \$ 85,940 | \$ 80,238 |
| Changes for the year: | | |
| Service cost | 2,983 | 2,795 |
| Interest | 1,642 | 1,956 |
| Differences between expected and actual experience | 4,771 | (458) |
| Changes of assumptions | (12,131) | 4,967 |
| Benefit payments | (3,790) | (3,558) |
| Net changes | (6,525) | 5,702 |
| Balance, end year | \$ 79,415 | \$ 85,940 |

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

| | 2023 | | | 2022 | | |
|--------------------|------------------------|--------------------------|------------------------|------------------------|--------------------------|------------------------|
| | 1% Decrease (2.69)% | Discount Rate (3.69)% | 1% Increase (4.69)% | 1% Decrease (0.92)% | Discount Rate (1.92)% | 1% Increase (2.92)% |
| Net OPEB liability | \$ 88,490 | \$ 79,415 | \$ 71,721 | \$ 96,719 | \$ 85,940 | \$ 76,935 |

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

| | 2023 | | | 2022 | | |
|--------------------|-----------------------|--|-----------------------|-----------------------|--|-----------------------|
| | 1% Decrease (6.0)% | Healthcare Cost Trend Rates (7.0)% | 1% Increase (8.0)% | 1% Decrease (6.0)% | Healthcare Cost Trend Rates (7.0)% | 1% Increase (8.0)% |
| Net OPEB liability | \$ 76,079 | \$ 79,415 | \$ 83,296 | \$ 82,316 | \$ 85,940 | \$ 90,197 |

For the year ended June 30, 2023 the University recognized OPEB expense of \$1.5 million. At June 30, 2023, 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 | \$ 4,972 | \$ 2,858 |
| Changes of assumptions | 9,520 | 24,187 |
| Contributions made in fiscal year ending 6/30/2023 after the measurement date of 6/30/2022 | 3,936 | — |
| Total | \$ 18,428 | \$ 27,045 |

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

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

| Year ended June 30: | |
|---------------------|--------------------|
| 2024 | \$ (3,100) |
| 2025 | (3,100) |
| 2026 | (2,683) |
| 2027 | (2,583) |
| 2028 | (334) |
| Thereafter | (753) |
| Total | \$ (12,553) |

d. Funded Status and Funding Progress

As of June 30, 2022, the most recent actuarial valuation date, the plan was 0% funded. The unfunded OPEB liability for benefits was \$79.4 million and \$85.9 million and there were no assets, resulting in an unfunded net OPEB liability of \$79.4 million and \$85.9 million as of June 30, 2023 and 2022, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$445.2 million and \$434.9 million, and the ratio of the unfunded net OPEB liability to the covered payroll was 18% and 20%, for the years ended June 30, 2023 and 2022, 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.

20. Health Science Center Affiliations and Agreements

a. University Hospital Affiliation, Lease and Operating Agreements

UL Health's operating agreement with the University states that profitable operations in excess of budget will be shared equally with the university. The profit share contribution was \$7.9 million and \$22.3 million for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, support totaling approximately \$146.2 million and \$150.1 million, respectively, was received under these agreements.

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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 \$86.1 million and \$84.5 million related academic, departmental and research support for June 30, 2023 and 2022, respectively. Norton made additional payments to the Research Foundation for professional services provided by clinical providers of \$1.4 million and \$2.3 million for the years ending June 30, 2023 and 2022, respectively.

21. Commitments and Contingencies

a. Commitments

At June 30, 2023, the University had approximately \$22.2 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. 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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22. Component Units

a. Blended Component Units - Combined Condensed Statements

The consolidated schedules of the University, the Research Foundation and the Association as of June 30, 2023 and 2022, are on the following pages (in thousands):

| | 2023 | | | |
|--|---------------------|---------------------|----------------------|---------------------|
| | University | Research Foundation | Athletic Association | Total |
| Current assets | \$ 158,963 | \$ 258,678 | \$ 44,418 | \$ 462,059 |
| Other noncurrent assets | 137,935 | 657,424 | 56,719 | 852,078 |
| Capital assets, net | 817,896 | 61,152 | 250,294 | 1,129,342 |
| Total assets | 1,114,794 | 977,254 | 351,431 | 2,443,479 |
| Deferred outflows of resources | 12,330 | 6,450 | 1,519 | 20,299 |
| Total assets and deferred outflows of resources | 1,127,124 | 983,704 | 352,950 | 2,463,778 |
| Current liabilities | 93,576 | 54,014 | 51,713 | 199,303 |
| Noncurrent liabilities | 251,448 | 35,202 | 194,907 | 481,557 |
| Total liabilities | 345,024 | 89,216 | 246,620 | 680,860 |
| Deferred inflows of resources | 61,783 | 644,204 | 2,956 | 708,943 |
| Net investment in capital assets | 599,161 | 59,149 | 123,927 | 782,237 |
| Restricted-nonexpendable | — | — | 1,905 | 1,905 |
| Restricted-expendable | 46,475 | 22,320 | 5,236 | 74,031 |
| Unrestricted | 74,681 | 168,815 | (27,694) | 215,802 |
| Total net position | 720,317 | 250,284 | 103,374 | 1,073,975 |
| Total liabilities, deferred inflows of resources and net position | \$ 1,127,124 | \$ 983,704 | \$ 352,950 | \$ 2,463,778 |

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| | 2022 | | | |
|--|---------------------|------------------------|-------------------------|---------------------|
| | University | Research Foundation | Athletic Association | Total |
| Current assets | \$ 185,939 | \$ 208,829 | \$ 41,868 | \$ 436,636 |
| Other noncurrent assets | 111,647 | 680,915 | 35,959 | 828,521 |
| Capital assets, net | 820,223 | 56,510 | 250,452 | 1,127,185 |
| Total assets | 1,117,809 | 946,254 | 328,279 | 2,392,342 |
| Deferred outflows of resources | 11,601 | 5,964 | 1,564 | 19,129 |
| Total assets and deferred outflows of resources | 1,129,410 | 952,218 | 329,843 | 2,411,471 |
| Current liabilities | 93,386 | 46,369 | 57,660 | 197,415 |
| Noncurrent liabilities | 253,916 | 38,035 | 162,712 | 454,663 |
| Total liabilities | 347,302 | 84,404 | 220,372 | 652,078 |
| 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 | 35,330 | 24,422 | 7,635 | 67,387 |
| Unrestricted | 74,172 | 132,339 | (28,613) | 177,898 |
| Total net position | 723,150 | 208,280 | 108,058 | 1,039,488 |
| Total liabilities, deferred inflows of resources and net position | \$ 1,129,410 | \$ 952,218 | \$ 329,843 | \$ 2,411,471 |

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| | 2023 | | | |
|---|-------------------|--------------------------------|---------------------------------|---------------------|
| | University | Research Foundation | Athletic Association | Total |
| Student tuition and fees, net | \$ 227,520 | \$ — | \$ — | \$ 227,520 |
| Clinical services and practice plan | 8,732 | 398,426 | — | 407,158 |
| Grants and contracts | (28) | 128,546 | — | 128,518 |
| Facilities and administrative cost recoveries | 3 | 34,378 | — | 34,381 |
| Other operating revenue | 29,785 | 7,741 | 97,495 | 135,021 |
| Total operating revenues | 266,012 | 569,091 | 97,495 | 932,598 |
| Depreciation | 46,257 | 8,451 | 12,381 | 67,089 |
| Other operating expenses | 477,085 | 543,358 | 122,417 | 1,142,860 |
| Total operating expenses | 523,342 | 551,809 | 134,798 | 1,209,949 |
| Operating gain (loss) | (257,330) | 17,282 | (37,303) | (277,351) |
| State appropriations | 147,718 | — | — | 147,718 |
| Gifts | 756 | 1,044 | 35,647 | 37,447 |
| Interest expense | (10,814) | (96) | (2,118) | (13,028) |
| Other nonoperating revenues | 13,401 | 62,225 | (6,501) | 69,125 |
| Capital appropriations | 5,781 | — | — | 5,781 |
| Capital gifts | — | — | 8,874 | 8,874 |
| Contributions from affiliates, net | 56,858 | — | — | 56,858 |
| Transfers | 40,291 | (38,451) | (1,840) | — |
| Total nonoperating revenues | 253,991 | 24,722 | 34,062 | 312,775 |
| Change in net position | (3,339) | 42,004 | (3,241) | 35,424 |
| Net position - beginning of year | 723,150 | 208,280 | 108,058 | 1,039,488 |
| Cumulative effect of change in accounting principle | 506 | — | (1,443) | (937) |
| Net position - end of year | \$ 720,317 | \$ 250,284 | \$ 103,374 | \$ 1,073,975 |

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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 | 465,914 | 546,123 | 128,736 | 1,140,773 |
| Total operating expenses | 508,278 | 555,166 | 139,312 | 1,202,756 |
| Operating gain (loss) | (234,530) | 21,678 | (42,372) | (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 | 7,491 | 92,947 | (794) | 99,644 |
| Capital appropriations | 169 | — | — | 169 |
| Capital gifts | — | — | 10,261 | 10,261 |
| Contributions from affiliates, net | 44,481 | — | — | 44,481 |
| Transfers | 77,158 | (76,269) | (889) | — |
| Total nonoperating revenues | 252,692 | 22,036 | 33,712 | 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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| 2023 | | | | | | | | |
|---|------------|-----------------|---------------------|----------------|----------------------|-----------------|-----------|-----------------|
| | University | | Research Foundation | | Athletic Association | | Total | |
| Cash (used)/provided by: | | | | | | | | |
| Operating activities | \$ | (220,629) | \$ | (14,325) | \$ | (30,028) | \$ | (264,982) |
| Noncapital financing activities | | 238,042 | | 58,608 | | 30,076 | | 326,726 |
| Capital and related financing activities | | (49,684) | | (13,651) | | (14,062) | | (77,397) |
| Investing activities | | (5,586) | | — | | 786 | | (4,800) |
| Net (decrease)/increase in cash and cash equivalents | | (37,857) | | 30,632 | | (13,228) | | (20,453) |
| Cash and cash equivalents, beginning of year | | 116,862 | | 106,781 | | 24,323 | | 247,966 |
| Cash and cash equivalents, end of year | \$ | 79,005 | \$ | 137,413 | \$ | 11,095 | \$ | 227,513 |

| 2022 | | | | | | | | |
|---|------------|-----------------|---------------------|----------------|----------------------|----------------|-----------|-----------------|
| | University | | Research Foundation | | Athletic Association | | Total | |
| Cash (used)/provided by: | | | | | | | | |
| Operating activities | \$ | (192,572) | \$ | 16,142 | \$ | (44,144) | \$ | (220,574) |
| Noncapital financing activities | | 240,010 | | 51,894 | | 21,489 | | 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 |

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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, 2023 and 2022 are as follows (in thousands):

| 2023 | | | | |
|---|---------------------|-------------------|---------------------|---------------------|
| | UL Foundation | UL RE Foundation | UL Health | Total |
| Current assets | \$ 27,337 | \$ 13,875 | \$ 1,120,446 | \$ 1,161,658 |
| Capital assets | 47,163 | 142,340 | 375,712 | 565,215 |
| Other noncurrent assets | 982,313 | 99,677 | 555,721 | 1,637,711 |
| Total assets | 1,056,813 | 255,892 | 2,051,879 | 3,364,584 |
| Current liabilities | 16,825 | 10,658 | 391,973 | 419,456 |
| Other noncurrent liabilities | 44,976 | 39,566 | 955,170 | 1,039,712 |
| Total liabilities | 61,801 | 50,224 | 1,347,143 | 1,459,168 |
| Restricted nonexpendable | 491,695 | — | — | 491,695 |
| Restricted expendable | 442,462 | — | 5,000 | 447,462 |
| Unrestricted | 60,855 | 205,668 | 699,736 | 966,259 |
| Total net position | 995,012 | 205,668 | \$ 704,736 | 1,905,416 |
| Total liabilities and net position | \$ 1,056,813 | \$ 255,892 | \$ 2,051,879 | \$ 3,364,584 |

| 2022 | | | | |
|---|---------------------|-------------------|---------------------|---------------------|
| | UL Foundation | UL RE Foundation | UofL 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 | 410,976 | 431,001 |
| Other noncurrent liabilities | 45,600 | 61,725 | 984,871 | 1,092,196 |
| 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 |

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| 2023 | | | | | | | | |
|---|---------------|-----------------|------------------|----------------|-------------|------------------|-----------|------------------|
| | UL Foundation | | UL RE Foundation | | UofL Health | | Total | |
| Patient revenue, net | \$ | — | \$ | — | \$ | 2,168,675 | \$ | 2,168,675 |
| Other operating revenue | | 8,412 | | 37,567 | | 226,493 | | 272,472 |
| Total operating revenue | | 8,412 | | 37,567 | | 2,395,168 | | 2,441,147 |
| Depreciation | | 2,201 | | 8,902 | | 47,066 | | 58,169 |
| Other operating expense | | 79,963 | | 13,394 | | 2,305,848 | | 2,399,205 |
| Total operating expense | | 82,164 | | 22,296 | | 2,352,914 | | 2,457,374 |
| Operating income (loss) | | (73,752) | | 15,271 | | 42,254 | | (16,227) |
| Gifts and donations | | 46,637 | | — | | — | | 46,637 |
| Investment income | | 52,885 | | — | | 12,637 | | 65,522 |
| Other nonoperating revenue (expense) | | — | | — | | (18,245) | | (18,245) |
| Total nonoperating revenue (expense) | | 99,522 | | — | | (5,608) | | 93,914 |
| Change in net position | | 25,770 | | 15,271 | | 36,646 | | 77,687 |
| Net position-beginning of year | | 969,242 | | 190,397 | | 668,090 | | 1,827,729 |
| Net position-end of year | \$ | 995,012 | \$ | 205,668 | \$ | 704,736 | \$ | 1,905,416 |

| 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 |

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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, 2023 and 2022 was as follows (in thousands):

| | 2023 | | |
|----------------------------------|-----------------------------------|--------------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | \$ — | \$ 651,434 | \$ 651,434 |
| Board-designated endowment funds | 36,381 | 173,129 | 209,510 |
| | \$ 36,381 | \$ 824,563 | \$ 860,944 |

| | 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 |

Changes in endowment net assets for the years ended June 30, 2023 and 2022 were as follows (in thousands):

| | 2023 | | |
|--|-----------------------------------|--------------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Endowment net assets, beginning of year | \$ 35,510 | \$ 800,440 | \$ 835,950 |
| Investment return: | | | |
| Investment and endowment income | — | — | — |
| Net appreciation | 1,678 | 37,858 | 39,536 |
| Total investment return | 1,678 | 37,858 | 39,536 |
| Contributions | 232 | 12,853 | 13,085 |
| Appropriations | (693) | (28,504) | (29,197) |
| Other changes | (346) | 1,916 | 1,570 |
| Endowment net assets, end of year | \$ 36,381 | \$ 824,563 | \$ 860,944 |

| | 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 |

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

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reported in net assets with or without donor restrictions and aggregated to approximately \$210 thousand and \$325 thousand at June 30, 2023 and 2022, respectively, in net assets with donor restrictions. These deficiencies resulted from unfavorable 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 2022, the Board of the Foundation approved a 4.00% spending policy for the fiscal year 2022-2032 for support to the academic units and allocated 0.75% 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.

In January 2023, the Board of the Foundation approved a 4.00% spending policy for the fiscal year 2023-2024 for support to the academic units and allocated 0.75% 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 annual return (loss) for total endowment assets was 6.6% and (5)% in 2023 and 2022, respectively.

3. ULF - Investments

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

| | 2023 | 2022 |
|---------------------------------------|-------------------|-------------------|
| Cash equivalents | \$ 26,833 | \$ 55,755 |
| Alternate investments: | | |
| Hedge Funds | 83,467 | 87,449 |
| Investments in partnerships | 482,246 | 478,467 |
| Mutual funds: | | |
| Equity | 200,692 | 168,635 |
| Fixed Income | 15,940 | 15,088 |
| Marketable alternatives: | | |
| Domestic marketable equity securities | 39,299 | 34,748 |
| Marketable debt securities: | | |
| U.S. Treasury | 63,367 | 38,385 |
| Total Investments | \$ 911,844 | \$ 878,527 |

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

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

4. ULF - Guarantees

a. Loan

In December 2010, ULF guaranteed 51% of the outstanding loan of Campus One through September 1, 2028. As of June 30, 2023 and 2022, the amount under guarantee was \$5.9 million and \$6.3 million, respectively.

The Foundation has not made any payments on this guarantee to date.

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 \$29.0 million and \$27.0 million as of June 30, 2023 and 2022, respectively.

The Foundation's portion of the market value of the remaining trusts was approximately \$32.0 million as of June 30, 2023 and 2022, respectively. These funds are invested in various equities and income-producing assets. For the years ended June 30, 2023 and 2022, the Foundation recorded (losses) income of \$5.4 million and (\$12.9) 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, 2023 and 2022, the Foundation held approximately \$3.5 million and \$3.4 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, 2023 and 2022, the Foundation held approximately \$10.6 million and \$10.4 million, respectively, for Jewish Hospital's investment purposes.

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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, 2023 and 2022, the Foundation held approximately and \$270,000 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. Related-Party Transactions

Included in the spending policy contribution to the University is a specific component designed to approximate the Foundation's allocated portion of salaries, benefits, and certain other administrative support costs related to fundraising and advancement. These amounts were approximately \$5.0 million and \$4.9 million for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, the Foundation recorded approximately \$2.1 million and \$2.3 million, respectively, 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.

8. ULF - Transactions with ULREF

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, 2023 and 2022, the net receivable from ULREF is \$4.6 million and \$8.6 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, 2023 and 2022.

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 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.

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

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

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

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

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

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

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

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

Tax Incremental Financing Revenues

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

For the years ended June 30, 2023 and 2022, ULREF recorded approximately \$21.1 million and \$9.0 million, respectively, of TIF revenues.

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2. ULREF - Capital Assets

Capital assets at June 30, 2023 and 2022, consist of the following (in thousands):

| | 2023 | 2022 |
|------------------------------------|-------------------|-------------------|
| Land and land improvements | \$ 52,473 | \$ 52,442 |
| Buildings | 106,771 | 106,852 |
| Building improvements | 2,414 | 2,171 |
| Tenant finish | 3,775 | 3,669 |
| Furniture, fixtures, and equipment | 2,510 | 1,750 |
| | 167,943 | 166,884 |
| Accumulated depreciation | (26,578) | (22,293) |
| Construction-in-progress | 975 | 1,122 |
| | \$ 142,340 | \$ 145,713 |

3. ULREF - Acquired Lease Intangible Assets and Liabilities

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

| | 2023 | | 2022 | |
|--|-----------------------|--------------------------|-----------------------|--------------------------|
| | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Amortized intangible assets and liabilities: | | | | |
| In-place leases | \$ 354 | \$ (332) | \$ 354 | \$ (321) |
| Above-market leases | 2,917 | (1,020) | 2,917 | (897) |
| Tax incremental financing | 116,600 | (34,148) | 116,600 | (29,785) |

Amortization expense for each of the years ended June 30, 2023 and 2022, was approximately \$4.5 million.

At June 30, 2023, 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 |
|--------------|-----------------|---------------------|---------------------------|
| 2024 | \$ 11 | \$ 123 | \$ 4,364 |
| 2025 | 9 | 123 | 4,364 |
| 2026 | 2 | 123 | 4,364 |
| 2027 | — | 123 | 4,364 |
| 2028 | — | 123 | 4,364 |
| Thereafter | — | 1,282 | 60,632 |
| Total | \$ 22 | \$ 1,897 | \$ 82,452 |

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4. ULREF - Debt

Debt in the consolidated statements of financial position at June 30, 2023 and 2022 consists of the following (in thousands):

| Description | Fiscal Year of Maturity | 2023 | 2022 | |
|------------------------------------|--|------|------------------|------------------|
| Permanent Financing-22 Preston LLC | Fixed 3.65% rate with 5-year maturity and 20-year amortization commencing June 2019; quarterly principal and interest payments commencing September 2019 with all outstanding principal and interest payments due in full at the maturity date | 2024 | \$ 7,472 | \$ 7,940 |
| Note Payable - KYT, LLC | Variable rate based on 1-month SOFR rate, plus 2.05% with interest-only payments commencing July 2021 and principal payment at maturity | 2023 | — | 8,000 |
| Northwestern Mutual Loan- Housing | Fixed 4.77% rate with 20-year amortization commencing November 2018; principal and interest payments monthly commencing January 2019 | 2038 | 35,564 | 37,090 |
| Debt | | | \$ 43,036 | \$ 53,030 |
| Less debt issuance costs | | | (349) | (393) |
| Total debt | | | \$ 42,687 | \$ 52,637 |

Preston is required to maintain a debt service coverage ratio of 1.00 to 1.00. At June 30, 2023, Preston was in compliance with this debt requirement. 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 was paid in full in May 2023 and the obligation was discharged.

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

| Year ending June 30: | |
|----------------------|------------------|
| 2024 | \$ 8,937 |
| 2025 | 1,672 |
| 2026 | 1,754 |
| 2027 | 1,839 |
| 2028 | 1,929 |
| Thereafter | 26,905 |
| Total | \$ 43,036 |

5. ULREF - Leasing Activities

ULREF leases space to tenants under non-cancelable operating leases. As of June 30, 2023, ULREF had various leases expiring monthly to 83 years, through 2106. These leases generally require ULREF to pay all executory costs (property taxes, maintenance, and insurance)

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

| | 2023 | 2022 |
|-------------------------|------------------|------------------|
| Base minimum rents | \$ 13,898 | \$ 13,635 |
| Common area maintenance | 158 | 142 |
| Total | \$ 14,056 | \$ 13,777 |

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

| Year ending June 30: | |
|----------------------|------------------|
| 2024 | \$ 3,395 |
| 2025 | 2,337 |
| 2026 | 2,043 |
| 2027 | 1,522 |
| 2028 | 1,053 |
| Thereafter | 21,789 |
| Total | \$ 32,139 |

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) 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.

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

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.

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

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

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

1. Patient Accounts Receivable

The Corporation provides services without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors as of June 30, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|----------------------|--------------|--------------|
| Medicare | 11 % | 13 % |
| Medicaid | 3 % | 3 % |
| Managed care | 44 % | 39 % |
| Commercial and other | 40 % | 43 % |
| Self-pay | 2 % | 2 % |
| | 100 % | 100 % |

2. Net Patient Service Revenue

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

| | 2023 | 2022 |
|----------------------|--------------|--------------|
| Medicare | 12 % | 13 % |
| Medicaid | 2 % | 3 % |
| Managed Care | 28 % | 25 % |
| Commercial and other | 58 % | 58 % |
| Self-pay | — % | 1 % |
| | 100 % | 100 % |

3. 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. In relation to the sale of certain Passport assets during 2020, the Corporation received payment of \$7.6 million during 2022, which resulted in a loss of \$2.7 million and is recorded within other non-operating income (expense) in 2022. As of June 30, 2023 and 2022, the Corporation has a 0% sponsorship interest in Passport.

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4. Leases

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

The Corporation has operating and finance leases for office facilities and information technology equipment used in connection with medical office buildings and equipment. Leasing arrangements required fixed payments. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. The Corporation's lease agreements do not contain any material restrictive covenants. The leases have remaining terms of 1 to 29 years.

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

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

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

The components of lease cost for the years ended June 2023 and 2022 are as follows (in thousands):

| | 2023 | 2022 |
|-------------------------------|------------------|------------------|
| Operating lease cost | \$ 55,088 | \$ 61,959 |
| Finance lease cost: | | |
| Amortization expense | 4,734 | 3,924 |
| Interest on lease liabilities | 1,236 | 375 |
| Total finance lease cost | 5,970 | 4,299 |
| Short-term lease cost | 23,979 | 23,123 |
| Total lease expense | \$ 85,037 | \$ 89,381 |

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

The Corporation's ROU assets and lease liabilities as of the years ended June 30, 2023 and 2022 are as follows:

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Right-of-use assets | | |
| Operating lease assets | \$ 506,206 | \$ 534,267 |
| Finance lease assets | 36,551 | 16,482 |
| Less: accumulated depreciation | 8,216 | 9,507 |
| Finance lease assets, net | 28,335 | 6,975 |
| Total right-of-use assets | \$ 534,541 | \$ 541,242 |
| Lease liabilities | | |
| Operating lease liabilities, current | 31,015 | 31,555 |
| Operating lease liabilities, noncurrent | 480,457 | 509,240 |
| Total operating lease liabilities | \$ 511,472 | \$ 540,795 |
| Finance lease liabilities, current | 2,142 | 3,673 |
| Finance lease liabilities, noncurrent | 26,852 | 2,900 |
| Total finance lease liabilities | \$ 28,994 | \$ 6,573 |

| | 2023 | 2022 |
|--|-------------|-------------|
| Weighted average remaining lease term | | |
| Operating leases | 25.27 years | 25.37 years |
| Finance leases | 18.15 years | 1.8 years |
| Weighted average discount rate | | |
| Operating leases | 4.80 % | 4.48 % |
| Finance leases | 8.82 % | 3.61 % |

Maturities of lease obligations are as follows:

| Years Ended June 30 | Operating Leases | Finance Leases |
|---|-------------------|------------------|
| 2024 | \$ 53,115 | \$ 4,377 |
| 2025 | 48,456 | 2,955 |
| 2026 | 44,495 | 2,638 |
| 2027 | 34,355 | 2,691 |
| 2028 | 29,773 | 2,745 |
| Thereafter | 648,284 | 46,546 |
| Total lease payments | \$ 858,478 | \$ 61,952 |
| Less: Interest | (347,007) | (32,957) |
| Present value of lease liabilities | \$ 511,471 | \$ 28,995 |

For the years ended June 30, 2023 and 2022, the Corporation paid approximately \$27.5 million and \$27.3 million, respectively, of rent to related parties.

