

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.

October 25, 2023

In Open Session

Members of the University of Louisville Research Foundation Board of Directors met in the Jefferson Room, Grawemeyer Hall, on October 25, 2023, at 10:24 a.m. with members present and absent as follows:

Present: Dr. Larry Benz, Chair  
Mr. Jerry Abramson  
Dr. Raymond Burse  
Mr. Al Cornish  
Ms. Katie Hayden  
Mr. Brian Lavin  
Ms. Diane Medley  
Dr. Eugene Mueller  
Ms. Mary Nixon  
Mr. James Rogers  
Ms. Sherrill Zimmerman

Absent: Mr. Kevin Ledford  
Ms. Diane Porter

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 Benz called the roll and having determined a quorum present, called the meeting to order at 10:24 a.m.

### Conflict of Interest Affirmation

The Chair reminded all members of the board of their responsibility to avoid conflicts of interest and appearances of conflicts of interest. He stated each member has received the agenda and related information for this Board of Directors meeting. The Chair requested if any board member knows of any conflict of interest or appearance of conflict of interest with respect to any matter coming before the Board of Directors at this meeting, to please identify the conflict or appearance of conflict at this time.

No conflicts were identified.

### Consent Agenda

Chair Benz read the consent agenda as follows:

- **Approval of Minutes, 4-20-2023**
- **From the Audit, Compliance, and Risk Committee, 10-25-2023**
  - **ULRF Audited Financial Statements**

Ms. Zimmerman made a motion, which Ms. Medley seconded, to approve the consent agenda as listed.

The motion passed.

### II. Action Item: ULRF Signature Delegation

Vice President Curry briefed the board on the recommendation to approve an updated resolution on signature authority that empowers the president of the university to delegate authority to execute contracts on behalf of the Research Foundation.

Mr. Abramson made a motion, which Dr. Burse seconded, to approve the

**President's recommendation that the Board of Directors adopt the attached signature authority resolution in the form as Exhibit A.**

The motion passed.

### III. Research and Innovation Update

Dr. Gardner provided an update to the board regarding the research enterprise at UofL, as **attached**. Highlights included \$176 million in competitive research funding in FY23; the launch of the Mid-South NIH Research Evaluation and Commercialization Hub for biomedical innovation; and the 2023 Research, Scholarship, and Creative Activity Awards.

Dr. Gardner then fielded questions from directors.

Chair Benz thanked Dr. Gardner for his update.

### IV. Adjournment

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

The motion passed and the meeting adjourned at 10:43 a.m.

Approved by:

  
Signature on file  
Assistant Secretary

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                