5. CARES Act Stimulus Fund Grants Refundable Advances

During 2020 and 2021, Provider Relief Fund (PRF) and American Rescue Plan (ARP) Rural Distribution grants authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act were distributed to healthcare providers impacted by the outbreak of the Coronavirus (COVID-19) pandemic under Catalog of

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
A Component Unit of the Commonwealth of Kentucky
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Federal Domestic Assistance (CFDA) #93.498. Revenues from PRF/ARP grants are recognized to the extent of expenses incurred specific to responding to the COVID-19 pandemic. In addition to these eligible expenses, lost revenues, as defined by PRF/ARP guidance, as a result of the pandemic could qualify as eligible for reimbursement. PRF grants of approximately \$13.4 million and \$20.2 million are included in the consolidated statement of operations and changes in net assets as federal grants during 2023 and 2022, respectively.

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 open to interpretation and subject to audit by the granting agency. Therefore, these funds are subject to recoupment by the grantor in the event that the conditions for recognition are deemed not to be met. The Corporation has recorded a reserve of approximately \$0 and \$13.4 million as refundable advance liabilities on the balance sheets as of June 30, 2023 and 2022, 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, 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 11 months, then 50% for the following 6 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 consolidated balance sheet.

As of June 30, 2023 and 2022, approximately \$0 and \$31.6 million of unrecouped funds related to Medicare Accelerated and Advanced Payments are included in consolidated balance sheets as refundable advances

6. Medical Malpractice Claims

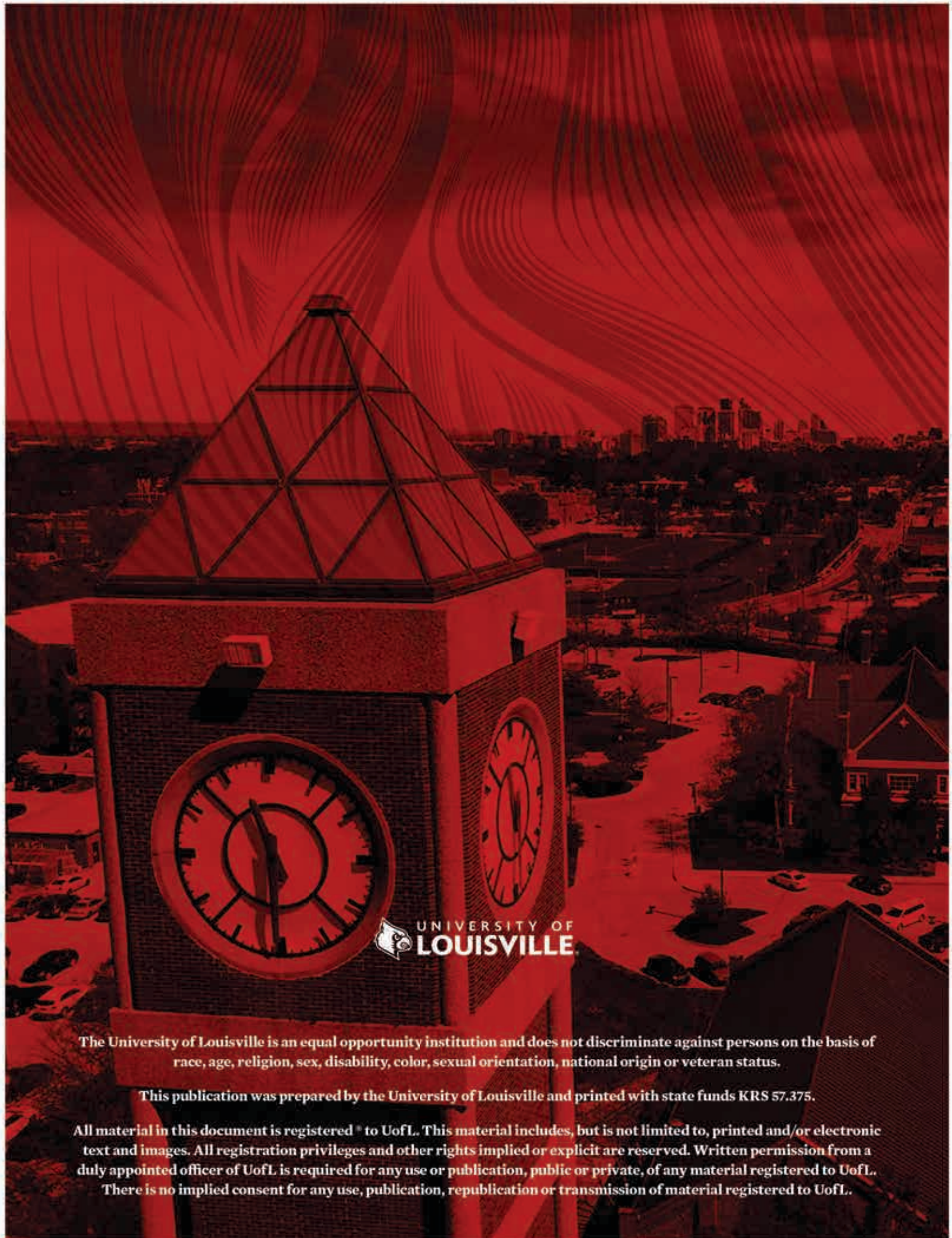
The Corporation is insured against medical malpractice claims under claims-made based policies, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Under the terms of the policies, the Corporation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

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

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

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|-------------------|------------------|------------------|------------------|--------------------|-------------------|
| Total OPEB liability | | | | | | |
| Service Cost | \$ 2,983 | \$ 2,795 | \$ 2,538 | \$ 2,437 | \$ 4,630 | \$ 5,203 |
| Interest | 1,642 | 1,956 | 2,318 | 2,497 | 3,296 | 2,728 |
| Difference between expected and actual experience | 4,771 | (458) | (1,687) | 1,923 | (1,718) | (2,608) |
| Changes of assumption | (12,131) | 4,967 | 5,757 | 5,488 | (27,504) | (5,495) |
| Benefit payments | (3,790) | (3,558) | (2,927) | (2,836) | (2,817) | (3,007) |
| Net change in OPEB Liability | \$ (6,525) | \$ 5,702 | \$ 5,999 | \$ 9,509 | \$ (24,113) | \$ (3,179) |
| OPEB liability - beginning of year | 85,940 | 80,238 | 74,239 | 64,730 | 88,843 | 92,022 |
| OPEB liability - end of year | \$ 79,415 | \$ 85,940 | \$ 80,238 | \$ 74,239 | \$ 64,730 | \$ 88,843 |
| Covered employee payroll | \$ 445,201 | \$ 434,864 | \$ 490,221 | \$ 493,893 | \$ 450,332 | \$ 445,356 |
| Total OPEB liability as a percentage of covered employee payroll | 17.84% | 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.



 UNIVERSITY OF
LOUISVILLE

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RECOMMENDATION TO THE AUDIT, COMPLIANCE, AND RISK COMMITTEE
OF THE UNIVERSITY OF LOUISVILLE BOARD OF TRUSTEES CONCERNING
THE SINGLE AUDIT REPORT

Audit, Compliance, and Risk Committee – October 25, 2023
Board of Trustees – October 25, 2023

RECOMMENDATION:

The President recommends that the Board of Directors approve the Single Audit Report and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2023, as [attached](#).

COMMITTEE ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file _____

Assistant Secretary

BOARD ACTION:

Passed X

Did Not Pass _____

Other _____


Signature on file _____

Assistant Secretary

**UNIVERSITY OF LOUISVILLE AND
AFFILIATED CORPORATIONS**

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2023



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|-----------------------|---------------------|----------------------------------|
| STUDENT FINANCIAL AID CLUSTER | | | | |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | \$ 1,563,747 | \$ - |
| Federal Work Study Program | 84.033 | | 765,126 | - |
| Federal Perkins Loan Program | 84.038 | | 2,731,417 | - |
| Federal Pell Grant Program | 84.063 | | 24,317,657 | - |
| William D. Ford Federal Direct Loan Program | 84.268 | | 145,707,487 | - |
| Teacher Education Assistance for College and Higher Education Grants (TEACH Grants) | 84.379 | | 233,836 | - |
| SUBTOTAL UNITED STATES DEPARTMENT OF EDUCATION | | | <u>175,319,270</u> | <u>-</u> |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students | 93.342 | | 10,669,971 | - |
| Nursing Student Loans | 93.364 | | 19,140 | - |
| SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>10,689,111</u> | <u>-</u> |
| TOTAL STUDENT FINANCIAL AID CLUSTER | | | <u>186,008,381</u> | <u>-</u> |
| CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT SECTION 2 HIGHER EDUCATION EMERGENCY RELIEF FUND (HEERF) | | | | |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | |
| COVID-19 Education Stabilization Fund | | | | |
| Through US Department of Education | 84.425 | P425E200107 | (900) | - |
| Through KY Council on Postsecondary Education | 84.425 | PON2 415 2200002339 | 112,088 | - |
| SUBTOTAL DEPARTMENT OF EDUCATION | | | <u>111,188</u> | <u>-</u> |
| TOTAL CORONAVIRUS AID, RELIEF AND ECONOMIC SECURITY ACT | | | <u>111,188</u> | <u>-</u> |
| CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT SECTION 1, EDUCATION STABILIZATION FUND; GOVERNORS EMERGENCY EDUCATION RELIEF (GEER I and II) FUND | | | | |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | |
| COVID-19 Education Stabilization Fund | | | | |
| Through KY Council on Postsecondary Education | 84.425C | PON2 415 2300001405 | 33,590 | - |
| Through KY Council on Postsecondary Education | 84.425C | PON2 415 2200002585 | 58,062 | - |
| TOTAL GOVERNORS EMERGENCY EDUCATION RELIEF AND ECONOMIC SECURITY ACT | | | <u>91,652</u> | <u>-</u> |
| CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT SECTION 1, EDUCATION STABILIZATION FUND; ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND | | | | |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | |
| COVID-19 Education Stabilization Fund | | | | |
| Through KY Dept of Education | 84.425D | PON2 540 2200001107 | 39,610 | - |
| Through KY Dept of Education | 84.425D | S425D210026 | 7,552 | - |
| TOTAL ELEMENTARY AND SECONDARY SCHOOL EMERGENCY EDUCATION RELIEF AND ECONOMIC SECURITY ACT | | | <u>47,162</u> | <u>-</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| AMERICAN RESCUE PLAN SECTION 1, EDUCATION STABILIZATION FUND: ELEMENTARY AND SECONDARY SCHOOL EMERGENCY EDUCATION RELIEF (ARP ESSER) FUND | | | | |
| UNITED STATES DEPARTMENT OF EDUCATION | | | | |
| COVID-19 Education Stabilization Fund | | | | |
| Through KY Council on Postsecondary Education | 84.425U | PON2 415 2200002579 | 51,272 | - |
| Through KY Council on Postsecondary Education | 84.425U | PON2 415 2300002183 1 | 11,620 | - |
| Through KY Council on Postsecondary Education | 84.425U | PON2 415 2300002184 | 11,742 | - |
| Through KY Council on Postsecondary Education | 84.425U | PON24152300002181 | 1,382 | - |
| TOTAL ARP ELEMENTARY AND SECONDARY SCHOOL EMERGENCY EDUCATION RELIEF | | | <u>76,016</u> | <u>-</u> |
| TOTAL CORONAVIRUS AID, RELIEF, AND ECONOMIC AND ECONOMIC SECURITY ACT SECTIONS 1 AND 2 | | | | |
| | | 84.425 Total | 326,019 | - |
| THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT ("CARES ACT") | | | | |
| DEPARTMENT OF TREASURY | | | | |
| COVID-19 Coronavirus Relief Fund | | | | |
| Through KY Cabinet for Health & Family Services | 21.019 | Start-up Stipend Child Ca | 466,125 | - |
| SUBTOTAL DEPARTMENT OF TREASURY | | | <u>466,125</u> | <u>-</u> |
| DEPARTMENT OF TREASURY | | | | |
| COVID-19 Coronavirus State And Local Fiscal Recovery Funds | | | | |
| Through KY Cabinet for Health and Family Svs | 21.027 | PON2 728 2200003937 | 528,967 | - |
| Through Louisville Metro Government | 21.027 | CSLFRF-LMPHW-FY22-009 | 97,866 | - |
| Through Louisville Metro Government | 21.027 | CSLFRF-LMPHW-FY22-009 | 729,364 | 161,549 |
| Through Louisville Metro Government | 21.027 | ARP-006-PHW | 275,075 | - |
| Through Louisville Metro Government | 21.027 | CSLFRF-LMPHW-FY22-010 | - | - |
| Through Louisville Metro Government | 21.027 | CSLFRF-SHN-FY22-004 | 92,986 | - |
| Through Louisville Metro Government | 21.027 | CSLFRF-LMPHW-FY23-006 | 31,327 | - |
| Through Louisville Metro Government | 21.027 | CSLFRF-LMPHW-FY23-014 | 13,930 | - |
| Through Pushing Forward Inc | 21.027 | CSLRF-OSHN-FY23-011 | 10,197 | - |
| Through KY Council on Postsecondary Education | 21.027 | PON2 415 2300000285 | 113,422 | - |
| SUBTOTAL DEPARTMENT OF TREASURY | | | <u>1,893,134</u> | <u>161,549</u> |
| TOTAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT ("CARES ACT") | | | 2,359,259 | |
| RESEARCH AND DEVELOPMENT CLUSTER | | | | |
| DEPARTMENT OF AGRICULTURE | | | | |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 2022-67012-37017 | 1,647 | - |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 2022-67012-37017 | 85,008 | 24,999 |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 2018-67012-32499 | 7,759 | - |
| Agriculture and Food Research Initiative (AFRI) | 10.310 | 2021-67021-34768 | 145,122 | - |
| Farm and Ranch Stress Assistance Network Competitive Grants Program | 10.525 | PON2 035 2200000454 | 40,353 | - |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | PO2 728 1600004675 1 | - | - |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 | PON2 736 2200002523 | 100,445 | - |
| SUBTOTAL DEPARTMENT OF AGRICULTURE | | | <u>380,333</u> | <u>24,999</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF COMMERCE | | | | |
| Economic Adjustment Assistance | | | | |
| Through U.S. Economic Development Administration | 11.307 | ED21HDQ3070047 | 408,115 | - |
| Manufacturing Extension Partnership | | | | |
| Through Natl Inst of Standards and Technology | 11.611 | 70NANB22H106 | 514,833 | - |
| Through Natl Inst of Standards and Technology | 11.611 | 70NANB23H079 | 3,582 | - |
| Through Natl Inst of Standards and Technology | 11.611 | 70NANB22H106 | 475,443 | - |
| Science, Technology, Business and/or Education Outreach | | | | |
| Through Assoc of Public Land Grant Univ | 11.620 | 2113-3 | 111,840 | - |
| Minority Business Resource Development | | | | |
| Through U.S. Department of Commerce | 11.802 | MB21OBD8020222 | 273,211 | - |
| SUBTOTAL DEPARTMENT OF COMMERCE | | | <u>1,787,024</u> | - |
| DEPARTMENT OF DEFENSE | | | | |
| Department of Defense Contracts | | | | |
| Through Advanced Technology International | 12.000 | MCDC2006-010 | 807,674 | 470,071 |
| Through Advanced Technology International | 12.000 | MCDC2006-010 | 252,569 | - |
| Through Advanced Technology International | 12.000 | MCDC2006-010 | 32,264 | - |
| Channel Logistics DBA Space Eyes | 12.000 | FA9453-22-CA024 P00003 | 64,849 | - |
| Through Framergy Inc | 12.000 | Solid-Solid-State HigStat | 44,588 | - |
| Through GXM Consulting LLC | 12.000 | W911NF-16-D-0039 | 11,768 | - |
| Through InfoBeyond Technology LLC | 12.000 | W56HZV-22-C-0014 | 118,892 | - |
| Through InfoBeyond Technology LLC | 12.000 | W56HZV-21-C-0053 | 365 | - |
| Through NextGen Aeronautics | 12.000 | PO 19-01 | 2 | - |
| Through QuesTek Innovations LLC | 12.000 | PO 1400 | 291 | - |
| Through QuesTek Innovations LLC | 12.000 | PO: 1675 | 29,864 | - |
| Through Scientech Inc | 12.000 | 140D0422C0011 | 129,358 | - |
| Through Technical Data Analysis, Inc. | 12.000 | N68335-21-C-0168 | 77,127 | - |
| Through University of California, San Diego | 12.000 | HR0011-20-9-0043 | 14,438 | - |
| Through University of Pittsburgh | 12.000 | AWD0002988-2 | 45 | - |
| Through University of Pittsburgh | 12.000 | 0055964-7 | 5,045 | - |
| Through University of Pittsburgh | 12.000 | 0061688-7 | 25,746 | - |
| Through University of Pittsburgh | 12.000 | 0061688-7 | 55,196 | - |
| Through US Army Contracting Command NJ | 12.000 | W15QKN20D5067 | 53,252 | - |
| Through US Department of Defense | 12.000 | H9245419P0011 | 3,558 | - |
| Through US Department of the Army at Fort Knox | 12.000 | IM-W912D-19011-MOA-S | 80,746 | - |
| Through US Department of the Army at Fort Knox | 12.000 | MEC 701-22 | 818 | - |
| Through US Department of the Army at Fort Knox | 12.000 | IM-W9124D-19011-MOA-S | 476,433 | - |
| Through US Department of the Army at Fort Knox | 12.000 | MEC 2022 Fellowship Progr | 21,419 | - |
| Through US Department of the Army at Fort Knox | 12.000 | MEC 701-23 | 686,762 | - |
| Through US Department of the Army at Fort Knox | 12.000 | IM-W9124D-19011-MOA-S | (750) | - |
| Through US Department of the Army at Fort Knox | 12.000 | IM-W9124D-19011-MOA-S | 19,576 | - |
| Through US Department of the Army at Fort Knox | 12.000 | IM-W9124D-19011-MOA-S | 733,143 | - |
| Basic and Applied Scientific Research | | | | |
| Through Federal Contractor 1 | 12.300 | Confidential | 57,918 | - |
| Through Jewish Hospital | 12.300 | DOD, ONR SUB | (84,693) | - |
| Through Texas Research Institute Austin, Inc. | 12.300 | N6833520C0190 | 195 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF DEFENSE (CONTINUED) | | | | |
| Basic Scientific Research - Combating Weapons of Mass Destruction | 12.351 | HDTRA1-15-1-0027 | - | - |
| Military Medical Research and Development | | | | |
| Through Christopher & Dana Reeve Foundation | 12.420 | NACTN Registry-Year 13 | - | - |
| Through Christopher & Dana Reeve Foundation | 12.420 | CTN10-2023(SH) | 10,275 | - |
| Through Christopher & Dana Reeve Foundation | 12.420 | CTN10-2022(SH) | 45,965 | - |
| Through Drexel University | 12.420 | 940011 | 55,080 | - |
| Through Fox Chase Chemical Diversity Center, Inc | 12.420 | W81XWH1810638-UL | (14,036) | - |
| Through Henry Jackson Foundation | 12.420 | 66495 PO# 1008831 | 10,602 | - |
| Through Kessler Institute for Rehabilitation | 12.420 | 435-01 | 16,143 | - |
| Through Owensboro Medical Health System | 12.420 | W81XWH-10-2-0082 | - | - |
| Through University of Kentucky Research Foundation | 12.420 | 3200003271-20-305 | 68,030 | - |
| Through University of Miami | 12.420 | OS00000029 | 114,942 | - |
| Through University of Missouri | 12.420 | C00076905-1 | 2,564 | - |
| Through University of Missouri | 12.420 | W81XWH1520037 | - | - |
| Through University of Texas at Houston | 12.420 | SPC-001456 / SA0000929 | 9,184 | - |
| Through U.S. Army Med Research Acq Activity | 12.420 | HT94252310017 | 70,506 | - |
| Through U.S. Army Med Research Acq Activity | 12.420 | HT94252310283 | 22,795 | - |
| Through U.S. Army Med Research Acq Activity | 12.420 | W81XWH | 1,003,141 | - |
| Through U.S. Department of Defense | 12.420 | W81XWH | 1,330,976 | 4,227 |
| Basic Scientific Research | | | | |
| Through QinetiQ Inc. | 12.431 | 48408 | 173,242 | - |
| Basic, Applied, and Advanced Research in Science and Engineering | | | | |
| Through National Science Teaching Association | 12.630 | 23-871-011 | 13,446 | - |
| Information Security Grants | | | | |
| Through National Security Agency | 12.902 | H98230-20-01-0313 | 10,102 | 1,718 |
| CyberSecurity Core Curriculum | | | | |
| Through National Security Agency | 12.905 | H98230-21-1-0154 | 254,076 | - |
| Through National Security Agency | 12.905 | H98230-20-0347 | 2,543,522 | 728,662 |
| SUBTOTAL DEPARTMENT OF DEFENSE | | | 9,459,015 | 1,204,677 |
| DEPARTMENT OF INTERIOR | | | | |
| Assistance to State Water Resources Research Institutes | | | | |
| Through KY Water Resources Research Institute | 15.805 | 3200004323-22-066 | (45) | - |
| Through University of Kentucky Research Foundation | 15.805 | 3200004323-23-095 | 17,045 | - |
| Through University of Kentucky Research Foundation | 15.805 | 3200004323-23-093 | 14,605 | - |
| SUBTOTAL DEPARTMENT OF INTERIOR | | | 31,605 | - |
| DEPARTMENT OF JUSTICE | | | | |
| Department of Justice Contract | | | | |
| Through Commonwealth of Kentucky | 16.000 | Expansion of Jefferson Fa | (43,778) | - |
| Through Ohio Valley Education Cooperative | 16.000 | 2019-YS-BX-0033 | 26,437 | - |
| Through U.S. Dept. of Justice | 16.000 | 2010CKWXK033 | 0 | - |
| National Institute of Justice Research, Evaluation, and Development | | | | |
| Project Grants | | | | |
| Through National Institute of Justice | 16.560 | 2019 DU BX 0029 | 99,289 | 49,825 |
| Through National Institute of Justice | 16.560 | 2019-R2-CX-0038 | 39,780 | - |
| Through National Institute of Justice | 16.560 | 2017-DN-BX-0158 | - | - |
| Through National Institute of Justice | 16.560 | 2016-CK-BX-0017 | 0 | - |
| Through National Institute of Justice | 16.560 | 45-0306-1032-201 | 20,171 | - |
| Through University of Nebraska, Omaha | 16.560 | 2018-VA-CX-0003 | 47,418 | - |
| Through U.S. Dept. of Justice | | | | |
| B - Cooperative Agreements | 16.833 | PON2 040 2200004151 | 39,787 | - |
| of Justice Assistance | | | | |
| Through Office of the Attorney General - KY | | | | |
| SUBTOTAL DEPARTMENT OF JUSTICE | | | 229,105 | 49,825 |
| DEPARTMENT OF LABOR | | | | |
| H-1B Job Training Grants | | | | |
| Through U.S. Dept. of Labor | 17.268 | HG-34348-20-60-A-21 | 661,274 | 256,085 |
| SUBTOTAL DEPARTMENT OF LABOR | | | 661,275 | 256,085 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF TRANSPORTATION | | | | |
| | 20.000 | NCHRP-217 | 5,041 | - |
| Federal Highway Administration through National Academy of Science | 20.205 | 7800006014.000 | 7,815 | - |
| Highway Planning and Construction through Univ of Kentucky Research Foundation | 20.505 | 3049025467-15-041 | 2,055 | - |
| Research through University of Kentucky Research Foundation | | | | |
| National Priority Safety Programs | 20.616 | PON2 605 2200000682 | 2,618 | - |
| Through Kentucky Transportation Cabinet | 20.616 | PON2 605 2200000593 | 52,481 | 29,907 |
| Through Kentucky Transportation Cabinet | 20.616 | PON2 605 2300000304 | 41,291 | - |
| Through Kentucky Transportation Cabinet | | | 111,301 | 29,907 |
| SUBTOTAL DEPARTMENT OF TRANSPORTATION | | | | |
| NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | |
| NASA Contracts | 43.000 | 8NSSC21P1905 | 10,809 | - |
| Through National Aeronautics and Space Adm | 43.000 | HST-GO-14764.007-A | 389 | - |
| Through Space Telescope Science Institute | 43.000 | HST-GO-15107.001-A | - | - |
| Through Space Telescope Science Institute | 43.000 | 3210001706-22-024 | 3,857 | - |
| Through University of Kentucky Research Foundation | 43.000 | 3210001706-22-025 | 4,713 | - |
| Through University of Kentucky Research Foundation | 43.000 | 3210001706-22-029 | 1,994 | - |
| Through University of Kentucky Research Foundation | 43.000 | 3210001706-22-030 | 3,194 | - |
| Through University of Kentucky Research Foundation | | | | |
| Aerospace Education Services Program | 43.001 | 1(GG013215) | 10,429 | - |
| Through Columbia University | 43.001 | 1596617 | 7,294 | - |
| Through National Aeronautics and Space Adm | 43.001 | 3210001706-22-032 | 3,714 | - |
| Through University of Kentucky Research Foundation | | | | |
| Aeronautics | 43.002 | 80NSSC21M0240 | 23,418 | - |
| Through NASA National Aeronautics & Space Admin | | | | |
| Office of Stem Engagement (OSTEM) | 43.008 | 3210001706-22-147 | 23,773 | - |
| Through KY NSF EPScor | 43.008 | C20-202032-UofL | 99,440 | - |
| Through National Institute of Aerospace | 43.008 | 3210001706-23-030 | 5,209 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3200003095-23-133 | 7,629 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-21-069 | - | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-23-203 | 5,365 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-22-144 | 3,734 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-23-144 | 15,905 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3200003095-21-047 | (0) | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210000183-19-163 | - | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-23-023 | 33,443 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3200004279-22-059 | 22,869 | - |
| Through University of Kentucky Research Foundation | 43.008 | PO:7800006580 - 321000170 | 3,148 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3200003095-22-058 | 15,300 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-23-028 | 5,148 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3200003207-21-073 | 15,910 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3200003095-21-068 | - | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-23-027 | 7,114 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-22-143 | 3,768 | - |
| Through University of Kentucky Research Foundation | 43.008 | 3210001706-23-106 | 7,825 | - |
| Through University of Kentucky Research Foundation | | | | |
| Space Technology | 43.012 | 80NSSC21K0359 | 36,417 | - |
| Through National Aeronautics and Space Adm | 43.012 | 12000338-023 | 31,648 | - |
| Through Purdue University | | | 413,454 | - |
| SUBTOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION | | | | |
| NATIONAL ENDOWMENT FOR THE HUMANITIES | | | | |
| Promotion of the Humanities Research | 45.161 | RFW-286703-22 | 33,071 | - |
| SUBTOTAL NATIONAL ENDOWMENT FOR THE HUMANITIES | | | 33,072 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| NATIONAL SCIENCE FOUNDATION | | | | |
| National Science Foundation Contract | 47.000 | 2031008 | 231,386 | - |
| Through National Science Foundation | 47.041 | | 3,284,582 | 408,711 |
| Engineering Grants | 47.041 | E204620-02 | 4,589 | - |
| Through George Mason University | 47.041 | E2060012 | 11,561 | - |
| Through George Mason University | 47.041 | AWD-002244-G3 | 30,000 | - |
| Through GA Institute of Technology | 47.041 | NSF 12-548 | 213 | - |
| Through The Spirituality Network | 47.041 | 3200004997-23-117 | 10,497 | - |
| Through Univ of Kentucky Research Foundation | 47.041 | 3200004888-23-021 | 10,073 | - |
| Through Univ of Kentucky Research Foundation | 47.041 | 125918479 | 86,130 | - |
| Through University of California, San Diego | 47.049 | | 895,521 | - |
| Mathematical and Physical Sciences | 47.050 | | 72,514 | - |
| Geosciences | 47.070 | | 1,094,775 | 7,595 |
| Computer and Information Science and Engineering | 47.070 | RC112122A | - | - |
| Through Michigan State University | 47.074 | | 315,767 | - |
| Biological Sciences | 47.074 | 316 | 2,294 | - |
| Through Florida International University | 47.074 | 190-1170255-92228 | 7,756 | - |
| Through SUNY Geneseo | 47.075 | | 241,900 | 68,425 |
| Social, Behavioral, and Economic Sciences | 47.075 | G-05018-02 | 14,887 | - |
| Through Colorado State University | 47.076 | | 1,067,368 | 20,749 |
| Education and Human Resources | 47.076 | 3200002015-19-040 | 72,163 | - |
| Through University of Kentucky Research Foundation | 47.076 | 2022GC0101 | 63,358 | - |
| Through University of Texas at Arlington | 47.079 | 1824851 | 95,345 | - |
| Office of International Science and Engineering | 47.083 | | 488,247 | - |
| Office of Integrative Activities | 47.083 | 3048114805-22-060 | 125,669 | - |
| Through University of Kentucky Research Foundation | 47.083 | 3200002692-20-027 | 1,251,706 | - |
| Through University of Kentucky Research Foundation | 47.084 | | 191,205 | - |
| NSF Technology, Innovation, and Partnerships | 47.084 | OSA00000171 | 25,416 | - |
| Through Vanderbilt University | | | 9,694,923 | 505,479 |
| SUBTOTAL NATIONAL SCIENCE FOUNDATION | | | 9,694,923 | 505,479 |
| SMALL BUSINESS ADMINISTRATION | | | | |
| Growth Accelerator Fund Competition | 59.065 | US SBA Title: Accelerated | 3,745 | - |
| SUBTOTAL SMALL BUSINESS ADMINISTRATION | | | 3,746 | - |
| DEPARTMENT OF VETERANS AFFAIRS | | | | |
| Department of Veterans Affairs Contracts | 64.000 | | 32,434 | - |
| Through US Department of Veterans Affairs | 64.000 | | 237,317 | - |
| Through V.A. Medical Center | 64.000 | FF91F010-FEB7-481D-9399-8 | 0 | - |
| Through Cognitive Medical Systems Inc | 64.000 | Implementing the Behavior | 19,927 | - |
| Through Providence VA Medical Center | | | 289,680 | - |
| SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS | | | 289,680 | - |
| ENVIRONMENTAL PROTECTION AGENCY | | | | |
| Environmental Protection Agency | 66.000 | EPA Faculty Summer Fellow | 13,568 | - |
| Regional Wetland Program Development Grants | 66.461 | 00D98019 | 81,192 | - |
| Pollution Prevention Grants Program | 66.708 | PON2 129 2300001261 | 29,195 | - |
| SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY | | | 123,956 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|-----------------------|---------------------|----------------------------------|
| DEPARTMENT OF ENERGY | | | | |
| U.S. Department of Energy Contract | 81.000 | 670219 | 86 | - |
| Through Fermi National Accelerator Laboratory | | | | |
| Office of Science Financial Assistance Program | 81.049 | DE-SC0019348 | 37,188 | - |
| Through U.S. Dept. of Energy | 81.049 | DE-SC0021229 | 132,652 | 50,588 |
| Through U.S. Dept. of Energy | 81.049 | DE-SC0021257 | 137,724 | - |
| Through U.S. Dept. of Energy | 81.049 | DE-SC0022350 | 93,277 | - |
| Through U.S. Dept. of Energy | 81.049 | 2022-1818 | 63,149 | - |
| Through University of California - Irvine | | | | |
| Conservation Research and Development | 81.086 | DE-EE0008866 | 125,229 | - |
| Through U.S. Dept. of Energy | 81.086 | DE-DD0006291 | 4,401 | - |
| Through National Trust for Historic Preservation | | | | |
| Renewable Energy Research and Development | 81.087 | DE-EE0008972 | 75,117 | - |
| Through Energy Materials Corporation | 81.087 | 4450 G WA318 | 90,796 | - |
| Through The Regents of the Univ of California | 81.087 | DE-EE0008752 | 121,085 | - |
| Through U.S. Dept. of Energy | 81.087 | WSU# 22-00767 | 21,855 | - |
| Through Wichita State University | 81.089 | DE-FE0031916 | 275,459 | 1,130 |
| Fossil Energy Research and Development through U.S. Dept. of Energy | | | | |
| Energy Efficiency and Renewable Energy Information Dissemination, | 81.117 | DE-EE0009724 (0001) | <u>277,237</u> | - |
| Outreach, Training and TA/Assistance Through U.S. Dept. of Energy | | | | |
| SUBTOTAL DEPARTMENT OF ENERGY | | | <u>1,455,257</u> | <u>51,718</u> |
| DEPARTMENT OF EDUCATION | | | | |
| Department of Education Contracts | 84.000 | 460400006 | 62,865 | - |
| Through American Institutes for Research | 84.000 | DSG Task Order 001 | 28,993 | - |
| Through Development Services Group, Inc. | 84.000 | DSG Task Order 0002 | 16,792 | - |
| Through Development Services Group, Inc. | 84.000 | PON2 540 2100003474 | (25,049) | - |
| Through KY Dept of Education | 84.000 | 1800563663 | 368 | - |
| Through University of Florida | 84.000 | FY23 Federal IASG | - | - |
| Through US Department of Education | | | | |
| Career and Technical Education-Basic Grants to States | 84.048 | PON2 540 2100002657 | (6,963) | - |
| Through KY Dept of Education | 84.048 | PON2 540 2100003137 | 78,742 | - |
| Through KY Dept of Education | 84.048 | PON2 540 2200003118 | 91,781 | - |
| Through KY Dept of Education | 84.048 | PON2 540 2200003652 | 187,305 | - |
| Through KY Dept of Education | 84.048 | PON2 540 2300000927 | 89,241 | - |
| Through KY Dept of Education | | | | |
| Fund for the Improvement of Postsecondary Education | 84.116 | U411A1600004 | - | - |
| Through National Writing Project Corporation | | | | |
| School Safety National Activities | 84.184 | PON2 540 2300001310 | 4,314 | - |
| Through KY Dept of Education | | | | |
| Education Research, Development and Dissemination | 84.305 | 60062510 UOL | 56,299 | - |
| Through Northwestern University | 84.305 | 2511 | 38,982 | - |
| Through University of Wisconsin Madison | | | | |
| Special Education - State Personnel Development | 84.323 | PON2 540 2200000771 | 129,681 | 41,475 |
| Through KY Dept of Education | | | | |
| Research in Special Education | 84.324 | R324A190173 | 387,261 | 195,920 |
| Through U.S. Dept. of Education | 84.324 | R324A150179 | (351) | - |
| Through U.S. Dept. of Education | 84.324 | R324A150221 | 378 | - |
| Through Oregon Research Institute | 84.324 | R324N190002-21 | 44,331 | - |
| Through University of Kansas | | | | |
| Special Education - Personnel Development to Improve Services and Results for Children with Disabilities | 84.325 | H325D180105 | 212,729 | - |
| Through U.S. Dept. of Education | 84.325 | PO7800005220 | 283,629 | - |
| Through Univ of Kentucky Research Foundation | 84.325 | 2111-002 | 314,631 | - |
| Through University of North Florida | | | | |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF EDUCATION (CONTINUED) | | | | |
| Supporting Effective Instruction State Grants | 84.367 | PON2 540 2300001142 | 18,257 | - |
| Through KY Dept of Education | 84.367 | PON2 540 2300000094 | 40,673 | - |
| Through KY Dept of Education | | | | |
| ARRA - Investing in Innovation (i3) Fund | 84.411 | 93-KY03-2020i3C3WP | - | - |
| Through National Writing Project Corporation | 84.411 | 92-KY03-2021i3Conf | - | - |
| Through National Writing Project Corporation | | | - | - |
| SUBTOTAL DEPARTMENT OF EDUCATION | | | 2,054,891 | 237,394 |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Department of Health and Human Services Contracts | 93.000 | | 3,219 | - |
| Through National Institutes of Health | 93.000 | 75D30119C05584 | - | - |
| Through Boston Childrens Hospital | 93.000 | 303000771.000 | 16,054 | - |
| Through Duke Clinical Research Institute | 93.000 | A034254 | 16,081 | - |
| Through Duke Clinical Research Institute | 93.000 | 203-8012 | 2,108 | - |
| Through Duke Clinical Research Institute | 93.000 | NICHD-2019-POP02 | 473 | - |
| Through Duke University | 93.000 | EA3161 | 142 | - |
| Through ECOG ACRIN Cancer Research Group | 93.000 | VAC31518cov3001 | 97,418 | - |
| Through Janssen Vaccines & Prevention B.V. | 93.000 | CRB-SSS-S-21-006021 | 5,172 | - |
| Through Social and Scientific Systems Inc | 93.000 | SWOG S1803 DRAMMATIC St | 479 | - |
| Through Southwest Oncology Group | 93.000 | DMID 21-0034 | 16,800 | - |
| Through University of Alabama at Birmingham-BOT | 93.000 | 1R43HL162240-01 | 41,777 | - |
| Through Vcardio Inc | | | | |
| Training in General, Pediatric, and Public Health Dentistry | 93.059 | 1 D87HP46115 01 00 | 9,530 | - |
| Through US Health Resources and Services HRSA | | | | |
| Birth Defects and Developmental Disabilities - Prevention and Surveillance Through PGXL Technologies, LLC | 93.073 | 1R43DD001299 01-00 | 3,199 | - |
| Family Smoking Prevention and Tobacco Control Act Regulatory Research | 93.077 | | 686,002 | - |
| Through National Institutes of Health | 93.077 | 4500004224 | 9,553 | - |
| Through Boston University | 93.077 | 4500004234 | 23,366 | - |
| Through Boston University | 93.077 | 156423-A06 | 1,712,492 | - |
| Through National American Heart Association | 93.077 | FX-ATRAC-5U54HL120163-UL- | 32,478 | - |
| Through National American Heart Association | 93.077 | FX-ATRAC-UL-03 | (412) | - |
| Through National American Heart Association | 93.077 | FX-ATRAC-UL1-03 | (1,419) | - |
| Through National American Heart Association | 93.077 | FX-ATRAC-UL1-04 | 2,512 | - |
| Through National American Heart Association | 93.077 | FX-ATRAC-UL1-05 | 1,228 | - |
| Food and Drug Administration Research | 93.103 | HHSF223201810171C | 106,023 | 7,756 |
| Through Department of Health & Human Serv | 93.103 | PedMigraine 234691/240919 | 1,936 | - |
| Through Duke Clinical Research Institute | | | | |
| Area Health Education Centers | 93.107 | 2 U77HP03023-29-00 | 349,406 | 145,983 |
| Through US Health Resources and Services HRSA | 93.107 | 2U77HP03023-24-00 | - | - |
| Through US Health Resources and Services HRSA | 93.107 | 5U77HP03023-26-00 | 30,063 | 30,063 |
| Through US Health Resources and Services HRSA | 93.107 | 5U77HP03023-28-00 | 749,968 | 729,706 |
| Through US Health Resources and Services HRSA | | | | |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | UH7MC30776 | 0 | - |
| Through Texas Health Institute | 93.110 | Evaluation Services | 5,345 | - |
| Through Texas Health Institute | 93.113 | | 7,670,449 | 908,380 |
| Biological Response to Environmental Health Hazards | 93.113 | M2102063 | 31,802 | - |
| Through Texas A&M University System | 93.113 | M2102937 | 12,816 | - |
| Through Texas A&M University System | 93.113 | M2102938 | 19,747 | - |
| Through Texas A&M University System | 93.113 | A22-0441-S001 | 33,191 | - |
| Through University of Alabama | 93.113 | 000520645-SC001 | 76,515 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Through University of Alabama at Birmingham | 93.113 | 000520645-SC001 | 27,315 | - |
| Through University of Alabama at Birmingham | 93.113 | GR15741 | 12,529 | - |
| Through University of Kansas Medical Center | 93.113 | AWD00002134 (134283-1) | (708) | - |
| Through University of Pittsburgh | 93.113 | 40538A-1 | 26,388 | - |
| Through Van Andel Institute | 93.121 | | 3,427,460 | 524,350 |
| Oral Disease and Disorders Research | 93.121 | RJ852-G1/AWD-101454-G3 | 202,409 | - |
| Through Georgia Institute of Technology | 93.121 | 700302-1223-00 | 21,905 | - |
| Through Nationwide Childrens Hospital | 93.121 | SUB00003048 | 26,372 | - |
| Through University of Florida | 93.121 | SP14472-SB2 -1R01DE031928 | 102,846 | - |
| Through University of Mississippi | 93.121 | SP14014-SB1 | 643 | - |
| Through University of Mississippi Medical Center | | | | |
| Emergency Medical Services for Children | 93.127 | The Kentucky EMS | 16,510 | - |
| Through Kentucky Community and Technical College | | | | |
| Injury Prevention and Control Research and State Community Based Programs | 93.136 | 5U01CE002711-03 | 520 | - |
| Through Centers for Disease Control | 93.136 | 5U01CE002711-04-00 | 2,110 | 2,110 |
| Through Centers for Disease Control | 93.143 | | 1,669,847 | 167,341 |
| NIEHS Superfund Hazardous Substances_Basic Research and Education | | | | |
| Coordinated Services and Access to Research for Women, Infants, Children, and Youth | 93.153 | 5H12HA24829-08-00 | 0 | - |
| Through US Health Resources and Services HRSA | 93.153 | H12HA24829-09-01 | 33,791 | - |
| Through US Health Resources and Services HRSA | | | | |
| Geriatric Training for Physicians, Dentists and Behavioral/Mental Health Professionals Through Univ of Kentucky Research Foundation | 93.156 | 3200005145-23-085 | 93,565 | - |
| Human Genome Research | 93.172 | | 839,907 | 434,644 |
| Through HudsonAlpha Institute for Biotechnology | 93.172 | 2000.044.03-01 | 71,704 | - |
| Through HudsonAlpha Institute for Biotechnology | 93.172 | 2000.044.03-01 | (412) | - |
| Through HudsonAlpha Institute for Biotechnology | 93.172 | 20000.044.03-01 | 40,400 | - |
| Through HudsonAlpha Institute for Biotechnology | 93.172 | SA0000073 -5R01HG011252-0 | 102,158 | - |
| Through University of Texas at Houston | 93.173 | | 772,080 | - |
| Research Related to Deafness and Communication Disorders | 93.173 | FY20.1038.002 | (179) | - |
| Through University of Colorado Denver | 93.173 | 3200002435-20-002 | 2,050 | - |
| Through University of Kentucky Research Foundation | | | | |
| Immunization Research, Demonstration, Public Information and Education Training and Clinical Skills Improvement Projects | 93.185 | NIPA HPV WAVE 5 | 413 | - |
| Through Academic Pediatric Association | | | | |
| Research and Training in Complementary and Alternative Medicine | 93.213 | 1R01AT008617-01A1 | (59,659) | - |
| Through National Institutes of Health | 93.213 | 2R01AT008617-06A1 | 310,937 | - |
| Through National Institutes of Health | 93.213 | 3R01AT008617-04S1 | 15 | - |
| Through National Institutes of Health | | | | |
| Research on Healthcare Costs | 93.226 | SCON-0000461 | 36,901 | - |
| Through RAND Corporation | | | | |
| National Center on Sleep Disorders Research | 93.233 | SUB00003343 | 70,538 | - |
| Through University of Florida | 93.242 | | 1,249,493 | 48,601 |
| Mental Health Research Grants | | | | |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance | 93.243 | 1H79TI082725-02 | 777 | - |
| Through SAMHSA | 93.243 | 1H79TI082725-03 | 343,847 | 256,634 |
| Through SAMHSA | 93.243 | 5H79SM081133-03 | 16,680 | - |
| Through SAMHSA | 93.243 | 5H79TI082725-04 | 16,191 | - |
| Through SAMHSA | 93.243 | 5U79SM062504-03 | (0) | - |
| Through SAMHSA | 93.243 | 5U79SM063218-04 | - | - |
| Through SAMHSA | 93.243 | 5U79SM063218-05 | (0) | - |
| Through SAMHSA | 93.243 | PON2 729 2300001458 | 2,589 | - |
| Through KY Cabinet for Health and Family Services | 93.243 | Louisville Trauma Resilie | 98,726 | - |
| Through Louisville/Jefferson Co Metro Government | 93.243 | Louisville Trauma Resilie | 35,546 | - |
| Through Louisville/Jefferson Co Metro Government | | | | |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|--------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Geriatric Academic Career Awards Department of Health and Human Services | 93.250 | 1 K01HP33455-02-00 | (0) | - |
| Through Health Res. & Services Admin. | 93.250 | 5 K01HP33455-03-00 | (1,748) | - |
| Through Health Res. & Services Admin. | 93.250 | 5 K01HP33455 04 00 | 82,437 | - |
| Through Health Res. & Services Admin. | | | | |
| Substance Abuse and Mental Health Services_Projects of Regional and National Significance Through Ky. Cabinet for Health & Family Services | 93.251 | SC-767-1800004697v1 | (0) | - |
| | 93.273 | | 3,510,119 | 166,562 |
| Alcohol Research Programs | 93.273 | 02_UL_05566 | 67,108 | - |
| Through Boston Medical Center Corp | 93.273 | SP00013329-02 | 14,658 | - |
| Through Georgia State University | 93.273 | 56449095 / S90000837 | (8,006) | - |
| Through University of California, San Diego | 93.273 | SUB00002915 | 29,233 | - |
| Through University of Florida | 93.273 | SUB00002915 | 120,544 | - |
| Through University of Florida | 93.273 | AWD00002359 (134626-1) | 91,629 | - |
| Through University of Pittsburgh | 93.273 | VUMC95891 | 119,470 | - |
| Through Vanderbilt University | 93.273 | VUMC95891 | 60,277 | - |
| Through Vanderbilt University | 93.273 | VUMC 64149 | 229,575 | - |
| Through Vanderbilt University | | | | |
| Drug Abuse and Addiction Research Programs | 93.279 | U24HD107621 | 2,797 | - |
| Through RTI International - A Private Non-Profit | | | | |
| Discovery and Applied Research for Technological Innovations to Improve Human Health | 93.286 | 1R21HL132263-01A1 | 0 | - |
| Through NIH National Institutes of Health | | | | |
| Minority Health and Health Disparities Research | 93.307 | 2R42MD015915-02 | 243,911 | - |
| Through Fetal Life, LLC | 93.310 | | 1,420,512 | - |
| Trans-NIH Research Support | 93.310 | 303001183 | 36,276 | - |
| Through Duke Clinical Research Institute | 93.310 | A03-5280 | 57,041 | - |
| Through Duke Clinical Research Institute | 93.310 | A032486 | 46 | - |
| Through Duke University | 93.310 | A03-5359 | 20,943 | - |
| Through Duke University | 93.310 | 5UH3OD023253-06 | 110,134 | - |
| Through Massachusetts General Hospital | 93.310 | 5UH3OD023253-07 - 223284 | 79,608 | - |
| Through Massachusetts General Hospital | 93.310 | 54005.000 | 31,387 | - |
| Through University of Arkansas | 93.310 | 54487-BREATHE | 12,600 | - |
| Through University of Arkansas | 93.310 | 3200004318-22-055 | 83,091 | - |
| Through University of Kentucky Research Foundation | 93.310 | 3200005063-23-069 | 377,361 | - |
| Through University of Kentucky Research Foundation | 93.310 | C00079400-1 | 493,671 | - |
| Through University of Missouri | | | | |
| Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Progr. | 93.314 | PON2 767 22 3971 | 1,452 | - |
| Through KY Cabinet for Health and Family Services | | | | |
| Research Infrastructure Programs | 93.351 | 1R41OD031942 01A1 | 56,195 | - |
| Through 3P Biotechnologies Inc | 93.351 | 1S10OD032361-01 | 408,398 | - |
| Through NIH National Institutes of Health | 93.351 | 3200004345-22-116 | 29,019 | - |
| Through University of Kentucky Research Foundation | 93.352 | 1C06OD030129-01 | 4,706,438 | - |
| Construction Support through National Institutes for Health | | | | |
| Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.354 | PON2 728 2300001357 | 21,746 | - |
| Through KY Dept for Public Health | | | | |
| Nursing Research | 93.361 | 3200001034-19-012 | - | - |
| Through Univ of Kentucky Research Foundation | | | | |
| Sickle Cell Treatment Demonstration Program | 93.365 | 1 U1EMC42461 01 00 | 42,164 | - |
| Through University of Alabama at Birmingham | | | | |
| National Center for Research Resources | 93.389 | 1P30RR031159-01A1 | 43,190 | - |
| Through NIH National Institutes of Health | | | | |
| Activities to Support State, Tribal, Local and Territorial (STLT) | 93.391 | 1 NH75OT000023-01-00 | 44,801 | - |
| Health Department Response to Public Health or Healthcare Crises | | | | |
| Through Louisville Metro Government | 93.393 | | 29,245 | - |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Cancer Cause and Prevention Research | 93.393 | 5R01CA166785-04 | 21 | - |
| Through Georgia Regents Augusta State University | 93.393 | FY22.1149.002 | 5,303 | - |
| Through University of Colorado Denver | 93.393 | S02859-01 | 37,747 | - |
| Through University of Iowa | 93.394 | 1R15CA242482-01 | 91,295 | - |
| Cancer Detection and Diagnosis Research | 93.394 | AWD00003098 (135679-2) | 220,484 | - |
| Through University of Pittsburgh | 93.395 | | 1,038,112 | 12,474 |
| Cancer Treatment Research through National Institutes of Health | 93.395 | S1505 | 490 | - |
| Through Alliance for Clinical Trials in Oncology | 93.395 | Z11102 | 1,011 | - |
| Through Alliance for Clinical Trials in Oncology | 93.395 | Alliance A151216 | 28 | - |
| Through Brigham and Womens Hospital | 93.395 | APEC1621SC 9500080215-12C | 1,757 | - |
| Through Childrens Hospital of Philadelphia | 93.395 | APEC1621D 9500080215-12C | 312 | - |
| Through Childrens Hospital of Philadelphia | 93.395 | APEC14B1 | 5,077 | - |
| Through Childrens Oncology Group | 93.395 | EA3132 | 605 | - |
| Through ECOG-ACRIN Cancer Research Group | 93.395 | EA2165 | 239 | - |
| Through ECOG-ACRIN Cancer Research Group | 93.395 | EAA173 (DETER-SMM) Daratu | 181 | - |
| Through ECOG-ACRIN Cancer Research Group | 93.395 | Development of Polymeric | (21,213) | - |
| Through Immunophotonics, Inc. | 93.395 | 238,745 | 183,846 | - |
| Through Massachusetts General Hospital | 93.395 | NRG-LU005 | 50 | - |
| Through NRG Oncology Foundation, Inc. | 93.395 | GOG-0281 | 586 | - |
| Through NRG Oncology Foundation, Inc. | 93.395 | RTOG 1216 RADIATION | 1,432 | - |
| Through NRG Oncology Foundation, Inc. | 93.395 | HN008 | 189 | - |
| Through NRG Oncology Foundation, Inc. | 93.395 | NRG-GY006 | 16 | - |
| Through NRG Oncology Foundation, Inc. | 93.395 | S1802 | 170 | - |
| Through Oregon Health Sciences Univ. | 93.395 | AALL1732 | 1,755 | - |
| Through PHI Public Health Institute | 93.395 | ARST1431 | 34 | - |
| Through PHI Public Health Institute | 93.395 | AHEP1531 | 450 | - |
| Through PHI Public Health Institute | 93.395 | AAML1921-ITCC-054 | 2,300 | - |
| Through PHI Public Health Institute | 93.395 | AALL1731 | 4,008 | - |
| Through PHI Public Health Institute | 93.395 | 417564G/UR FAO GR510917 | 54,768 | - |
| Through University of Rochester Medical Center | 93.396 | | (14,275) | - |
| Cancer Biology Research | 93.396 | S03602-01 | 12,961 | - |
| Through University of Iowa | 93.396 | 3049025772-15-059 | 464 | - |
| Through University of Kentucky Research Foundation | 93.398 | | 359,981 | - |
| Cancer Research Manpower | | | | |
| Cancer Control | 93.399 | UG1CA189867 | 463 | - |
| Through NRG Oncology Foundation, Inc. | 93.472 | 454094-22-129 | - | - |
| Title IV-E Prevention Program through Eastern Kentucky University | | | | |
| Affordable Care Act Public Health Training Centers Program | 93.516 | A505058 | - | - |
| Through Emory University | | | | |
| Temporary Assistance for Needy Families | 93.558 | PON27362100002157 | - | - |
| Through Eastern Kentucky University | | | | |
| Child Support Enforcement Research | 93.564 | PON2 727 2100000919 | 7,289 | - |
| Through KY Cabinet for Health & Family Services | 93.564 | PON2 727 2200001787 | 347,329 | - |
| Through KY Cabinet for Health & Family Services | | | | - |
| Assistance for Torture Victims | 93.604 | 90ZT0210-01-03 | 232,904 | 147,008 |
| Through Department of Health & Human Serv | 93.604 | 90ZT0210-02-01 (Amend 1) | (0) | - |
| Through Department of Health & Human Serv | | | | |
| Child Welfare Services Training Grants | 93.648 | 24-0520-0249-003 | 297,370 | - |
| Through University of Nebraska-Lincoln | | | | |
| Adoption Opportunities | 93.652 | 90CO1028/01 | 2 | - |
| Through US Dept of Health and Human Services | | | | |
| Foster Care_Title IV-E | 93.658 | PON2 736 2200002742 | 21,305 | - |
| Through Commonwealth of Kentucky | 93.658 | 454066-22-121 | (0) | - |
| Through Eastern Kentucky University | 93.658 | 454074-22-123 | (0) | - |
| Through Eastern Kentucky University | 93.658 | PON2 736 2200002780 | 172,044 | - |
| Through KY Cabinet for Health and Family Services | | | | |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Chafee Foster Care Independence Program | 93.674 | PON27362100002157 | (0) | - |
| Through Eastern Kentucky University | | | | |
| Trans-NIH Recovery Act Research Support | 93.701 | 1U01NS026835-01A1 | 2,000 | - |
| Through Emmes Company LLC | | | | |
| Mental and Behavioral Health Education and Training Grants | 93.732 | 1 M01HP42454 01 00 | 41,896 | - |
| Through US Health Resources and Services HRSA | 93.732 | 1 M01HP42454 01 00 | 72,088 | - |
| Through US Health Resources and Services HRSA | 93.732 | 1 M01HP42454 02 00 | 209,095 | - |
| Through US Health Resources and Services HRSA | 93.732 | 1 M01HP42454 02 00 | 230,908 | - |
| Through US Health Resources and Services HRSA | 93.732 | 1 M01HP42454-01-00 | 35,785 | - |
| Through US Health Resources and Services HRSA | 93.732 | 2 M01HP31363 05 00 | 553 | - |
| Through US Health Resources and Services HRSA | 93.732 | 5 M01HP31363 06 00 | 583,720 | - |
| Through US Health Resources and Services HRSA | 93.732 | 5M01HP31363-04-00 | (11,069) | - |
| Opioid STR | 93.788 | PON2 746 2000004004 | - | - |
| Through KY Cabinet for Health & Family Services | 93.837 | | 6,571,569 | 484,014 |
| Heart and Vascular Diseases Research | 93.837 | FXATRAC2U54HL120183UL-08 | 22 | - |
| Through American Heart Association | 93.837 | FX-ATRAC-5U54HL120123-UL- | 121,657 | - |
| Through American Heart Association | 93.837 | FX-ATRAC-5U54HL120163-UL- | 285,026 | - |
| Through American Heart Association | 93.837 | FXATRAC5U54HL120163UL-07 | (8,576) | - |
| Through American Heart Association | 93.837 | FXATRAC5U54HL120163UL-08 | 0 | - |
| Through American Heart Association | 93.837 | 1R43HL149451-01A1 | 73,035 | - |
| Through BioNet Sonar, Inc. | 93.837 | 1R43HL152767-01 | 94,833 | - |
| Through BioNet Sonar, Inc. | 93.837 | GENFD0001848153 | (0) | - |
| Through Boston Children's Hospital | 93.837 | GENFD0002108956 | 18,856 | - |
| Through Boston Children's Hospital | 93.837 | GENFD0002134577 | 55,457 | - |
| Through Boston Children's Hospital | 93.837 | 4500003020.000 | 0 | - |
| Through Boston University | 93.837 | 4500003548.000 | (0) | - |
| Through Boston University | 93.837 | 4500003910.000 | 13,731 | - |
| Through Boston University | 93.837 | 4500004473.000 | 157,322 | - |
| Through Boston University | 93.837 | 1R43HL142337-01 | (34) | - |
| Through Cor Habere Group | 93.837 | A713235 formerly A602050 | 7,800 | - |
| Through Emory University | 93.837 | 8785 | 290,501 | - |
| Through Indiana University | 93.837 | 1R43HL144214-01 | 2,371 | - |
| Through Inspired Therapeutics LLC | 93.837 | 1R43HL142385-01 | (8) | - |
| Through Myocardial Assist Systems & Technology | 93.837 | 1R43HL152894-01 | (70) | - |
| Through Myocardial Assist Systems & Technology | 93.837 | 20-A0-00-1005242 | 87,037 | - |
| Through New York University | 93.837 | 7137543 | 72,126 | - |
| Through Rhode Island Hospital | 93.837 | 000527563-SC001 | 17,618 | - |
| Through University of Alabama | 93.837 | 5UM1HL087318-09 | 2,980 | - |
| Through University of Texas at Houston | 93.837 | 7U01HL146382-05 | 640 | - |
| Through University of Texas HSC/San Antonio | 93.837 | U01HL146382- 06 | 17,117 | - |
| Through University of Texas HSC/San Antonio | 93.837 | 10041797 - LOUISVILLE | 0 | - |
| Through University of Utah | 93.837 | UWSC12020 | 5,610 | - |
| Through University of Washington | 93.838 | | 967,292 | - |
| Lung Diseases Research | 93.838 | OT2HL161847-01 | 1,442 | - |
| Through Arkansas Children Hospital Research Institute | 93.838 | OT2HL161847-01 | 284,414 | - |
| Through Arkansas Children Hospital Research Institute | 93.838 | A035364 (SPS-269060) | 15,599 | - |
| Through Duke University | 93.838 | SUB00002571 | 173,092 | - |
| Through University of Florida | 93.838 | PROSPECT 574470 | 3,333 | - |
| Through University of Pennsylvania | 93.839 | | 288,185 | - |
| Blood Diseases and Resources Research | 93.839 | SUB00000047 | 24,980 | - |
| Through Rutgers University | 93.846 | | 359,336 | - |
| Arthritis, Musculoskeletal and Skin Diseases Research | 93.846 | 226989 | (908) | - |
| Through Massachusetts General Hospital | 93.847 | | 3,021,934 | 225,802 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Diabetes, Endocrinology, and Metabolism Research | 93.847 | GROW22-UofL-01 | 44,922 | - |
| Through Grow Biomedicine LLC | 93.847 | 2005541213.000 | 186,463 | - |
| Through Johns Hopkins University | 93.847 | 700094-0820-00 | 22,662 | - |
| Through Nationwide Children's Hospital | 93.847 | 700094-0821-00 | 0 | - |
| Through Nationwide Children's Hospital | 93.847 | 700198-0523-00 | 17,683 | - |
| Through Nationwide Children's Hospital | 93.847 | 1R44DK133065-01 | 194,606 | - |
| Through Noveratech, LLC | 93.847 | IBD Gene M | 1,978 | - |
| Through Rutgers University | 93.847 | 258720-05-LRF | (1,420) | - |
| Through Temple University | 93.847 | AWD00006105 (138711-1) | 60,703 | - |
| Through University of Pittsburgh | 93.847 | TN-22 TrialNet | 155 | - |
| Through University of South Florida | 93.847 | TN-20 | (0) | - |
| Through University of South Florida | 93.847 | TN-07, ORAL INSULIN | 66 | - |
| Through University of South Florida | 93.847 | TN01 TYPE 1 UDK097835A | (882) | - |
| Through University of South Florida | 93.853 | | 4,416,681 | 239,098 |
| Extramural Research Programs in the Neurosciences and Neurological Disorders | 93.853 | PO 2002201516 U01NS080824 | 683 | - |
| Through Johns Hopkins Medical Center | 93.853 | INO-PD-P3-2014 | 4,074 | - |
| Through Massachusetts General Hospital | 93.853 | 010785-136706 | 1,596 | - |
| Through University of Cincinnati | 93.853 | 011706-005 | 5,000 | - |
| Through University of Cincinnati | 93.853 | GB 10965 PO# 2348222 | 236,094 | - |
| Through University of Virginia | 93.853 | PENUT TRIAL 752237,762305 | (456) | - |
| Through University of Washington | 93.853 | UWSC7771 | 19,742 | - |
| Through University of Washington | 93.853 | UWSC7771 | 6,091 | - |
| Through University of Washington | 93.855 | | 6,272,300 | 395,981 |
| Allergy, Immunology and Transplantation Research | 93.855 | 1983507.000 | 1,166 | - |
| Through Boston Childrens University | 93.855 | 211594.000 | (2,087) | - |
| Through Cornell University | 93.855 | 222658.000 | 151,966 | - |
| Through Cornell University | 93.855 | A540565 | 380,918 | - |
| Through Emory University | 93.855 | 8578.000 | 22,205 | - |
| Through Indiana University | 93.855 | 1R43AI152717-01 | 34,430 | - |
| Through Medigen Inc | 93.855 | 3200003721-21-190 | 76,194 | - |
| Through University of Kentucky Research Foundation | 93.855 | 000522211-012 | 5,455 | - |
| Through University of Alabama at Birmingham-BOT | 93.855 | 1R01AI165327-01 | 39,147 | - |
| Through University of Calgary | 93.855 | S02860-01 | 15,532 | - |
| Through University of Iowa | 93.855 | MidWest AViDD Center | 110,147 | - |
| Through University of Minnesota | 93.855 | Noninvasive in vivo imag | 178,284 | - |
| Through University of Minnesota | 93.855 | P010276627 | 394,867 | - |
| Through University of Minnesota | 93.855 | 21-3265-Lou | 54,762 | - |
| Through University of Tennessee | 93.855 | 22-3305-LOU | 310,233 | - |
| Through University of Tennessee | 93.855 | GR105861 (CON-80001724) | 10,575 | - |
| Through Yale University | 93.859 | | 13,364,747 | 1,579,522 |
| Pharmacology, Physiology, and Biological Chemistry Research | 93.859 | 3200003706-21-171 | 2,551 | - |
| Through University of Kentucky Research Foundation | 93.859 | 10030565-LOU | - | - |
| Through University of Utah | 93.859 | WSU21107 | 6,244 | - |
| Through Wayne State University | 93.859 | 3UT2GM130174-02S1 | 0 | - |
| Through XLerateHealth, LLC | 93.865 | | 775,983 | - |
| Center for Research for Mothers and Children | 93.865 | GENFD0001772362 | 2,835 | - |
| Through Boston Children's Hospital | 93.865 | 2005444412.000 | 20,744 | - |
| Through Johns Hopkins University | 93.865 | A21-0004-S004 - Louisvill | 96,913 | - |
| Through Lurie Childrens Hospital of Chicago | 93.865 | A00-2240-S002 | (75) | - |
| Through Medical University of South Carolina | 93.865 | 20-A1-00-1002855 | 1,260 | - |
| Through New York University Medical School | 93.865 | A19-0460-S001 | 92,570 | - |
| Through The Regents of the Univ of California | 93.865 | 51460 228446 VDORA1 | 34,949 | - |
| Through University of Arkansas | 93.865 | FY22.1062.001 | 5,000 | - |
| Through University of Colorado Denver | 93.866 | | 1,359,003 | 698,910 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
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| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|--------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Aging Research | 93.866 | 200002055.000 | (390) | - |
| Through Cleveland State University | 93.866 | 124462660.000 | 558,726 | - |
| Through University of Southern California | 93.866 | 1R43AG078020-01A1 | 52,512 | - |
| Through Wicked Sheets | 93.867 | | 3,799,163 | 194,160 |
| Vision Research - Retinal and Choroidal Diseases Research | 93.867 | GR124728/ SPC-1000005423 | 29,916 | - |
| Through Ohio State University | 93.867 | SUB00003423 | 42,862 | - |
| Through University of Florida | 93.867 | 432007-19111 | - | - |
| Through Virginia Tech Carilion | | | - | - |
| HIV Care Formula Grants | 93.917 | PON2 728 2200002616 | 350,281 | - |
| Through KY Cabinet for Health and Family Services | 93.917 | PON2 728 1800002133 v1 | - | - |
| Through KY Dept for Public Health | | | - | - |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93.918 | 2H76HA00536-19-00 | 404,163 | - |
| Through Health Res. & Services Admin. | 93.918 | 2 H76HA00536-23-00 | 1,958,960 | - |
| Through Health Res. & Services Admin. | 93.924 | 5 H65HA00013 21 00 | 313,080 | - |
| Ryan White HIV/AIDS Dental Reimbursements/Community Based Dental Partnership | | | - | - |
| Block Grants for Community Mental Health Services | 93.958 | PON2 729 2300000716 | 87,367 | - |
| Through KY Cabinet for Health and Family Services | | | - | - |
| PPHF Geriatric Education Centers | 93.969 | 3 U1QHP28732 06 01 | 44,019 | - |
| Through US Health Resources and Services HRSA | 93.969 | 5 U1QHP28732 07 00 | 163,798 | - |
| Through US Health Resources and Services HRSA | 93.969 | 5 U1QHP28732 -08 | 10 | - |
| Through US Health Resources and Services HRSA | 93.969 | 5U1QHP28732-06-00 | 13,846 | - |
| Through US Health Resources and Services HRSA | 93.969 | 5U1QHP28732-07-00 | 654,606 | 132,017 |
| Through US Health Resources and Services HRSA | 93.969 | 6 U1QHP28732 07 01 | 42,731 | - |
| | | | 88,857,137 | 7,531,117 |
| SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| UNITED STATES DEPARTMENT OF HOMELAND SECURITY | | | | |
| Cybersecurity Education and Training | 97.000 | 70RSAT20CB0000021 | 277,193 | - |
| Through US Department of Homeland Security | | | - | - |
| | | | 277,194 | - |
| SUBTOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY | | | | |
| UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | |
| United States Agency for International Development Contract | 98.001 | 2000012623 | 98,653 | - |
| Through National Academy of Sciences | | | - | - |
| | | | 98,654 | - |
| SUBTOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT | | | | |
| TOTAL RESEARCH AND DEVELOPMENT CLUSTER | | | 115,961,610 | 9,891,201 |

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|---|-----------------------------------|---------------------------|---------------------|----------------------------------|
| SPECIAL EDUCATION (IDeA) CLUSTER | | | | |
| DEPARTMENT OF EDUCATION | | | | |
| Special Education_Grants to States | 84.027 | PON2 540 1900003782 | 0 | - |
| Through KY Department of Education | 84.027 | PON2 540 2100000511 | (241) | - |
| Through KY Department of Education | 84.027 | PON2 540 2100002256 | 106,030 | 41,723 |
| Through KY Department of Education | 84.027 | PON2 540 2100002575 | 124,503 | 98,286 |
| Through KY Department of Education | 84.027 | PON2 540 2200003688 | 612,442 | 348,552 |
| Through KY Department of Education | 84.027 | PON2 540 2200003814 1 | 377,921 | 87,138 |
| Through KY Department of Education | 84.027 | PON2 540 2200003825 | 400,443 | 179,961 |
| Through Green River Educational Cooperative | 84.027 | GRREC Motivational Interv | - | - |
| SUBTOTAL DEPARTMENT OF EDUCATION | | | 1,621,099 | 755,660 |
| TOTAL SPECIAL EDUCATION (IDeA) CLUSTER | | | 1,621,098 | 755,660 |
| TRIO CLUSTER | | | | |
| DEPARTMENT OF EDUCATION | | | | |
| TRIO Student Support Services | 84.042 | P042A150274-19 | - | - |
| Through U.S. Dept. of Education | 84.042 | P042A200371-21 | 41,971 | - |
| Through U.S. Dept. of Education | 84.042 | P042A200371-22 | 207,845 | - |
| Through U.S. Dept. of Education | 84.042 | P042A200371-22 | 207,845 | - |
| TRIO Talent Search | 84.044 | P044A210677 | 42,567 | - |
| Through U.S. Dept. of Education | 84.044 | P044A210677-22 | 234,641 | - |
| Through U.S. Dept. of Education | 84.044 | P044A210677-22 | 234,641 | - |
| TRIO Upward Bound | 84.047 | P047A221118 | 492,492 | - |
| Through U.S. Dept. of Education | 84.047 | P047A221118 | 492,492 | - |
| Through U.S. Dept. of Education | 84.047 | P047A221123 | 242,166 | - |
| Through U.S. Dept. of Education | 84.047 | P047A170177 - 21 | 160,420 | - |
| Through U.S. Dept. of Education | 84.047 | P047A170177 - 21 | 1,422,104 | - |
| SUBTOTAL DEPARTMENT OF EDUCATION | | | 1,422,104 | - |
| TOTAL TRIO CLUSTER | | | 1,422,104 | - |
| MEDICAID CLUSTER | | | | |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Medical Assistance Program | 93.778 | PON2 746 2000004003 | 0 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2 746 2000004005 | 0 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2 746 2000004008 | 5 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2 746 2000004011 | - | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2 746 2000004246 | - | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON27462000004035 | 1 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | SC7461900000170v1 | (0) | - |
| Through KY Cabinet for Health & Family Services | 93.778 | SC7461900000171v1 | - | - |
| Through KY Cabinet for Health & Family Services | 93.778 | ULRF21001701 | 58,333 | 20,807 |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2 746 1800001678 1 | 1 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON 746 2200004066 | 230,257 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2 746 2000003079 | 52 | - |
| Through KY Cabinet for Health & Family Services | 93.778 | PON2_746_2200001873 | 219,592 | - |
| Through KY Dept. for Medicaid Services | 93.778 | PON2_746_2200001873 | 219,592 | - |
| SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 508,241 | 20,807 |
| TOTAL MEDICAID CLUSTER | | | 508,241 | 20,807 |
| TOTAL SPECIAL CLUSTERS | | | 3,551,443 | 776,467 |

See accompanying Notes to Schedule of Expenditures of Federal Awards

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| OTHER PROGRAMS | | | | |
| DEPARTMENT OF AGRICULTURE | 10.525 | PON2 035 2300001402 | 49,746 | - |
| Farm and Ranch Stress Assistance Network Competitive Grants Program | | | | |
| SUBTOTAL DEPARTMENT OF AGRICULTURE | | | 49,747 | - |
| DEPARTMENT OF COMMERCE | 11.303 | ED22ATL3030043 | 23,481 | - |
| Economic Development Technical Assistance Through U.S. Economic Development Administration | | | | |
| DEPARTMENT OF DEFENSE | 12.000 | PON20762000002961 | 13,430 | - |
| Department of Defense Contracts Through KY Commission on Military Affairs | 12.000 | PON2 076 2000001258 | 19,861 | - |
| Through KY Commission on Military Affairs | | | | |
| SUBTOTAL DEPARTMENT OF DEFENSE | | | 33,292 | - |
| DEPARTMENT OF INTERIOR | 15.904 | 92-KY03-NPS2021 | - | - |
| Historic Preservation Fund Grants-In-Aid Through National Writing Project Corporation | | | | |
| SUBTOTAL DEPARTMENT OF INTERIOR | | | - | - |
| DEPARTMENT OF JUSTICE | 16.582 | 2020-V3-0081 | 20,071 | - |
| Crime Victim Assistance/Discretionary Grants Through Volunteers of America | | | | |
| Comprehensive Opioid, Stimulant, and other Substances Use Program Through Commonwealth of Kentucky | 16.838 | PON2 736 2300001389 | 87,502 | - |
| SUBTOTAL DEPARTMENT OF JUSTICE | | | 107,575 | - |
| DEPARTMENT OF LABOR | 17.207 | Veterans Accelerated | | |
| Employment Service/Wagner-Peyser Funded Activities Through Kentucky Science and Technology Corp. | | | | |
| Disability Employment Policy Development Through University of Kentucky Research Foundation | 17.720 | 3200004158-22-009 | 57,666 | 47,661 |
| SUBTOTAL DEPARTMENT OF LABOR | | | 57,667 | 47,661 |
| DEPARTMENT OF TRANSPORTATION | 20.616 | PON2 605 2100000627 | (29,382) | - |
| National Priority Safety Programs Through Kentucky Transportation Department | | | | |
| SUBTOTAL DEPARTMENT OF TRANSPORTATION | | | (29,381) | - |
| DEPARTMENT OF VETERANS AFFAIRS | 64.000 | Implementing the Behavior | 23,446 | - |
| Department of Veterans Affairs Contracts | | | | |
| Sharing Specialized Medical Resources Through V.A. Medical Center | 64.018 | IPA-Mahanes - Dietary Fat | | |
| Through V.A. Medical Center | 64.018 | IPA- Warner - Diatar | | |
| SUBTOTAL DEPARTMENT OF VETERANS AFFAIRS | | | 23,447 | - |

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| ENVIRONMENTAL PROTECTION AGENCY | 66.605 | PPG BG - 00D21421 | - | - |
| Performance Partnership Grants | 66.708 | PON2 129 2100002433 | 56,172 | - |
| Pollution Prevention Grants Program | | | 56,172 | - |
| SUBTOTAL ENVIRONMENTAL PROTECTION AGENCY | | | 56,172 | - |
| DEPARTMENT OF EDUCATION | | | | |
| Special Education_Grants for Infants and Families with Disabilities Through State of Kentucky | 84.181 | PON2 728 2200002772 | 728,546 | - |
| SUBTOTAL DEPARTMENT OF EDUCATION | | | 728,547 | - |
| DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Department of Health and Human Services Contracts | 93.000 | 75N95023P00247 | 7,686 | - |
| Through National Institutes of Health | 93.000 | Nurse Practitioner Substa | 2,000 | - |
| Through American Society of Addiction Medicine | | | | |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services | 93.043 | Title III D - FY22 | - | - |
| Through Kentuckiana Reg Planning & Development | | | | |
| National Family Caregiver Support, Title III, Part E | 93.052 | PON2 725 2000002717 | 61,291 | - |
| Through Kentuckiana Reg Planning & Development | 93.052 | Title III-E - FY22 | (2,841) | - |
| Through Kentuckiana Reg Planning & Development | | | | |
| Public Health Emergency Preparedness | 93.069 | PON 728 201873 | (0) | - |
| Through KY Cabinet for Health and Family Svcs | | | | |
| Maternal and Child Health Federal Consolidated Programs | 93.110 | PON2 728 2200004330 | 23,206 | - |
| Through KY Cabinet for Health and Family Svcs | 93.110 | #2021-0880 | 61,187 | - |
| Through Univ Hospitals Cleveland Medical Center | 93.110 | WS #2021-0880 | 145,043 | 88,031 |
| Through Univ Hospitals Cleveland Medical Center | 93.110 | 3200004102-22-109 | 22,451 | - |
| Through University of Kentucky Research Foundation | 93.110 | PO 7800006650 - 320000486 | 23,322 | - |
| Through University of Kentucky Research Foundation | | | | |
| Coordinated Services and Access to Research for Women, Infants, Children & Youth | 93.153 | 1H1XHA370530100 | (0) | - |
| Through US Health Resources and Services HRSA | 93.153 | H12HA24829-08-01 | 67 | - |
| Through US Health Resources and Services HRSA | 93.153 | H12HA24829-10-01 | 469,334 | - |
| Through US Health Resources and Services HRSA | | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | 1H79SM085130-02 | 17,167 | 8,750 |
| Through International Rescue Committee | 93.243 | 1H79SM084989-02 | 231,353 | 86,941 |
| Through Substance Abuse and Mental Health Svcs Admin (SAMHSA) | 93.243 | 531H79SM084989-01 | 108,143 | 57,345 |
| Through Substance Abuse and Mental Health Svcs Admin (SAMHSA) | 93.243 | 1H79SM084409-01 | 26,055 | - |
| Through Substance Abuse and Mental Health Svcs Admin (SAMHSA) | | | | |
| Centers for Disease Control and Prevention Investigations and Technical Assistance | 93.283 | 3210000398-17-062 | 15 | - |
| Through University of Kentucky Research Foundation | | | | |
| Teenage Pregnancy Prevention Program | 93.297 | Optimally Changing the Ma | 37,117 | - |
| Through YMCA of Greater Louisville | | | | |
| National State Based Tobacco Control Programs | 93.305 | PON2 728 1800001922 1 | 0 | - |
| Through KY Cabinet for Health and Family Services | | | | |
| National and State Tobacco Control Program | 93.387 | PON2 728 2200002797 | 24,971 | - |
| Through KY Cabinet for Health and Family Services | | | | |
| Cancer Treatment Research through National Institutes of Health | 93.395 | HN009 | 933 | - |
| Through NRG Oncology Foundation Inc | | | | |
| Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke | 93.426 | PON2 728 2200002625 | 231,296 | 30,672 |
| Through KY Cabinet for Health and Family Services | | | | |

See accompanying Notes to Schedule of Expenditures of Federal Awards
(17)

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|---------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| CDC's National Network Approach to Preventing and Controlling Tobacco-related Cancers in Special Populations | 93.431 | 3200003768-21-226 | (352) | - |
| Through University of Kentucky Research Foundation | 93.431 | 3200004476-22-180 | 2,721 | - |
| Through University of Kentucky Research Foundation | 93.431 | 3200005240-23-177 | 34,258 | - |
| Through University of Kentucky Research Foundation | 93.431 | West Louisville Outdoor R | 35,595 | - |
| Through Wilderness Louisville Inc | | | | |
| Refugee and Entrant Assistance State/Replacement Designee Administered Programs Through Catholic Charities, Inc. | 93.566 | 252-00935-2022 | 37,713 | - |
| Refugee and Entrant Assistance Discretionary Grants | 93.576 | 90ZZ0005-01-00 | 29,023 | 5,338 |
| Through US Admin for Children and Families | | | | |
| Assistance for Torture Victims | 93.604 | 90ZT0220-01-00 | 167,620 | 138,193 |
| Through US Dept of Health and Human Services | | | | - |
| Foster Care Title IV-E | 93.658 | 454156-23-112 / 1801KYFOS | 2,886 | - |
| Through Eastern Kentucky University | 93.658 | PON27362100002157 | (0) | - |
| Through Eastern Kentucky University | | | | - |
| Child Abuse and Neglect State Grants | 93.669 | PON2 736 2200004577 | 81,372 | - |
| Through KY Cabinet for Health and Family Services | | | | - |
| Ending the HIV Epidemic: A Plan for America — | 93.686 | PON2 728 2200002617 | 44 | - |
| Ryan White HIV/AIDS Program Parts A and B | | | | - |
| Through KY Cabinet for Health and Family Services | | | | - |
| Organized Approaches to Increase Colorectal Cancer Screening | 93.800 | PON27282200002727 | 25,991 | - |
| Through KY Cabinet for Health & Family Services | | | | - |
| Paul Coverdell National Acute Stroke Program National Center for Chronic Disease Prevention and Health Promotion | 93.810 | 3200004251-22-169 | (1) | - |
| Through University of Kentucky Research Foundation | | | | - |
| Cardiovascular Diseases Research | 93.837 | 2R44HL144214 02 | 14,690 | - |
| Through Inspired Therapeutics LLC | | | | - |
| Pharmacology, Physiology, and Biological Chemistry Research | 93.859 | 1UT2GM130174-01 | - | - |
| Through XRateHealth, LLC | | | | - |
| Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations | 93.898 | PON 2 7282200003809 | 121,086 | - |
| Through KY Cabinet for Health & Family Services | 93.898 | PON2-7282200-003000 | 120,557 | - |
| Through KY Cabinet for Health & Family Services | 93.898 | 3200004875-23-036 | 10,342 | - |
| Through University of Kentucky Research Foundation | 93.898 | 3210002526-23-218 | 1,050 | - |
| Through University of Kentucky Research Foundation | | | | - |
| HIV Care Formula Grants | 93.917 | PO2 728 1600005009 1 | 177 | - |
| Through KY Cabinet for Health & Family Services | 93.917 | PON 2 728 2000002908 | (38,743) | - |
| Through KY Cabinet for Health & Family Services | 93.917 | PON2 728 2000001645 | 27 | - |
| Through KY Cabinet for Health & Family Services | 93.917 | PON2 728 2200002616 | 50,437 | - |
| Through KY Cabinet for Health & Family Services | 93.917 | PON2 728 2200002617 | 876,675 | - |
| Through KY Cabinet for Health & Family Services | | | | - |
| Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease | 93.918 | 1H7CHA372840100 | 588 | - |
| Through Health Res. & Services Admin. | 93.918 | 2 H76HA00536-23-00 | 214,109 | - |
| Through Health Res. & Services Admin. | 93.918 | 2 H76HA00536-24-00 | 112,673 | - |
| Through Health Res. & Services Admin. | 93.918 | 2H76HA00536-21-00 | (0) | - |
| Through Health Res. & Services Admin. | 93.918 | 6 H76HA00536-23-02 | 551,384 | - |
| Through Health Res. & Services Admin. | 93.918 | H76HA00536 | (404,690) | - |
| Through Health Res. & Services Admin. | | | | - |
| Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants | 93.924 | H65HA000131800 | 17,945 | - |
| Through Health Res. & Services Admin. | 93.924 | 2 H65HA00013-22-00 | 108 | - |
| Through Health Res. & Services Admin. | | | | - |
| HIV Prevention Activities Health Department Based | 93.940 | PON2 728 2100002812 | 175 | - |
| Through KY Cabinet for Health & Family Services | 93.940 | PON2 728 2200003218 | 96,590 | - |
| Through KY Cabinet for Health & Family Services | | | | - |

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

| Federal Grant or Program Title | Federal Assistance Listing Number | Pass Through Entity # | Fiscal Expenditures | Amount Provided to Subrecipients |
|--|-----------------------------------|---------------------------|-----------------------|----------------------------------|
| DEPARTMENT OF HEALTH AND HUMAN SERVICES (CONTINUED) | | | | |
| Assistance Programs for Chronic Disease Prevention and Control Through KY Cabinet for Health & Family Services | 93.945 | PON2 728 2000002770 | 22,914 | 21,216 |
| Maternal and Child Health Services Block Grant Through KY Cabinet for Health & Family Services | 93.994 | PO2 728 100004087 | - | - |
| SUBTOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | 3,674,762 | 436,486 |
| CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | | |
| AmeriCorps State and National Through Arizona State University | 94.006 | 2022 AmeriCorps State and | 36,834 | - |
| SUBTOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE | | | 36,834 | - |
| TOTAL OTHER PROGRAMS | | | 4,762,136 | 484,147 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 312,968,845 | \$ 11,313,364 |

UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
NOTES TO SCHEDULE OF EXPENDITUES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) of the University of Louisville (University) has been prepared in the format as set forth in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The purpose of the Schedule is to present a consolidated summary of those expenditures of the University for the year ended June 30, 2023, which has been financed by the U.S. Government (Federal awards). For purposes of the Schedule, Federal awards include all Federal assistance and procurement relationships entered into directly and indirectly between the University and the Federal government and sub-awards from nonfederal organizations made under federally sponsored agreements.

The accounting principles followed by the University and used in preparing the Schedule are as follows:

The schedule of expenditures of federal awards includes amounts expended by the University and its affiliated corporation, the University of Louisville Research Foundation, Inc. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement.

Deductions (expenditures) for direct costs are recognized as incurred using the cash method of accounting and the cost accounting principles contained in Uniform Guidance. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general University activities (facilities and administrative costs) which are allocated to awards under negotiated formulas commonly referred to as indirect cost rates. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 2 NONCASH FINANCIAL ASSISTANCE

Outstanding loan balances at June 30, 2023 were as follows:

| | <u>Federal Assistance Listing Number</u> | <u>Total</u> |
|---|--|---------------------------------|
| Federal Perkins Loan Program | 84.038 | \$ 2,232,739 |
| Health Professions Student - Medical | 93.342 | - |
| Health Professions Primary Care - Medical | 93.342 | 2,871,662 |
| Health Professions Student Loans - Dental | 93.342 | 4,015,935 |
| Nursing Student Loans | 93.364 | 18,518 |
| Loans to Disadvantaged Students - Medical | 93.342 | 1,702,234 |
| Loans to Disadvantaged Students - Dental | 93.342 | <u>25,364</u> |
| Total Student Loans Outstanding | | <u><u>\$ 10,866,452</u></u> |

Loans received by students for the period ended June 30, 2023 were as follows:

| | <u>Federal Assistance Listing Number</u> | <u>Total</u> |
|---|--|----------------------------------|
| William D. Ford Federal Direct Loan Program | 84.268 | \$ 145,707,487 |
| Health Professions Primary Care - Medical | 93.342 | 131,223 |
| Health Professions Student Loans - Dental | 93.342 | 425,000 |
| Loans to Disadvantaged Students - Medical | 93.342 | <u>166,333</u> |
| Total Noncash Financial Assistance | | <u><u>\$ 146,430,043</u></u> |



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees
University of Louisville
Louisville, Kentucky

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units, of University of Louisville, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University of Louisville's basic financial statements, and have issued our report thereon dated October 23, 2023. The financial statements of University of Louisville Health, Inc. (UofL Health), University of Louisville Real Estate Foundation, Inc. (ULREF), and the University of Louisville Foundation, Inc. and Affiliates (the Foundation) were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with UofL Health, ULREF, and the Foundation.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be significant deficiency.

Report on Compliance and Other Matters

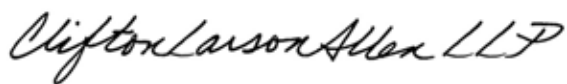
As part of obtaining reasonable assurance about whether University of Louisville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct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

University of Louisville's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University of Louisville's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. University of Louisville's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

St. Louis, Missouri
October 23, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
University of Louisville
Louisville, Kentucky

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited University of Louisville's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on University of Louisville's major federal program for the year ended June 30, 2023. University of Louisville's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, University of Louisville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of University of Louisville and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of University of Louisville's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to University of Louisville's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on University of Louisville's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about University of Louisville's compliance with the requirements of the major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding University of Louisville's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of University of Louisville's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of University of Louisville's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on University of Louisville's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. University of Louisville's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002, to be a significant deficiency.

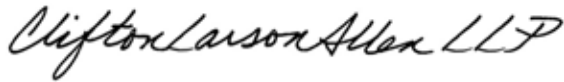
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on University of Louisville's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. University of Louisville's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of University of Louisville as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise University of Louisville's basic financial statements. We have issued our report thereon dated October 23, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

St. Louis, Missouri
October 23, 2023

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

| ALN Number(s) | Name of Federal Program or Cluster |
|----------------------|---|
| Various | Student Financial Aid Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee? x yes _____ no

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

2023 – 001: Procurement Card Transactions

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: During testing of monthly procurement card transactions for 22 employees, the auditors noted three instances where the employee's monthly procurement card transactions were not reviewed and approved by their supervisor in a timely manner in accordance with the University's policy.

Criteria: The University operates a procurement card program which allows individuals throughout the University to make purchases on a credit card with a defined limit, which is directly paid by the University on a monthly basis. The University's policy requires the cardholder's approver to review all monthly procurement card documentation consisting of the Monthly Activity Report (MAR), itemized receipts and any backup documentation provided. Per University policy, the approver review must be completed by the 25th of the month following the end of the billing cycle.

Effect: The lack of controls in place to ensure policies and procedures are followed increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: The University does not have a process in place to ensure monthly procurement card transactions are reviewed and approved by the approving supervisor in a timely manner in accordance with University policy.

Repeat Finding: No

Recommendation: The University policy states that the approver must review and approve all monthly procurement documentation by the 25th of the month following the end of the billing cycle. The University's system of internal controls should include procedures to ensure procurement card transactions are reviewed and approved in accordance with University policies and procedures.

Views of responsible officials and planned corrective action: University management agrees that the approval of purchasing card transactions is important and increased education and monitoring is being designed to increase compliance.

**UNIVERSITY OF LOUISVILLE AND AFFILIATED CORPORATIONS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 002

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.063, 84.268, 84.379, 84.033

Federal Award Identification Number: P007A221612 - 2023, P063P221506 - 2023, P268K231506 - 2023, P379T231506 - 2023, P033A221612 - 2023

Award Period: July 1, 2022 to June 30, 2023

Type of Finding:

- Compliance, Other Matter
- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless of if they receive aid from the institution or not. Changes to said status are required to be reported within 30 days of becoming aware of the status change, or with the next scheduled transmission of statuses if the scheduled transmission is within 60 days. Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure enrollment reporting is completed properly.

Condition: The University did not update student status change and enrollment effective date timely.

Context: The enrollment effective date reported to the National Student Loan Database System (NSLDS) for one of the forty sampled students from the University was incorrect.

Questioned costs: None

Cause: The University did not timely or properly report student status change to NSLDS through their third-party servicer, National Student Clearinghouse (NSC).

Effect: Failure to properly report enrollment status changes on NSLDS could affect the timing of the grace period for repayment of Title IV loans.

Repeat finding: No

Recommendation: CLA recommends that the University work with their third-party servicer and implement procedures to ensure that enrollment data, changes in status and effective dates within NSLDS are reported timely.

Views of responsible officials: Management agrees with the finding and has developed a plan to correct the finding.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

RECOMMENDATION TO THE AUDIT, COMPLIANCE, AND RISK COMMITTEE
OF THE UofL RESEARCH FOUNDATION, INC., BOARD OF DIRECTORS
CONCERNING THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS FOR
YEAR ENDING JUNE 30, 2023 AND INDEPENDENT AUDITOR'S REPORT


Audit, Compliance, and Risk Committee – October 25, 2023
Board of Directors – October 25, 2023

RECOMMENDATION:

The President recommends that the Board of Directors approve the Auditor's Report and Financial Statements June 30, 2023, as presented under Governmental Accounting Standards Board (GASB) 34, as [attached](#).


COMMITTEE ACTION:

Passed X
Did Not Pass _____
Other _____


Signature on file _____
Assistant Secretary

BOARD ACTION:

Passed X
Did Not Pass _____
Other _____


Signature on file _____
Assistant Secretary



UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.

A Component Unit of the University of Louisville

**Auditor's Report & Financial Statements
June 30, 2023 & 2022**



UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
University of Louisville Research Foundation, Inc.
Louisville, Kentucky

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of University of Louisville Research Foundation, Inc. (Research Foundation), a component unit of the University of Louisville, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Research Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Research Foundation, as of June 30, 2023 and 2022, and the respective changes in financial position, and, where applicable, cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Research Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, and the Post-employment Benefit Information on page 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



CliftonLarsonAllen LLP

St. Louis, Missouri
October 23, 2023

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

Introduction

The following discussion and analysis provides an overview of the financial position and activities of the University of Louisville Research Foundation, Inc. (Research Foundation) for the years ended June 30, 2023 and 2022. Comparative information for the year ended June 30, 2021 has been provided where applicable. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

The Research Foundation is a nonprofit corporation affiliated with the University of Louisville (University), a state-supported metropolitan research university located in Louisville, Kentucky. The Research Foundation was established in 1989 for the purpose of promoting and supporting research projects, investigations, and other activities relating to the educational, scientific, literary, artistic, health care and public service missions of the University.

The University's strategic plan guides the Research Foundation's programs, along with the grand challenges from the Kentucky Council on Postsecondary Education: 1) empowering our communities, 2) advancing our health, and 3) engineering our future economy by focusing on our research on our community to foster equity and eliminate gaps in health, education and economic attainment. The Research Foundation accepts funding for research, training, and service from extramural sources for programs and projects that match these goals. During the fiscal year ended June 30, 2023, total awards were \$175.9 million. Some of the funding highlights include:

- Awards from the National Institute of health (NIH) accounting for over \$79 million of the awards received during the current fiscal year, including \$3.6 million for IDEA Networks for Biomedical Research Excellence in Kentucky and \$2.3 million for functional macrobiotics, inflammation and pathogenicity.
- An award from the Kentucky Cabinet for Health and Family Services for \$3.4 million for research of the health equity initiatives.

Using the Financial Statements

The Research Foundation'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 Government Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. The Research Foundation is presented here as a single entity and is also included in the consolidated financial statements of the University.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

Statements of Net Position

The statements of net position present the financial position of the Research Foundation at the end of the fiscal year and include all assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position (the difference between assets, liabilities, deferred outflows of resources and deferred inflows of resources) provides a snapshot of the current financial condition of the Research Foundation at the end of a fiscal year. Items on the statements of net position are generally measured using current values with the exception of capital assets which are stated at historical cost less accumulated depreciation. The change in net position indicates whether the Research Foundation accumulated or consumed resources during the year.

A condensed version of the Research Foundation's assets, liabilities, and net position at June 30, 2023, 2022, and 2021 (in thousands) is summarized below:

| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|--|-------------------|-------------------|--------------------|---------------------|---------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Current assets | \$ 258,678 | \$ 208,829 | \$ 169,702 | \$ 49,849 | \$ 39,127 |
| Capital assets | 58,102 | 51,475 | 54,193 | 6,627 | (2,718) |
| Right-to-use asset, net | 3,050 | 5,035 | 5,272 | (1,985) | (237) |
| Other noncurrent assets | 657,424 | 680,915 | 678,488 | (23,491) | 2,427 |
| Deferred outflow of resources | 6,450 | 5,964 | 5,438 | 486 | 526 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 983,704 | 952,218 | 913,093 | 31,486 | 39,125 |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | | | | | |
| Current liabilities | 54,014 | 46,369 | 35,203 | 7,645 | 11,166 |
| Noncurrent liabilities | 35,202 | 38,035 | 34,423 | (2,833) | 3,612 |
| Deferred inflows of resources | 644,204 | 659,534 | 678,901 | (15,330) | (19,367) |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 733,420 | 743,938 | 748,527 | (10,518) | (4,589) |
| NET POSITION | | | | | |
| Net investment in capital assets | 59,149 | 51,519 | 54,347 | 7,630 | (2,828) |
| Restricted - expendable | 22,320 | 24,422 | 17,536 | (2,102) | 6,886 |
| Unrestricted | 168,815 | 132,339 | 92,683 | 36,476 | 39,656 |
| TOTAL NET POSITION | 250,284 | 208,280 | 164,566 | 42,004 | 43,714 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 983,704 | \$ 952,218 | \$ 913,093 | \$ 31,486 | \$ 39,125 |

Assets

Current assets of \$258.7 million consist of \$137.4 million in cash and cash equivalents, \$99.0 million of accounts receivable and \$21.4 million due from affiliate. The Research Foundation's cash and cash equivalents grew \$30.6 million from the previous year due to the results of contracted activities with hospitals and cost reduction measures. Accounts receivable increased \$17.5 million mostly representing an increase in outstanding patient receivable balances. The due from affiliates decrease of \$21.9 million stems from collections of payments due and a reduction of approximately \$15.0 million in the fiscal year 2022 profit share from UL Health as compared to the fiscal year 2021 profit share.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

Noncurrent assets of \$718.6 million consist mainly of long-term receivables of \$642.9 million, which \$642.1 million relates to future lease payments receivable for the contracted use of University or Research Foundation assets. Additionally, noncurrent assets includes \$58.1 million of capital assets, which increased by \$6.6 million due to asset purchases, net depreciation.

Deferred Outflows of Resources

Deferred outflow of resources represents a consumption of net assets applicable to a future period. The balance of \$6.4 million as of June 30, 2023 consisted of future payments to be made for other post-employment benefits.

Liabilities

The Research Foundation's current liabilities of \$54.0 million consist \$3.7 million of unearned grant revenue for sponsored research activities, a decrease of \$0.7 million compared to June 30, 2022. The Research Foundation is required to set up a liability when awards are paid in advance, as they are responsible for paying back any unused funds to the sponsor. Current liabilities also consists of \$38.0 million related to trade accounts payable and other accrued liabilities.

The Research Foundation's allocated portion of other post-employment benefits totals \$27.8 million, shown as other long-term liabilities, which decreased by \$3.1 million due primarily to a change in actuarial assumptions.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position that applies to future periods. The balance of \$644.2 million represents \$634.7 million of future revenues to be recognized from leased assets and \$9.5 million of accumulated OPEB changes in actuarial assumptions and the difference between expected and actual experience used in the other post employment benefit liability.

Net Position

Net position represents the residual interest in the Research Foundation's assets after liabilities are deducted. The Research Foundation's net position at June 30, 2023 and 2022 was \$250.3 million and \$208.3 million, respectively. Net position is summarized into these major categories: net investment in capital assets of \$59.1 million and \$51.5 million, respectively; restricted expendable of \$22.3 million and \$24.4 million, respectively; and unrestricted of \$168.8 million and \$132.3 million, respectively.

Fiscal Year 2022

The Research Foundation's financial position as of the fiscal year ended June 30, 2022 shows an increase in assets, a decrease in liabilities with an overall increase in net position. Assets increased during the fiscal year ended June 30, 2022 by \$39.1 million, as compared to the fiscal year ended June 30, 2021. This increase was due mainly to an increase in cash and equivalents of \$64.2 million offset by reductions of \$3.5 million and \$18.5 million in receivables from affiliates and all other account receivable, respectively. The increase in liabilities of \$14.8 million includes a an increase of accounts payable and accrued liabilities of \$3.7 million and due to the University of \$15.6 million.

Net position increased \$43.7 million due primarily from enhanced clinical services offered through partnerships with other healthcare systems, affiliated healthcare providers, and fixed contract revenues exceeding actual operating expenses.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

Statements of Revenues, Expenses, and Changes in Net Position

A condensed version of the Research Foundation's revenues, expenses and changes in net position for the years ended June 30, 2023, 2022, and 2021 (in thousands) is shown below:

| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|---|-------------------|-------------------|--------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Clinical services and practice plans | \$ 398,426 | \$ 398,098 | \$ 380,121 | \$ 328 | \$ 17,977 |
| Grants and contracts | 128,546 | 132,023 | 107,418 | (3,477) | 24,605 |
| Facilities and administrative cost recoveries | 34,378 | 38,708 | 32,428 | (4,330) | 6,280 |
| Other operating revenues | 7,741 | 8,015 | 6,961 | (274) | 1,054 |
| TOTAL OPERATING REVENUE | 569,091 | 576,844 | 526,928 | (7,753) | 49,916 |
| OPERATING EXPENSES | | | | | |
| Depreciation | 8,451 | 9,043 | 9,006 | (592) | 37 |
| Other operating expenses | 543,358 | 546,123 | 503,646 | (2,765) | 42,477 |
| TOTAL OPERATING EXPENSE | 551,809 | 555,166 | 512,652 | (3,357) | 42,514 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Nonexchange grants and contracts | 55,787 | 84,180 | 76,083 | (28,393) | 8,097 |
| Contributions to related entities | (38,451) | (76,269) | (38,097) | 37,818 | (38,172) |
| Other nonoperating revenues | 7,482 | 14,255 | 12,231 | (6,773) | 2,024 |
| Interest expense | (96) | (130) | (161) | 34 | 31 |
| TOTAL NONOPERATING REVENUE/ (EXPENSES) | 24,722 | 22,036 | 50,056 | 2,686 | (28,020) |
| INCREASE/(DECREASE) IN NET POSITION | | | | | |
| | 42,004 | 43,714 | 64,332 | (1,710) | (20,618) |
| Net position, beginning of year | 208,280 | 164,566 | 100,234 | 43,714 | 64,332 |
| Net position, end of year | \$ 250,284 | \$ 208,280 | \$ 164,566 | \$ 42,004 | \$ 43,714 |

Operating Revenues

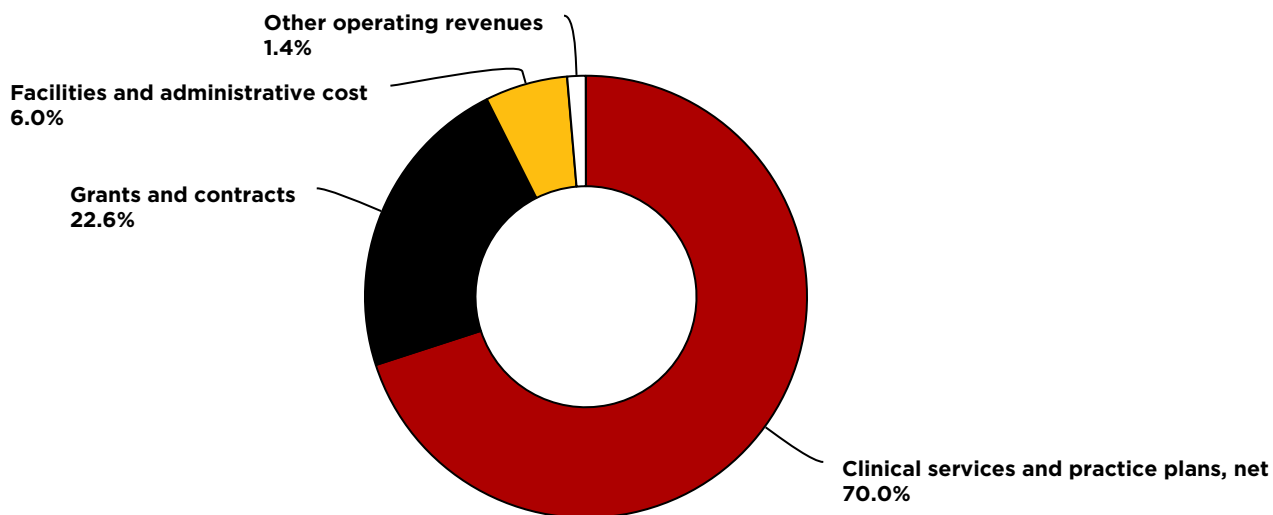
Revenues from operations decreased to \$569.1 million for the year ended June 30, 2023 compared to \$576.8 million for the year ended June 30, 2022. The \$3.5 million decrease in grants and contract and the related decrease of \$4.3 million in facilities and administrative cost recoveries account for the decrease.

Revenue from facilities and administrative cost recoveries were \$34.4 million and \$38.7 million for the years ended June 30, 2023 and 2022, respectively. The Research Foundation compensates the University for a portion of the cost recoveries in support of University expenditures. For the years ended June 30, 2023 and 2022, approximately \$18.3 million and \$20.3 million, respectively, transferred to the University for this purpose.

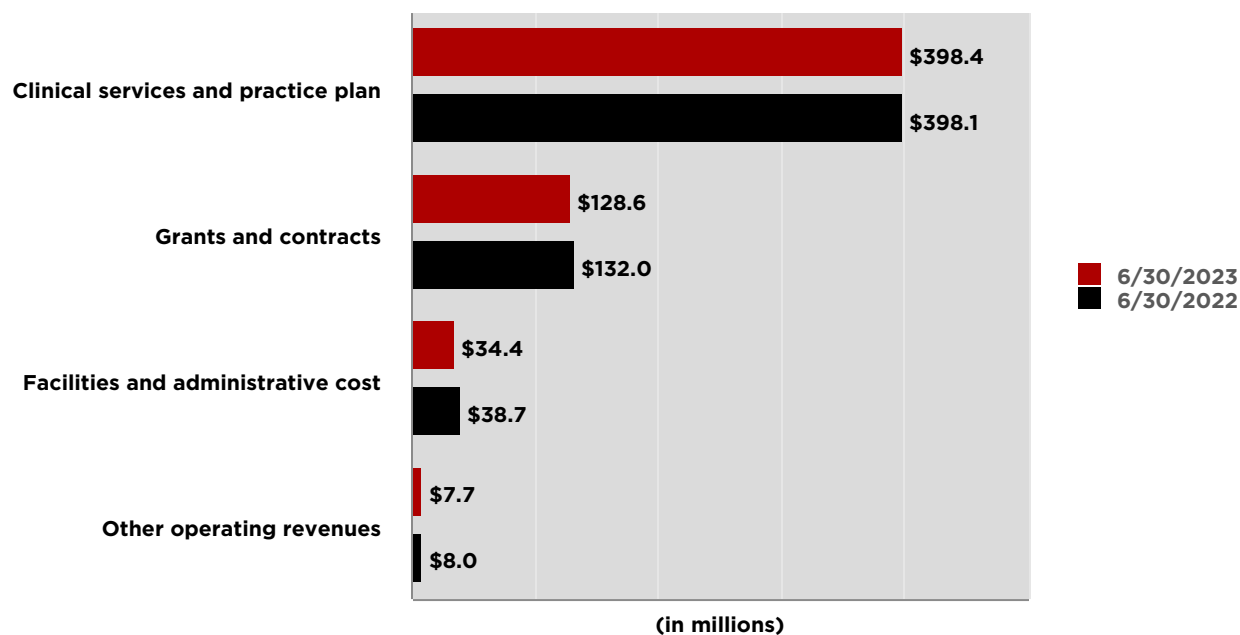
UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

The following is a graphic illustration of the Research Foundation's operating revenues by major source for the years ended June 30, 2023 and 2022 (in millions):

Operating Revenues
Year Ended June 30, 2023



Operating Revenue Trends

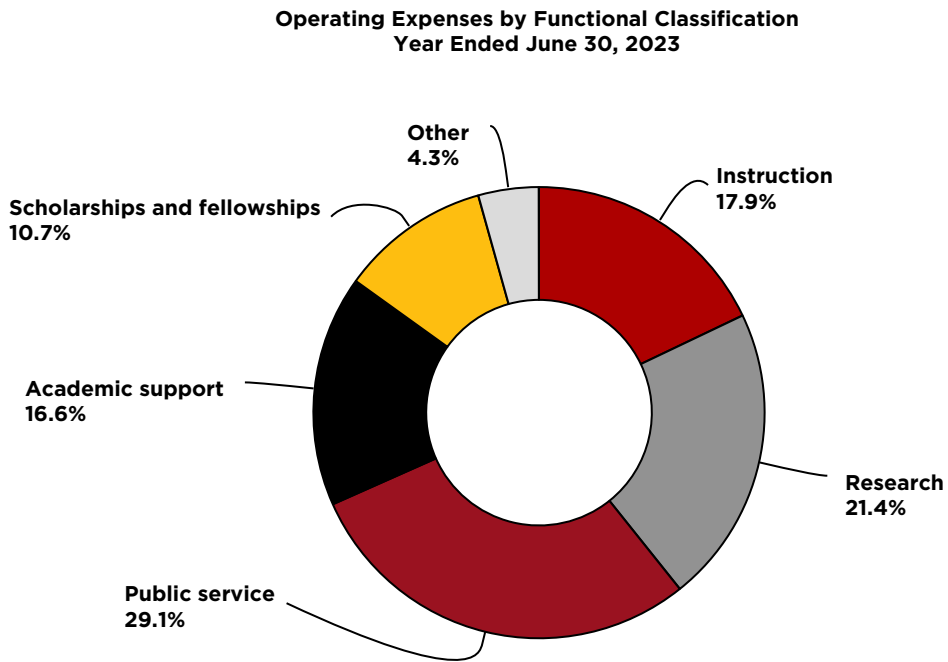


UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

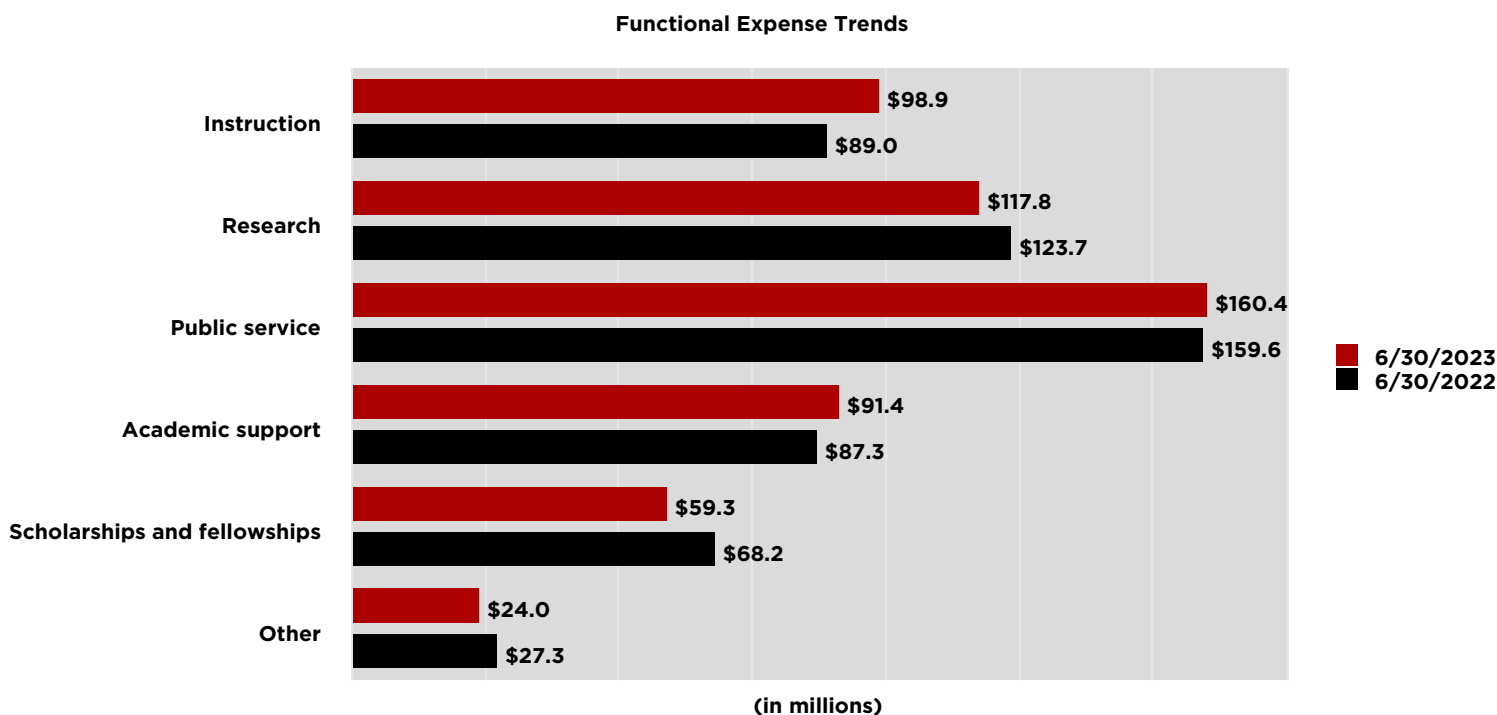
Operating Expenses by Functional and Natural Classification

Total operating expenses were \$551.8 million and \$555.2 million for the fiscal years ended June 30, 2023 and 2022, respectively. In fiscal year 2023, operating expenses decreased \$3.4 million. Expenditures for supplies and serviced increased by \$4.3 million while scholarships and fellowships decreased by \$8.3 million. The primary cause of the decrease in scholarship and fellowships relates to HEERF Coronavirus student aid awards received during fiscal year 2022 while HEERF funding was not received during fiscal year 2023.

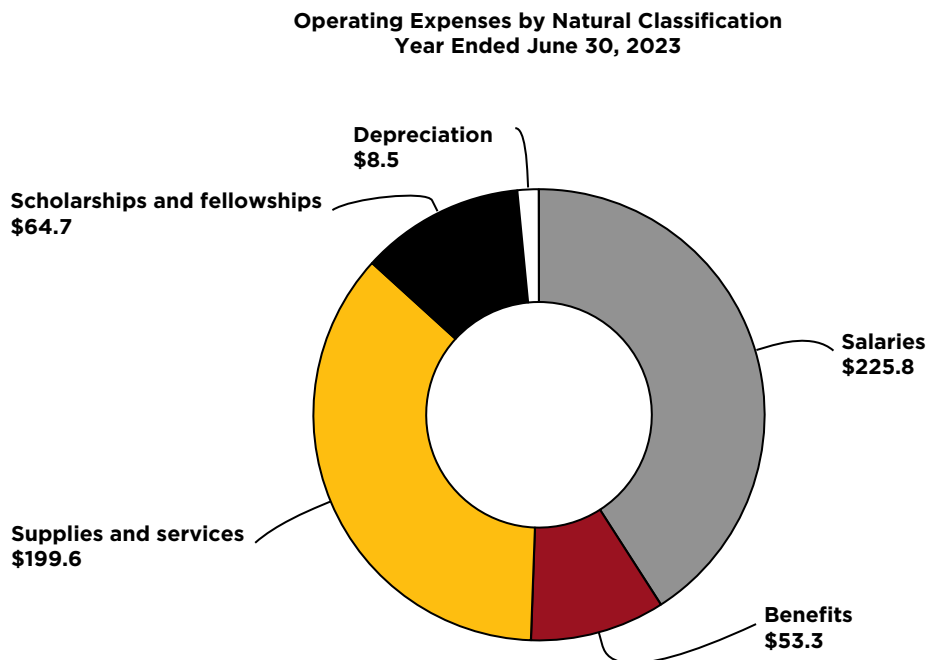
The following is a graphic illustration of total operating expenses by function for the years ended June 30, 2023 and 2022 (in millions):



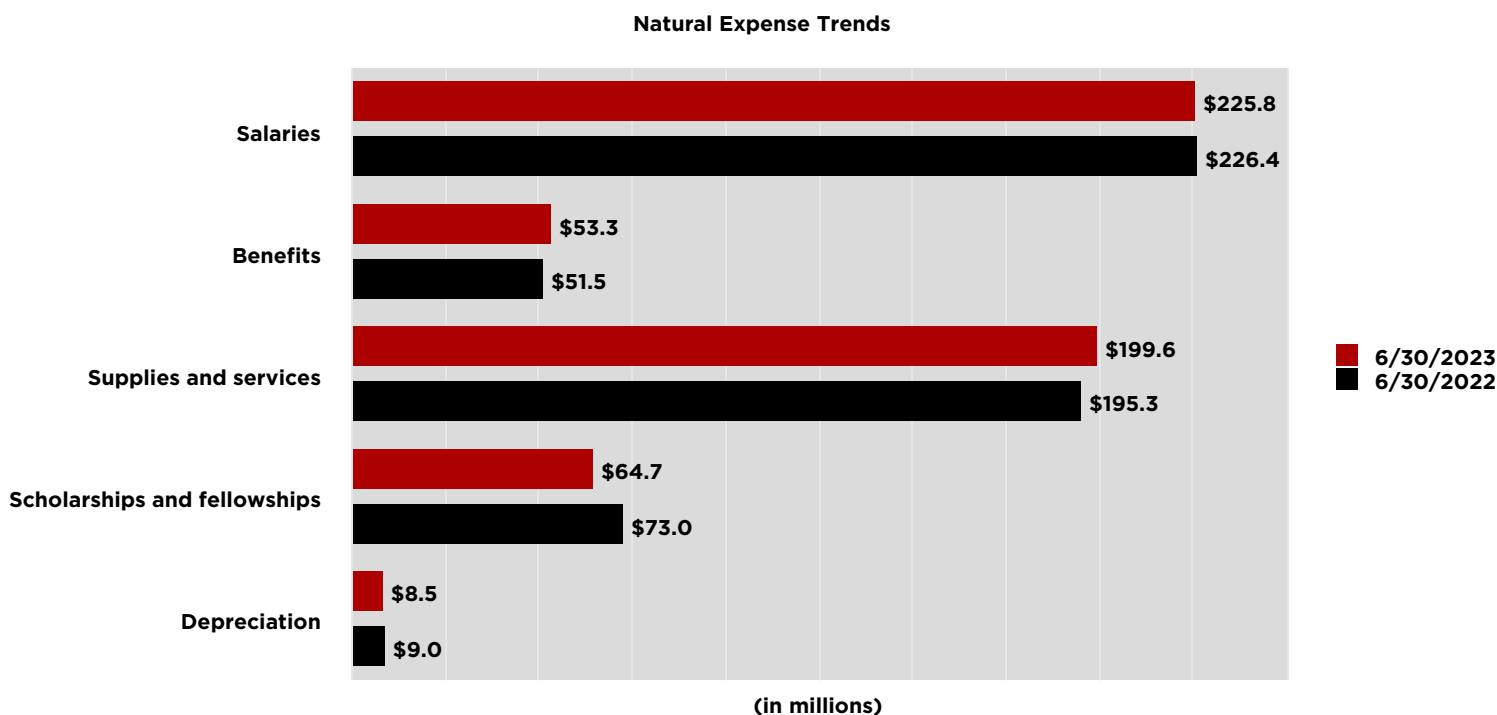
UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022



The following is a graphic illustration of total operating expenses by natural classification for the years ended June 30, 2023, and 2022 (in millions):



UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022



Nonoperating Revenues (Expenses)

The Research Foundation’s total nonoperating revenues of \$24.7 million for fiscal year ended June 30, 2023, was mostly comprised of nonexchange grants and contract revenues of \$55.8 million reduced by transfers to the University of \$38.5 million for support of University operations. Total nonoperating revenues increased by \$2.7 million as compared to fiscal year ended June 30, 2022. The decrease is attributed to nonexchange grants and contract revenues reduction of \$28.4 million. Revenues from the HEERF Coronavirus relief grants are reported in nonexchange grants and contracts and account for the decline in revenues in that category as there were none during fiscal year 2023.

Fiscal Year 2022

For the year ended June 30, 2022, Research Foundation reported \$576.8 million in operating revenues, an increase of \$49.9 million compared to the \$526.9 million reported for the year ended June 30, 2021.

Revenues from clinical services and practice plans were \$398.1 million for fiscal year 2022, an increase of \$18.0 million from the fiscal year ended June 30, 2021. Revenues from grants and contracts were \$132.0 million for the year ended June 30, 2022 as compared to \$107.4 million in revenues reported in the previous year, a \$24.6 million increase. Revenue from facilities and administrative cost recoveries were \$38.7 million and \$32.4 million for the years ended June 30, 2022 and 2021 (Restated), respectively.

Total operating expenses were \$555.2 million and \$512.7 million for the fiscal years ended June 30, 2022 and 2021 (Restated), respectively. The increase is attributed to additional operational cost for fully in person activities and increasing salary and wage cost.

Nonoperating revenues and expenses, net, were \$22.0 million and \$50.1 million for the fiscal years ended June 30, 2022 and 2021 (Restated), respectively. The decrease of \$28.0 million is a combination of increased nonexchange grant activity offset by increased contributions to affiliates entities. These increases are connected to the HEERF activity of the Research Foundation and University.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

Statements of Cash Flows

The statements of cash flows provide information about the Research Foundation's cash position by reporting the sources and uses of cash during the year. Cash inflows and outflows are categorized as operating, noncapital financing, capital financing and investing activities.

Condensed statements of the Research Foundation's cash flows for the years ended June 30, 2023, 2022, and 2021 (in thousands) are summarized below:

| | 2023 | 2022 | 2021 (Restated) | 2023-2022 Change | 2022-2021 Change |
|--|-------------------|-------------------|--------------------|---------------------|---------------------|
| CASH (USED)/PROVIDED BY: | | | | | |
| Operating activities | \$ (14,325) | \$ 16,142 | \$ 4,024 | \$ (30,467) | \$ 12,118 |
| Noncapital financing activities | 58,608 | 51,894 | 26,072 | 6,714 | 25,822 |
| Capital financing activities | (13,651) | (3,797) | (7,525) | (9,854) | 3,728 |
| NET (DECREASE)/INCREASE IN CASH EQUIVALENTS | 30,632 | 64,239 | 22,571 | (33,607) | 41,668 |
| Cash and cash equivalents, beginning of year | 106,781 | 42,542 | 19,971 | 64,239 | 22,571 |
| CASH AND CASH EQUIVALENTS- END OF YEAR | \$ 137,413 | \$ 106,781 | \$ 42,542 | \$ 30,632 | \$ 64,239 |

Operating Activities

The Research Foundation's operating activities consumed approximately \$14.3 million of cash during the fiscal year ended June 30, 2023, representing an increase of \$30.5 million compared to the prior year. Reduced grant revenues and reduction of related facilities and administrative cost recovery contributed to this decrease.

Other Activities

The net \$58.6 million cash provided by non-capital and financing activities includes an increase in cash provided by nonexchange grants and contracts of \$55.8 million and \$23.0 million collected on receivables from affiliates offset by payments to the University of \$38.5 million for operating expenses.

Cash used for capital financing activities increased \$9.9 million to \$13.6 million during the fiscal year ended June 30, 2023.

Fiscal Year 2022

The Research Foundation's operating activities provided approximately \$16.1 million of cash during the fiscal year ended June 30, 2022, representing an increase of \$12.1 million compared to the prior year. The increase of cash is the result of the growth in clinical and grant contract activities.

The net \$51.9 million cash provided by non-capital and financing activities relates to \$84.2 million provided by nonexchange grants and contracts and \$5.5 million in gifts, and other activities totaling \$38.5 million, offset by payments to the University of \$76.3 million. In total, cash used for non-capital and related financing activities increased \$25.8 million from the fiscal year ended June 30, 2022.

Cash used for capital financing activities decreased from \$7.5 million to \$3.7 million during the fiscal year ended June 30, 2022 as compared to the fiscal year ended June 30, 2021.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Management Discussion and Analysis (Unaudited)
For Years Ended June 30, 2023 and 2022

Economic Factors that May Affect the Future

The University is committed to achieving preeminence as a nationally recognized metropolitan research university and as an institution recognized for excellence in education, as well as pioneering in research and scholarly activity. Senior leadership continues to believe the University is financially well-positioned 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, and
- Providing engaged service and outreach that improve the quality of life for local and global communities.

The following is a brief discussion of economic and other factors that could have an impact on the University in the future:

- Kentucky implemented a performance-funding model in 2017 whereby institutions are incentivized to improve student outcomes based on priorities (metrics) identified by the state. Performance-based funding adds an element of budgetary uncertainty that will impact state funding for the University. The University continues to outpace the sector average in the performance model and received additional state funding of \$14.0 million for fiscal year 2023.
- The projected high school graduate population in the near- and medium-term future is strong through 2026. Institutions focused on first-time, full-time baccalaureate degree-seeking students will be gearing up and recruiting hard during the three year period 2024 to 2026 when graduation rates are expected to peak. However, between years 2027 and 2032, the average graduating class size is expected to decline to levels similar to 2013 which will heighten competition and constrain tuition revenue.
- Continued improved operations of clinical services through engaging in partnerships with Norton Healthcare, Inc. (Norton) and UL Health, Inc.

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 RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
as of June 30, 2023 and 2022
(in thousands)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 137,413 | \$ 106,781 |
| Accounts receivable, net | 99,025 | 70,436 |
| Due from affiliate | 21,394 | 30,974 |
| Inventories | 514 | 465 |
| Other assets | 332 | 173 |
| Total current assets | 258,678 | 208,829 |
| Noncurrent assets | | |
| Accounts receivable, net | 642,911 | 654,019 |
| Due from affiliate | 13,262 | 25,625 |
| Other long-term assets | 1,251 | 1,271 |
| Right-to-use asset, net | 3,050 | 5,035 |
| Capital assets, net | 58,102 | 51,475 |
| Total noncurrent assets | 718,576 | 737,425 |
| Total assets | 977,254 | 946,254 |
| DEFERRED OUTFLOWS OF RESOURCES | 6,450 | 5,964 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | \$ 983,704 | \$ 952,218 |

See notes to financial statements

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Statements of Net Position
as of June 30, 2023 and 2022
(in thousands)

| | 2023 | 2022 |
|--|-------------------|-------------------|
| LIABILITIES | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 37,975 | 29,817 |
| Due to the University of Louisville | 10,394 | 11,276 |
| Unearned grant revenue | 3,727 | 3,040 |
| Lease payable | 1,918 | 2,236 |
| Total current liabilities | 54,014 | 46,369 |
| Noncurrent liabilities | | |
| Other post-retirement benefits | 27,795 | 30,938 |
| Other long-term liabilities | 8 | 8 |
| Due to the University of Louisville | 6,246 | 4,350 |
| Lease payable | 1,153 | 2,739 |
| Total noncurrent liabilities | 35,202 | 38,035 |
| Total liabilities | 89,216 | 84,404 |
| DEFERRED INFLOWS OF RESOURCES | 644,204 | 659,534 |
| NET POSITION | | |
| Net investment in capital assets | 59,149 | 51,519 |
| Restricted: | | |
| Expendable | 22,320 | 24,422 |
| Unrestricted | 168,815 | 132,339 |
| Total net position | 250,284 | 208,280 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | \$ 983,704 | \$ 952,218 |

See notes to financial statements

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Statements of Revenues, Expenses, and Changes in Net Position
For Years Ended June 30, 2023 and 2022
(in thousands)

| | 2023 | 2022 |
|---|-------------------|-------------------|
| OPERATING REVENUES | | |
| Clinical services and practice plan, net of contractual allowances of \$75,146 in 2023 and \$88,182 in 2022 | \$ 398,426 | \$ 398,098 |
| Federal grants and contracts | 97,210 | 97,217 |
| State and local grants and contracts | 16,069 | 16,370 |
| Nongovernmental grants and contracts | 15,267 | 18,436 |
| Facilities and administrative cost recoveries | 34,378 | 38,708 |
| Sales and services of educational departments | 1,523 | 903 |
| Other operating revenue | 6,218 | 7,112 |
| Total operating revenue | 569,091 | 576,844 |
| OPERATING EXPENSES | | |
| Instruction | 98,895 | 89,044 |
| Research | 117,843 | 123,698 |
| Public service | 160,413 | 159,582 |
| Academic support | 91,442 | 87,312 |
| Institutional support | 14,699 | 14,497 |
| Operation and maintenance of plant | 815 | 3,744 |
| Scholarships and fellowships | 59,251 | 68,246 |
| Depreciation and amortization | 8,451 | 9,043 |
| Total operating expense | 551,809 | 555,166 |
| Operating gain | 17,282 | 21,678 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Gifts | 1,044 | 5,488 |
| Nonexchange grants and contracts | 55,787 | 84,180 |
| Interest expense | (96) | (130) |
| Other nonoperating revenue | 6,438 | 8,767 |
| Net nonoperating revenue | 63,173 | 98,305 |
| Contributions to related entities | (38,451) | (76,269) |
| Total other revenue | 24,722 | 22,036 |
| Increase in net position | 42,004 | 43,714 |
| NET POSITION | | |
| Net position - beginning of year | 208,280 | 164,566 |
| Net position - end of year | \$ 250,284 | \$ 208,280 |

See notes to financial statements

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Clinical services | \$ 341,938 | \$ 397,851 |
| Grants and contracts | 140,233 | 134,296 |
| Sales and service of educational departments | 1,523 | 903 |
| Payments to suppliers | (189,800) | (192,126) |
| Payments to employees | (225,806) | (227,457) |
| Payments for benefits | (58,360) | (70,141) |
| Payments for scholarships and fellowships | (64,649) | (73,004) |
| Facilities and administrative cost recoveries | 34,378 | 38,708 |
| Other operating revenue | 6,218 | 7,112 |
| Net cash provided by operating activities | (14,325) | 16,142 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Gifts | 1,044 | 5,488 |
| Nonexchange grants and contracts | 55,787 | 84,180 |
| Contributions to related entities | (38,451) | (76,269) |
| Due to (due from) affiliates | 22,958 | 19,167 |
| Other noncapital financing activities | 17,270 | 19,328 |
| Net cash provided by noncapital financing activities | 58,608 | 51,894 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Purchases of capital assets | (13,553) | (3,664) |
| Interest paid | (98) | (133) |
| Net cash used in capital and related financing activities | (13,651) | (3,797) |
| Net increase in cash and cash equivalents | 30,632 | 64,239 |
| Cash and cash equivalents - beginning of year | 106,781 | 42,542 |
| Cash and cash equivalents - end of year | \$ 137,413 | \$ 106,781 |

See notes to financial statements

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Statements of Cash Flows
For Years Ended June 30, 2023 and 2022

| | 2023 | 2022 |
|--|--------------------|------------------|
| RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating gain | \$ 17,282 | \$ 21,678 |
| Adjustments to reconcile operating loss to net cash used by operating activities: | | |
| Depreciation and amortization | 8,451 | 9,043 |
| Loss on equipment disposals | 459 | — |
| Bad debt expense | 2,679 | — |
| Change in assets and liabilities: | | |
| Accounts receivable | (30,996) | 8,132 |
| Inventories | (49) | 79 |
| Other assets | (159) | 506 |
| Other long term assets | 21 | — |
| Accounts payable and accrued liabilities | 8,162 | 1,131 |
| Unearned grant revenue | 688 | (4,042) |
| Other long-term liabilities | (5,047) | (492) |
| Deferred outflows of resources | (486) | (526) |
| Deferred inflows of resources | (15,330) | (19,367) |
| Net cash provided by (used in) operating activities | \$ (14,325) | \$ 16,142 |

See notes to financial statements

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

1. Organizations and Summary of Significant Accounting Policies

The University of Louisville Research Foundation, Inc. (the Research Foundation) is affiliated with the University of Louisville (the University) through common management and substantially the same Board of Directors. The Research Foundation is consolidated into the University's financial statements. The Research Foundation is a separate corporation organized for the purpose of conducting the research, clinical operations, and other sponsored activities of the University. The significant accounting policies followed by the Research Foundation are described below.

a. Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Government Accounting Standards Board (GASB). The financial statements of the Research Foundation have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used by affiliates. Operating revenues and expenses include exchange transactions and program-specific, government-mandated nonexchange transactions. Government-mandated nonexchange transactions that are not program specific, investment income and interest on capital asset-related debt and leases are included in nonoperating revenues and expenses. The University first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

The financial statements of the Research Foundation and the University can be found online at the following:
<http://louisville.edu/finance/controller/univacct/finst-1>

b. Cash and Cash Equivalents

The Research Foundation considers all investments with an original maturity of three months or less to be cash equivalents.

c. Accounts Receivable

Accounts receivable consists of clinical and sponsored agreement charges and payment receipts due under lease agreements. Clinical receivables are comprised of patient and insurance charges. Healthcare entities are charged for contracted staff support services. Sponsored agreement receivables relate to sponsored programs that support the Research Foundation. Accounts receivable are recorded net of estimated uncollectible amounts.

d. Inventories

Inventories are stated at the lower of cost or market on a first-in, first-out (FIFO) basis.

e. 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.

Movable equipment costing \$5,000 and greater and having a useful life greater than one year are capitalized. Renovations to buildings, infrastructure and land improvements, if any, that significantly increase the value or extend the useful life of the structure and are in excess of \$100,000 are capitalized. Necessary and routine repairs and maintenance are charged to operating expense in the year the expense is incurred.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

Prior to July 1, 2002 it was the policy of the University to record all capital assets purchased by the Research Foundation as property of the University.

f. 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 resources of \$6.4 million and \$6.0 million for the years ended June 30, 2023 and 2022, respectively, consist of future payments to be made for other post-employment benefits and changes to assumptions used to calculate the future liability.

g. Unearned Grant Revenue

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

In the case of cost reimbursement, the Research Foundation 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 Research Foundation 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 in the event the project is not completed to the sponsor's satisfaction. These funds, totaling approximately \$3.7 million and \$3.0 million as of June 30, 2023 and 2022, respectively, are recorded as a liability in the Research Foundation's financial statements as unearned grant revenue and recognized as revenue as reimbursable cost are incurred.

h. Compensated Absences

Research Foundation 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 the vacation or sick benefits are earned, whether the employee is expected to realize the benefit as time off or as cash payment in the event of ending employment. 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.

i. 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 \$644.2 million and \$659.5 million for the years ended June 30, 2023 and 2022 consist of changes in the other post-employment benefits liability of \$9.5 million and \$7.6 million, respectively, and \$634.7 million and \$651.9 million of future revenues from leasing arrangements and will be amortized during future periods.

j. Net Position

The net position of the Research Foundation is classified in three components.

- a. Net investment in capital assets consist of capital assets and right-to-use assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of borrowings used to finance the purchase or construction of those assets.
- b. Restricted expendable net position consists of non-capital assets that must be used for a particular purpose as specified by creditors, grantors or donors external to the Research Foundation.
- c. Unrestricted net position consists of the remaining assets less remaining liabilities that do not meet the definition of net investment in capital assets or restricted net position. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the Research Foundation's unrestricted net position has been designated for various academic programs, research initiatives, and capital projects.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

The following table includes detail of the net position balances at June 30, 2023 and 2022 (in thousands):

| | 2023 | 2022 |
|----------------------------------|-------------------|-------------------|
| Net investment in capital assets | \$ 59,149 | \$ 51,519 |
| Restricted expendable for: | | |
| Research | 21,046 | 21,103 |
| Instruction | 427 | 995 |
| Public service | 313 | 751 |
| Academic support | — | 5 |
| Institutional support | 534 | 1,568 |
| Unrestricted | 168,815 | 132,339 |
| Total net position | \$ 250,284 | \$ 208,280 |

k. Revenue and Expense Classifications

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

Operating revenues include activities that have the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services, such as (1) clinical services, (2) grants and contracts, and (3) facilities and administrative cost recoveries. With the exception of interest expense and contributions to related entities, all expense transactions are classified as operating expenses.

Certain significant revenues relied on for fundamental operational support of the university are mandated by GASB requirements to be recorded as nonoperating revenues. Non-operating revenues, meaning revenues received and the university provided no goods or services, include contracts or grants such as Pell and CARES Act, gifts, and investment income.

l. Net Clinical Services Revenue

The Research Foundation has agreements with third-party payers that provide for payments to the Research Foundation at amounts different from its established rates. Net clinical services revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for the services rendered and includes 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.

Support funded by grants is recognized as the Research Foundation 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.

m. Tax Status

As an affiliate of a state institution of higher education, the income of the Research Foundation 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 Research Foundation is subject to federal income tax on any unrelated business income.

n. Use of Estimates

The preparation of the 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 and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

o. Reclassifications

Certain 2022 amounts have been reclassified to conform to the 2023 presentation. The reclassifications more accurately represent revenue and expense activities in the categories presented on the statement of revenues, expense and changes in net position. These reclassifications had no effect on the change in net position.

p. Recent Accounting Pronouncements and Restatement

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and GASB Statement No. 96, *Subscription Based Information Technology Arrangements* were applicable for adoption as of June 30, 2023. Contracts and agreements of the Research Foundation were reviewed to determine the applicability of the pronouncements and none were deemed applicable.

The following statements will be implemented in future reporting periods:

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

2. Cash and Cash Equivalents

The Research Foundation maintains various deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Research Foundation's deposits or collateral securities may not be returned to it. For administrative convenience, cash balances of the Research Foundation are included in bank accounts maintained by the University. Details of accounting transactions affecting cash are maintained in such a manner as to ensure an appropriate segregation of amounts maintained by each entity.

The University currently uses commercial banks and the Commonwealth of Kentucky (the Commonwealth) as its depositories. Deposits with commercial banks are covered up to the limits federal depository insurance or collateral held by the bank in the University's name. At the Commonwealth, the University's accounts are pooled with other agencies of the Commonwealth. These Commonwealth-pooled deposits are substantially covered by federal depository insurance or by collateral held by the Commonwealth in the Commonwealth's name. The Research Foundation does not have a formal policy addressing custodial credit risk.

3. Transactions with Related Entities

a. Contributions with Related Entities

The University provides certain facilities and administrative services to the Research Foundation for a share of the facilities and administrative cost recoveries. The current agreement provides for a transfer of 80%, after certain deductions, of the cost recoveries realized. Transfers from the Research Foundation to the University for their portion of cost recoveries totaled \$18.3 million and \$20.3 million for the years ended June 30, 2023 and 2022, respectively.

During the fiscal year ended June 30, 2023 research and operational support provided to the University from the Research Foundation totaled \$7.1 million. During the fiscal year ended June 30, 2022 the Research Foundation received \$24.0 million for research and operational support, which included approximately \$8.2 million in CARES and HEERF funding.

The Research Foundation transferred \$14.8 million and \$21.6 million of the academic and programmatic support payments received from UL Health to the University during the years ended June 30, 2023 and 2022. The Research Foundation transferred \$3.2 million and \$7.3 million related to capital projects and debt service payments during each of the fiscal years ended June 30, 2023 and 2022, respectively to the University. These transfers relate to certain capital projects, which are financed by the University.

For each of the years ended June 30, 2023 and 2022, the Research Foundation was the recipient of \$5.0 million and \$4.7 million, respectively, from related entities to assist in funding cost share required by certain sponsored programs and grants.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

b. Receivables With Related Entities

The Research Foundation received a \$5.9 million unsecured, non-interest bearing note from University of Louisville Physicians, Inc. (ULP), an affiliate entity, for past due fees owed to the Research Foundation. The outstanding note balance was \$1.6 million and \$2.4 million as of June 30, 2023 and 2022, respectively.

The Research Foundation 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, 2023 and 2022 receivables of \$97 thousand and \$13 thousand were due, respectively.

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 \$7.9 million and \$22.3 million for the years ended June 30, 2023 and 2022. During fiscal year 2023, the Research Foundation received payments of \$27.9 million related to the agreement with UL Health. As of June 30, 2023, the remaining balance due is \$33.0 million of which \$20.5 million is reported in current due from affiliates and \$12.5 million is reported in noncurrent due from affiliates.

The Research Foundation 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, 2023 and 2022, receivables of \$13.3 million and \$8.4 million were due, respectively.

4. Accounts Receivable, net

Accounts receivable, net as of June 30, 2023 and 2022, are summarized as follows (in thousands):

| 2023 | | | |
|----------------------|-------------------|--------------------|-------------------|
| | Gross Receivable | Allowance | Net Receivable |
| Patient care | \$ 86,703 | \$ (22,416) | \$ 64,287 |
| Sponsored agreements | 27,559 | (3,067) | 24,492 |
| Lease Receivables | 653,157 | — | 653,157 |
| Total | \$ 767,419 | \$ (25,483) | \$ 741,936 |
| Current portion | | | 99,025 |
| Noncurrent portion | | | 642,911 |
| 2022 | | | |
| | Gross Receivable | Allowance | Net Receivable |
| Patient care | \$ 43,396 | \$ (18,425) | \$ 24,971 |
| Sponsored agreements | 37,255 | (1,763) | 35,492 |
| Lease Receivables | 663,992 | — | 663,992 |
| Total | \$ 744,643 | \$ (20,188) | \$ 724,455 |
| Current portion | | | 70,436 |
| Noncurrent portion | | | 654,019 |

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

5. Capital and Intangible Assets, net

Capital assets and intangible assets as of June 30, 2023 and 2022 are summarized as follows (in thousands):

| | 2023 | | | | |
|--|----------------------|-----------------|-----------------|-------------|-------------------|
| | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
| Cost - Nondepreciable | | | | | |
| Land | \$ 351 | \$ — | \$ — | \$ — | \$ 351 |
| Construction in progress | 602 | 6,406 | (234) | — | 6,774 |
| Subtotal | 953 | 6,406 | (234) | — | 7,125 |
| Cost - Depreciable | | | | | |
| Buildings | 71,002 | 116 | — | — | 71,118 |
| Infrastructure | 929 | — | — | — | 929 |
| Land improvements | 237 | — | — | — | 237 |
| Equipment | 102,044 | 6,673 | (1,897) | — | 106,820 |
| Leasehold improvements | 818 | — | — | — | 818 |
| Library materials | 62 | — | (2) | — | 60 |
| Right-to-use asset - leases | 9,631 | 358 | — | — | 9,989 |
| Subtotal | 184,723 | 7,147 | (1,899) | — | 189,971 |
| Total capital and intangible assets, cost | 185,676 | 13,553 | (2,133) | — | 197,096 |
| Accumulated depreciation and amortization | | | | | |
| Buildings | 34,028 | 1,428 | — | — | 35,456 |
| Infrastructure | 132 | 16 | — | — | 148 |
| Land improvements | 76 | 6 | — | — | 82 |
| Equipment | 89,535 | 4,650 | (1,673) | — | 92,512 |
| Leasehold improvements | 749 | 6 | — | — | 755 |
| Library materials | 50 | 2 | — | — | 52 |
| Right-to-use asset - leases | 4,596 | 2,343 | — | — | 6,939 |
| Total accumulated depreciation and amortization | 129,166 | 8,451 | (1,673) | — | 135,944 |
| Capital and intangible assets, net | \$ 56,510 | \$ 5,102 | \$ (460) | \$ — | \$ 61,152 |

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
A Component Unit of the University of Louisville
Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

| | 2022 | | | | |
|--|------------------------------|-------------------|--------------------|------------------|---------------------------|
| | Beginning Balance | Additions | Retirements | Transfers | Ending Balance |
| Cost - Nondepreciable | | | | | |
| Land | \$ 351 | \$ — | \$ — | \$ — | \$ 351 |
| Construction in progress | — | 602 | — | — | 602 |
| Subtotal | 351 | 602 | — | — | 953 |
| Cost - Depreciable | | | | | |
| Buildings | 70,941 | 61 | — | — | 71,002 |
| Infrastructure | 929 | — | — | — | 929 |
| Land improvements | 237 | — | — | — | 237 |
| Equipment | 99,090 | 3,369 | (415) | — | 102,044 |
| Leasehold improvements | 818 | — | — | — | 818 |
| Library materials | 62 | — | — | — | 62 |
| Right-to-use asset | 7,575 | 2,056 | — | — | 9,631 |
| Subtotal | 179,652 | 5,486 | (415) | — | 184,723 |
| Total capital and intangible assets, cost | 180,003 | 6,088 | (415) | — | 185,676 |
| Accumulated depreciation and amortization | | | | | |
| Buildings | 31,315 | 2,713 | — | — | 34,028 |
| Infrastructure | 117 | 15 | — | — | 132 |
| Land improvements | 70 | 6 | — | — | 76 |
| Equipment | 85,941 | 4,009 | (415) | — | 89,535 |
| Leasehold improvements | 743 | 6 | — | — | 749 |
| Library materials | 49 | 1 | — | — | 50 |
| Right-to-use asset | 2,303 | 2,293 | — | — | 4,596 |
| Total accumulated depreciation and amortization | 120,538 | 9,043 | (415) | — | 129,166 |
| Capital and intangible assets, net | \$ 59,465 | \$ (2,955) | \$ — | \$ — | \$ 56,510 |

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
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6. Leases

a. Lessee Arrangements

The Research Foundation leases operating and office facilities for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2033 and provide for renewal options ranging from one year to fifty years. The Research Foundation records right-to-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 Association'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 Research Foundation does not have any leases subject to a residual value guarantee. Right-to-use assets acquired through outstanding leases are buildings.

See Note 5, Capital Assets for balances of right-to-use assets and associated accumulated amortization. See Note 7 Other Liabilities for balances of lease liabilities.

Total future minimum lease payments to be made under lease agreements are as follows (in thousands):

| For the years ending June 30, | Principal | Interest |
|-------------------------------|-----------------|---------------|
| 2024 | 1,918 | 50 |
| 2025 | 443 | 24 |
| 2026 | 464 | 12 |
| 2027 | 65 | 5 |
| 2028 | 44 | 4 |
| 2029-2033 | 137 | 5 |
| Total future payments | \$ 3,071 | \$ 100 |

b. Lessor Arrangements

The Research Foundation holds the leases of the University hospitals to an external affiliated party. The leases expire at various dates through 2060 and have renewals for five-year periods. The Research Foundation 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, 2023 and 2022, the Research Foundation recognized revenues relating to these lease arrangements totaling \$26.7 million.

7. Other Liabilities

Other liabilities of the Research Foundation consisted of the following at June 30, 2023 and 2022 (in thousands):

| | 2023 | | | | | |
|-----------------------------|-------------------|---------------|-------------------|-----------------|-----------------|--------------------|
| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion | Noncurrent Portion |
| Leases payable | \$ 4,975 | \$ 361 | \$ (2,265) | \$ 3,071 | \$ 1,918 | \$ 1,153 |
| Other long-term liabilities | 8 | — | — | 8 | — | 8 |
| Total | \$ 4,983 | \$ 361 | \$ (2,265) | \$ 3,079 | \$ 1,918 | \$ 1,161 |

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

| | 2022 | | | | | | |
|-----------------------------|-------------------|-----------------|-------------------|-----------------|-----------------|--------------------|--|
| | Beginning Balance | Additions | Reductions | Ending Balance | Current Portion | Noncurrent Portion | |
| Leases payable | \$ 5,099 | \$ 1,838 | \$ (1,962) | \$ 4,975 | \$ 2,236 | \$ 2,739 | |
| Other long-term liabilities | 22 | — | (14) | 8 | — | 8 | |
| Total | \$ 5,121 | \$ 1,838 | \$ (1,976) | \$ 4,983 | \$ 2,236 | \$ 2,747 | |

8. Revenues from Clinical Services, Contractual Services and Practice Plans

a. Clinics and Laboratories

The University's Health Science Center operates various clinics, which generate revenues from the treatment of patients, as well as laboratory services. Net revenues associated with the operations of these clinics totaled approximately \$129.2 million and \$105.8 million for the years ended June 30, 2023 and 2022, respectively.

b. UL Health, Inc.

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 \$7.9 million and \$22.3 million for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, support totaling approximately \$146.2 million and \$150.1 million, respectively, was received under these agreements.

c. 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. As of March 1, 2020, NCMG assumed all operational responsibilities for pediatric clinical activities.

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 \$86.1 million and \$84.5 million related academic, departmental and research support for June 30, 2023 and 2022, respectively. Norton made additional payments to the Research Foundation for professional services provided by clinical providers of \$1.4 million and \$2.3 million for the years ending June 30, 2023 and 2022, respectively.

d. Other Clinical Revenues

The Research Foundation works with other area hospitals by providing support services, such as residents and other staff. Revenues associated with these activities totaled approximately \$24.9 million and \$33.1 million for the years ended June 30, 2023 and 2022, respectively.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

9. Natural Classification

Operating expenses by natural classification for the years ended June 30, 2023 and 2022 were approximately (in thousands):

| | 2023 | | | | |
|------------------------------------|-------------------------|--------------------------|-------------------------------------|---------------------------|-------------------|
| | Salary and wages | Employee benefits | Scholarships and fellowships | Supplies and other | Total |
| Instruction | \$ 69,661 | \$ 16,595 | \$ 2,535 | \$ 10,104 | \$ 98,895 |
| Research | 58,212 | 15,222 | 3,039 | 41,370 | 117,843 |
| Public service | 44,965 | 11,250 | 314 | 103,884 | 160,413 |
| Academic support | 43,224 | 9,580 | 905 | 37,733 | 91,442 |
| Institutional support | 7,814 | 306 | — | 6,579 | 14,699 |
| Operation and maintenance of plant | 665 | 262 | — | (112) | 815 |
| Scholarships and fellowships | 1,265 | 70 | 57,881 | 35 | 59,251 |
| Depreciation and amortization | — | — | — | — | 8,451 |
| Total | \$ 225,806 | \$ 53,285 | \$ 64,674 | \$ 199,593 | \$ 551,809 |

| | 2022 | | | | |
|------------------------------------|-------------------------|--------------------------|-------------------------------------|---------------------------|-------------------|
| | Salary and wages | Employee benefits | Scholarships and fellowships | Supplies and other | Total |
| Instruction | \$ 64,530 | \$ 15,148 | \$ 1,876 | \$ 7,490 | \$ 89,044 |
| Research | 63,576 | 15,893 | 2,849 | 41,380 | 123,698 |
| Public service | 46,322 | 11,115 | 241 | 101,904 | 159,582 |
| Academic support | 41,995 | 9,195 | 734 | 35,388 | 87,312 |
| Institutional support | 8,260 | (145) | (53) | 6,435 | 14,497 |
| Operation and maintenance of plant | 835 | 238 | — | 2,671 | 3,744 |
| Scholarships and fellowships | 882 | 6 | 67,357 | 1 | 68,246 |
| Depreciation and amortization | — | — | — | — | 9,043 |
| Total | \$ 226,400 | \$ 51,450 | \$ 73,004 | \$ 195,269 | \$ 555,166 |

10. 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. These revenues are included in the Nonoperating revenue (expenses) and expenses are reported in institutional and scholarship operating expense section of the Statements of Revenues, Expenses, and Changes in Net Position. All relief funds were utilized as of June 30, 2022.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

11. Retirement Plan

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

The Research Foundation recorded expenses related to the defined contribution plan of approximately \$13.8 million and \$8.1 million during the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the Research Foundation had no outstanding liability related to the Retirement Plan.

12. Postemployment Healthcare Benefits

a. Plan Description

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

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

The following employees were covered by the benefit terms as of July 1, 2023 and 2022:

| | 2023 | 2022 |
|----------------------------|--------------|--------------|
| Retirees and beneficiaries | 1,916 | 1,586 |
| Active plan members | 4,446 | 4,701 |
| Total | 6,362 | 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, 2023 and 2022, the University contributed approximately \$3.9 million and \$3.7 million to the Plan, approximately 80% of total premiums. Retired Plan members under age 65 receiving benefits contributed approximately \$958 thousand and \$924 thousand, approximately 20% of total premiums. Health plan rates remained unchanged for the year ended June 30, 2023. Retired Plan members made monthly contributions according to the rate schedule below.

| | PPO | | EPO | | PCA High | | PCA Low | |
|---------------------|-----|-------|-----|-------|----------|-----|---------|-----|
| Employee | \$ | 416 | \$ | 445 | \$ | 353 | \$ | 291 |
| Employee and Spouse | \$ | 1,000 | \$ | 1,069 | \$ | 847 | \$ | 698 |

Medicare-eligible retirees receive a monthly benefit of \$108 per individual covered. For the years ended June 30, 2023 and 2022, the University contributed \$2.5 million and \$2.2 million for Medicare-eligible retirees, respectively.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
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c. Annual Other Post Employment Benefit (OPEB) Cost and Net OPEB Obligation

The University's total OPEB liability was measured by an actuarial valuation as of June 30, 2022. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

| | |
|-----------------------------|---|
| Inflation | 2.25% |
| Salary Increases | 5.00%, average |
| Investment rate of return | NA |
| Healthcare cost trend rates | 7.0% for 2021, decreasing 0%-0.25% per year to an ultimate rate of 4.25% for 2038 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 3.69% as of the Measurement Date, 1.92% as of the beginning of the Measurement Period.

Changes in total reported liability for postemployment benefits obligations for the year ended June 30, 2023 and 2022 are summarized below (in thousands):

| | 2023 | | 2022 | |
|--|-----------|---------------|-----------|---------------|
| Balance, beginning year | \$ | 85,940 | \$ | 80,238 |
| Changes for the year: | | | | |
| Service cost | | 2,983 | | 2,795 |
| Interest | | 1,642 | | 1,956 |
| Differences between expected and actual experience | | 4,771 | | (458) |
| Changes of assumptions | | (12,131) | | 4,967 |
| Benefit payments | | (3,790) | | (3,558) |
| Net changes | | (6,525) | | 5,702 |
| Balance, end year | \$ | 79,415 | \$ | 85,940 |

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

| | 2023 | | | | 2022 | | | |
|--------------------|------------------------|--------------------------|------------------------|------------------------|--------------------------|------------------------|--|--|
| | 1% Decrease (2.69)% | Discount Rate (3.69)% | 1% Increase (4.69)% | 1% Decrease (0.92)% | Discount Rate (1.92)% | 1% Increase (2.92)% | | |
| Net OPEB liability | \$ 88,490 | \$ 79,415 | \$ 71,721 | \$ 96,719 | \$ 85,940 | \$ 76,935 | | |

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

| | 2023 | | | | 2022 | | | |
|--------------------|-----------------------|--|-----------------------|------------------------|--------------------------|------------------------|--|--|
| | 1% Decrease (6.0)% | Healthcare Cost Trend Rates (7.0)% | 1% Increase (8.0)% | 1% Decrease (0.92)% | Discount Rate (1.92)% | 1% Increase (2.92)% | | |
| Net OPEB liability | \$ 76,079 | \$ 79,415 | \$ 83,296 | \$ 96,719 | \$ 85,940 | \$ 76,935 | | |

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

For the year ended June 30, 2023 the University recognized OPEB expense of \$1.5 million. At June 30, 2023, 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 | \$ 4,972 | \$ 2,858 |
| Changes of assumptions | 9,520 | 24,187 |
| Contributions made in fiscal year ending 6/30/2023 after the measurement date of 6/30/2022 | 3,936 | — |
| Total | \$ 18,428 | \$ 27,045 |

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

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

| Year ended June 30: | |
|---------------------|--------------------|
| 2024 | \$ (3,100) |
| 2025 | (3,100) |
| 2026 | (2,683) |
| 2027 | (2,583) |
| 2028 | (334) |
| Thereafter | (753) |
| Total | \$ (12,553) |

d. Funded Status and Funding Progress

As of June 30, 2022, the most recent actuarial valuation date, the plan was 0% funded. The unfunded OPEB liability for benefits was \$79.4 million and \$85.9 million and there were no assets, resulting in an unfunded net OPEB liability of \$79.4 million and \$85.9 million as of June 30, 2023 and 2022, respectively. The covered payroll (annual payroll of active employees covered by the plan) was \$445.2 million and \$434.9 million, and the ratio of the unfunded net OPEB liability to the covered payroll was 18% and 20%, for the years ended June 30, 2023 and 2022, 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 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.

UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.
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Notes to the Financial Statements
For Years Ended June 30, 2023 and 2022

13. Commitments and Contingencies

a. Commitments

At June 30, 2023 and 2022, respectively, the Research Foundation had approximately \$12.3 million and \$441 thousand in encumbrance's outstanding related mainly to operational expenses 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 coverages 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 or the Research Foundation beyond the amounts already provided.

c. Government Grants

The Research Foundation is currently participating in numerous grants from various departments and agencies of the federal and state governments. The expenditure 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.

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

| | 6/30/2023 | 6/30/2022 | 6/30/2021 | 6/30/2020 | 6/30/2019 | 6/30/2018 |
|---|-------------------|------------------|------------------|------------------|--------------------|-------------------|
| Total OPEB liability | | | | | | |
| Service Cost | \$ 2,983 | \$ 2,795 | \$ 2,538 | \$ 2,437 | \$ 4,630 | \$ 5,203 |
| Interest | 1,642 | 1,956 | 2,318 | 2,497 | 3,296 | 2,728 |
| Difference between expected and actual experience | 4,771 | (458) | (1,687) | 1,923 | (1,718) | (2,608) |
| Changes of assumption | (12,131) | 4,967 | 5,757 | 5,488 | (27,504) | (5,495) |
| Benefit payments | (3,790) | (3,558) | (2,927) | (2,836) | (2,817) | (3,007) |
| Net change in OPEB Liability | \$ (6,525) | \$ 5,702 | \$ 5,999 | \$ 9,509 | \$ (24,113) | \$ (3,179) |
| OPEB liability - beginning of year | 85,940 | 80,238 | 74,239 | 64,730 | 88,843 | 92,022 |
| OPEB liability - end of year | \$ 79,415 | \$ 85,940 | \$ 80,238 | \$ 74,239 | \$ 64,730 | \$ 88,843 |
| Covered employee payroll | \$ 445,201 | \$ 434,864 | \$ 490,221 | \$ 493,893 | \$ 450,332 | \$ 445,356 |
| Total OPEB liability as a percentage of covered employee payroll | 17.84% | 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.



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FY2023 Audit and Financial Results

October 25, 2023

Highlights of FY23 Audit and Financial Statements

- **The Audits**

- **UL Consolidated, UL Research Foundation, UL Single Audit (Federal Expenditures)**
 - Unmodified (“clean”) opinion on all audits – highest quality opinion possible
 - UL continues to be qualified as a “low risk auditee” on the Single Audit Report (Federal compliance)
 - Includes the adoption of new GASB 94 (service partnerships and agreements) and GASB 96 (Subscription IT Arrangements)

- **Key Points on Financial Results**

- Statements reflect accrual basis: conveys commitments and measures economic value
- Statements reflect positive margin (revenues exceeded expenses) = balanced budget overall
- Net Position impacted by significant accruals related to School of Medicine
- Increase of \$7.9 million from draft results shown in September Finance Committee – UofL Health profit margin
- Strong Balance Sheet with assets and net position increases outpacing liability increases
- Confirms progress and improving stability

Summary of Revenues, Expenses, and Changes in Net Position

Fiscal Year Ending June 30, 2023 (in thousands)

| | 2023 |
|---|------------------|
| REVENUES | |
| Student tuition and fees, net | 227,520 |
| Clinical services and practice plan | 407,158 |
| Grants and contracts | 184,305 |
| State appropriations | 147,718 |
| Other revenues | 291,700 |
| TOTAL REVENUES | 1,258,401 |
| EXPENSES | |
| Employee wages and benefits | 712,195 |
| Supplies, services and other | 430,665 |
| Interest expense | 13,028 |
| Depreciation and amortization | 67,089 |
| TOTAL EXPENSES | 1,222,977 |
| INCREASE/(DECREASE) IN NET POSITION | 35,424 |
| Net position - beginning of year | 1,039,488 |
| Cumulative effect of change in accounting principle | (937) |
| NET POSITION - END OF YEAR | 1,073,975 |

Revenues held consistent from prior year with some gains in state appropriations and other revenues, namely athletics

Approximately 60% of expenses are wages and benefits, and this percentage remains constant as overall expenses rise

Increase in net position was influenced by material accruals

Analysis of FY2023 Increase in Net Position

Fiscal Year Ending June 30, 2023 (in thousands)

| Normalized Increase in Net Position | |
|--|---------------|
| INCREASE/(DECREASE) IN NET POSITION | 35,424 |
| Accrual for IGT volume reconciliation, net (to be paid in FY2025) | (24,974) |
| Accrual for UL Health margin share (to be paid over three years) | (7,900) |
| NORMALIZED NET POSITION - END OF YEAR | 2,550 |

Statement of Net Position (Balance Sheet)

Fiscal Year Ending June 30, 2023 (in thousands)

| | 2023 |
|--|------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | |
| Current assets | 462,059 |
| Noncurrent assets | 852,078 |
| Right-to-use assets, net | 75,302 |
| Capital assets, net | 1,054,040 |
| Deferred outflows of resources | 20,299 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | 2,463,778 |
| LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | |
| Current liabilities | 199,303 |
| Noncurrent liabilities | 481,557 |
| Deferred inflows of resources | 708,943 |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | 1,389,803 |
| NET POSITION | 1,073,975 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION | 2,463,778 |

Total assets and deferred outflows of \$2.46 billion represents an increase of 3% over prior year

- *Current assets increased 6%*
- *Noncurrent assets increased 2%*

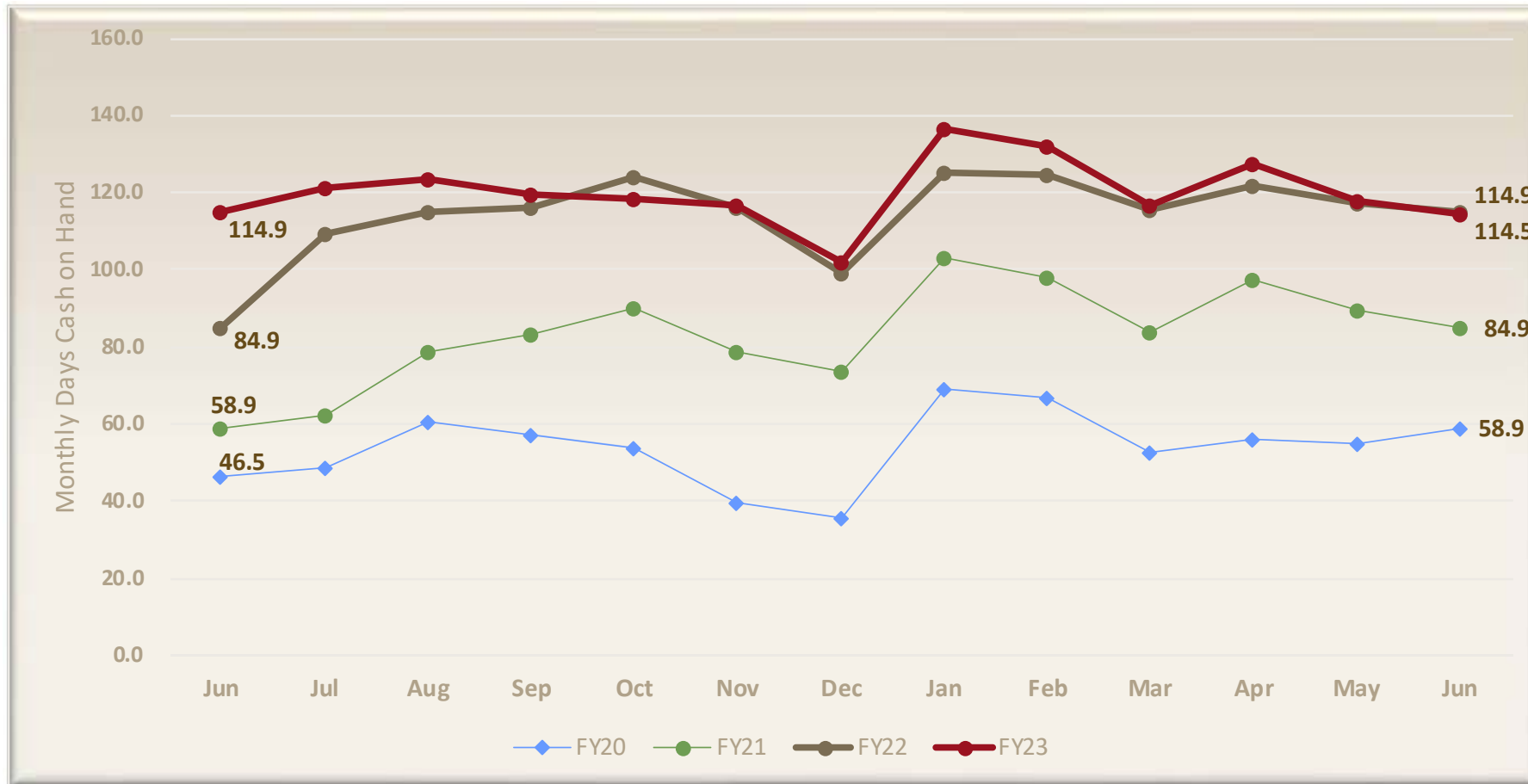
Total liabilities and deferred inflows of \$1.39 billion represents an increase of 1% over prior year

- *Current liabilities remain stable*
- *Noncurrent liabilities increased by 6% due to deferred revenue and IT subscriptions (due to new accounting standard)*

Net position: unrestricted and in total, continues to increase

- *Unrestricted net position by 21%*
- *Total net position by 3%*

Days Cash on Hand – FY 2020 to FY 2023



Risk, Audit, and Compliance Update

July 1, 2022 through June 30, 2023

Audit Services

These audits and consulting projects evaluated risk exposures, control processes, and compliance with laws, regulations, policies, procedures, and contracts.

Audits, Consulting, Investigations Included:

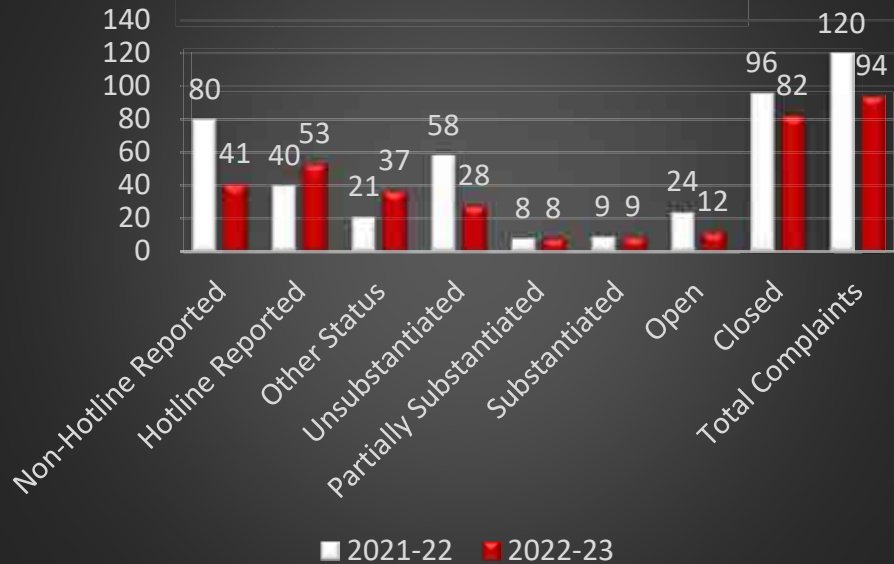
- Access Control & Configuration Mgmt.
- Sponsored Programs Financial Admin.
- IT Access Control-Wireless Networking
- ProCard
- Research

| Audits | 21-22 | 22-23 |
|------------|-------|-------|
| Total | 14 | 18 |
| Completed | 8 | 6 |
| Deferred | 1 | 2 |
| Cancelled | 0 | 1 |
| In Process | 5 | 9 |

| Investigations | 21-22 | 22-23 |
|----------------|-------|-------|
| Total | 11 | 14 |
| Completed | 9 | 11 |
| Substantiated | 0 | 5 |
| Open | 0 | 3 |

University Integrity and Compliance

Compliance Report



Trends

- Employee behavior related to standards of conduct
- Fiscal misconduct/financial matters
- Research protocol compliance

Privacy Office

Spring 2023 privacy and security assessment initiated

Fielded privacy related questions and concerns, requests for contract reviews, requests for erasure, and consultations.

Total: **294**

| Potential HIPPA Breaches | 21-22 | 22-23 |
|--------------------------|-------|-------|
| Total | 50 | 45 |
| Reportable | 4 | 3 |

Information Security Compliance Office

| Investigations/Compliance Concerns | 21-22 | 22-23 |
|---|-------|-------|
| Total | 27 | 22 |
| Reportable | 9 | 5 |
| KRS 61.931-934 & HIPAA | 4 | 3 |
| KRS 61.931-934, FERPA | 2 | 0 |
| KRS 61.931-934, FERPA and Department of Education | 1 | 1 |
| KRS 61.931-934 | 2 | 1 |

Reportable events included a 3rd party malware incident and misdirected emails.

Evaluated and provided guidance, consulting, contract reviews and/or vendor risk reviews.

Total **298**

Athletic Compliance

With the recent legalization of sports betting in the State of Kentucky, the Office of Athletic Compliance has developed and implemented a comprehensive educational plan to re-emphasize NCAA restrictions on sports betting for student-athletes and athletic staff. This education also focuses on providing student-athletes and coaches avenues to report rising incidents of online and in-person harassment of student-athletes and coaches related to sports betting, and resources and support for problem gambling issues that may arise.

Provide monitoring and educational support in the area of Name, Image and Likeness (NIL), focusing on protecting student-athlete eligibility, and education and monitoring of NIL restrictions in the recruiting area as they relate to coaches, boosters and other third parties including agents, marketing reps, and financial advisors.

Conflict of Interest and Commitment

Revised KRS Reconsideration Request process to include Segregation of Duties and requirement for external entity to be in good financial standing with existing UofL transactions.

Revised and updated annual disclosure process to respond to new federal requirements.

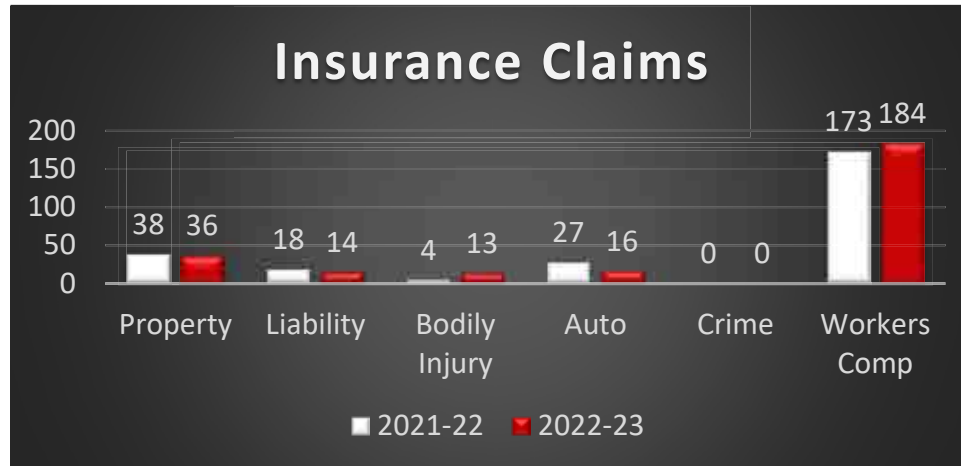
Enterprise Risk and Insurance

Youth Protection Program

- In Person Projects/Camps **118**
- Authorized Adult Background Checks **274**

Auto Risk Program

- Motor Vehicle Record Checks **676**



Questions?

RECOMMENDATION TO THE BOARD OF TRUSTEES
CONCERNING ADOPTION OF REVISED AUDIT SERVICES CHARTER

Audit, Compliance, and Risk Committee – October 25, 2023
Board of Trustees – October 25, 2023

RECOMMENDATION:

The President recommends that the Board of Trustees approve the adoption of a revised Audit Services Charter, as [attached](#).

BACKGROUND INFORMATION:

A red-lined version for comparison is also [attached](#).

COMMITTEE ACTION:

Passed X
Did Not Pass _____
Other _____


Signature on file _____
Assistant Secretary

BOARD ACTION:

Passed X
Did Not Pass _____
Other _____


Signature on file _____
Assistant Secretary

UNIVERSITY OF LOUISVILLE AUDIT SERVICES MISSION STATEMENT AND CHARTER

This mission statement and charter identifies the purpose, authority, and responsibility of the University of Louisville's Audit Services Department.

Mission

The mission of Audit Services is to provide independent and objective assurance and advisory services designed to add value and improve the university's operations. The internal audit function helps the university accomplish its objectives by bringing a systematic, disciplined approach to evaluating the effectiveness of risk management, control, and governance processes. In doing so, Audit Services will be considered among the leaders in the internal audit profession by providing an environment rewarding diversity, empowerment, innovation, teamwork, and open communication.

All Audit Services' endeavors are to be conducted in compliance with university objectives and policies, and the Global Internal Audit Standards, as defined by the Institute of Internal Auditors (IIA). The IIA International Professional Practices Framework (IPPF) and Audit Services internal policy and procedures will be adhered to as applicable to guide operations.

Authority

Audit Services, under the direction of the Vice President for Enterprise Risk Management, Audit, and Compliance and Chief Audit Executive reports functionally to the Audit, Compliance and Risk Committee of the Board of Trustees and administratively to the President. These reporting relationships assure departmental independence, promote comprehensive audit coverage, and assure appropriate consideration of audit recommendations. The Audit, Compliance, and Risk Committee approves all decisions regarding the appointment or removal of the Chief Audit Executive (CAE). The responsibilities of Audit Services are defined by the Audit, Compliance, and Risk Committee of the Board of Trustees as part of their oversight role. The CAE will communicate and interact directly with the Audit, Compliance, and Risk Committee as necessary.

Audit Services is authorized to review all records of the University and related organizations and has full and complete access to all activities, records, property, and personnel reasonably necessary to perform the responsibilities of this function. Audit Services has no direct responsibility or any other authority over the areas it reviews.

Responsibilities

- Perform audits and reviews of operations and programs to ascertain whether resources are employed efficiently and effectively, and results of operations are consistent and aligned with goals and objectives.
- Obtain reasonable assurance that controls are adequate, activities are compliant with laws, regulations, and policies, and risk mitigation efforts are effective.
- Provide management advisory services during the planning, design, development, and post-implementation of significant computer systems.
- Perform reviews of contractual agreements to ensure the propriety of payments and compliance with significant contract provisions. Review the books and records of contractors, where appropriate, to validate charges and identify any potential over payments.
- Provide management advisory services and perform audits and reviews as requested by management and the Board of Trustees.
- Follow-up to reasonably ensure remediation actions for reported issues have been implemented and are effective.
- Participate in special projects and problem-solving task teams formed by the university when applicable.
- Perform annual risk assessments and develop an audit plan that considers the results of the risk assessment. The audit plan will be presented to the Audit, Compliance, and Risk Committee for approval. Significant deviation from the approved audit plan will be reported to the Audit, Compliance, and Risk Committee through periodic activity reports.
- Monitor and evaluate the effectiveness of risk management and governance processes.
- Conduct investigations into allegations of fiscal misconduct received through the university's compliance hotline, or received directly from concerned staff, faculty, administration, or others. Audit Services will consult with University Counsel's office or other compliance partners to ensure the appropriate course of these investigations.
- The CAE will advise the Audit, Compliance, and Risk Committee of significant risks that management is not willing to resolve.
- Audit Services will complete a formal quality assurance program every five years, the results of which will be reported to the Audit, Compliance, and Risk Committee. In addition, periodic internal quality assessments will be completed.

UNIVERSITY OF LOUISVILLE AUDIT SERVICES MISSION STATEMENT AND CHARTER

This charter identifies the purpose, authority, and responsibility of the University of Louisville's Audit Services Department.

Mission

~~The mission of Audit Services is to~~ provide independent and objective assurance ~~and consulting and advisory~~ services designed to add value and improve the ~~organization's~~ university's operations. ~~and to help~~ The internal audit function helps the university organization accomplish its objectives by bringing a systematic, disciplined approach ~~for to~~ evaluating ~~and improving~~ the effectiveness of risk management, control, and governance processes. In doing so, ~~we~~ Audit Services will be considered among the leaders in ~~our~~ the internal audit profession by providing an environment rewarding diversity, empowerment, innovation, teamwork, and open communication.

Commented [CJJ1]: Minor changes to wording to make it easier to read. Replace "organization" with university.

All Audit Services' endeavors are to be conducted in compliance with University objectives and policies, ~~as well as the Code of Ethics~~ and the ~~International Standards for the Professional Practice of Global Internal Audit Standards~~ ing, as defined by the Institute of Internal Auditors (IIA). The IIA ~~Practice Advisories, Practice Guides, and Position~~ International Professional Practices Framework (IPPF) ~~papers~~ and the internal Audit Services internal policy and procedures will be adhered to as applicable to guide operations.

Commented [CJJ2]: The code of ethics is being incorporated into the Standards effective 1/1/2024. Removing separate mention as unnecessary. Removing separate mention of practice advisories, etc and adding IPPF and other wording to accommodate other IIA changes to the standards.

Authority

Audit Services, under the direction of the Vice President for Enterprise Risk Management, Audit, and Compliance and Chief Audit Executive reports functionally to the Audit, Compliance and Risk Committee of the Board of Trustees and administratively to the President. These reporting relationships assure departmental independence, promote comprehensive audit coverage, and assure appropriate consideration of audit recommendations. The Audit, Compliance, and Risk Committee approves all decisions regarding the appointment or removal of the Chief Audit Executive (CAE). The responsibilities of Audit Services are defined by the Audit, Compliance, and Risk Committee of the Board of Trustees as part of their oversight role. The CAE will communicate and interact directly with the Audit, Compliance, and Risk Committee as necessary.

Audit Services is authorized to review all records of the University and related organizations and has full and complete access to all activities, records, property, and personnel reasonably necessary to perform the responsibilities of this function. Audit Services has no direct responsibility or any other authority over the areas it reviews.

1

Review Date: 10/2020
~~Review Date:~~ 10/2021
~~Review Date:~~ 10/2022
~~Review Revised: Date:~~ 10/2023

Responsibilities

- Perform audits and reviews of operations and programs to ascertain whether resources are employed efficiently and effectively, and results of operations are consistent and aligned with goals and objectives.
- Obtain reasonable assurance that controls are adequate, activities are compliant with laws, regulations, and policies, and risk mitigation efforts are effective.
- ~~Assist management in the identification of operational areas where increased efficiency may result in cost savings.~~
- ~~Perform reviews and evaluations of the system of internal controls to ensure controls are adequate. Determine compliance with relevant State and Federal Regulations, policy, and generally accepted accounting principles.~~
- Provide management advisory services during the planning, design, development, and post-implementation of significant computer systems, ~~to reasonably ensure adequate controls are implemented, documentation is complete, systems are thoroughly tested before implementation, and projected benefits are realized.~~
- Perform reviews of contractual agreements to ensure the propriety of payments and compliance with significant contract provisions. Review the books and records of contractors, where appropriate, to validate charges and identify any potential over payments.
- Provide management advisory services and perform audits and reviews as requested by management and the Board of Trustees.
- Follow-up to reasonably ensure remediation actions for reported issues have been implemented and are effective.
- Participate in special projects and problem-solving task teams formed by the University when applicable.
- Perform annual risk assessments and develop an audit plan that considers the results of the risk assessment. The audit plan will be presented to the Audit, Compliance, and Risk Committee for approval. Significant deviation from the approved audit plan will be reported to the Audit, Compliance, and Risk Committee through periodic activity reports.
- Monitor and evaluate the effectiveness of ~~the University's and related entities'~~ risk management and governance processes.

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Commented [CJJ3]: Just moved, no other change.

- Conduct investigations into allegations of fiscal misconduct received through the university's compliance hotline, or received directly from concerned staff, faculty, administration, or others. Audit Services will consult with University Counsel's office or other compliance partners to ensure the appropriate course of these investigations.
- ~~Consulting services may be provided by Audit Services. These engagements may range from formal to advisory activities such as serving on committees or project teams. Audit Services is expected to use professional judgment to determine the extent to which these services are provided.~~
- The CAE will advise the Audit, Compliance, and Risk Committee of significant risks that management is not willing to resolve.
- Audit Services will complete a formal quality assurance program every five years, the results of which will be reported to the Audit, Compliance, and Risk Committee. In addition, periodic internal quality assessments will be completed.
- ~~From time to time Audit Services will be requested to perform special investigations in the areas of fraud or non-compliance with policies and various regulations. Audit Services will consult with University Counsel or the Department of Public Safety to ensure the appropriate course of these investigations.~~
- ~~Follow up to ascertain that appropriate action is taken on reported issues.~~

Commented [CJJ4]: Better aligns with changed role in the investigation area and complies with policy.

Commented [CJJ5]: Consulting is no longer called out separately by the standards and can be incorporated into "advisory" services.

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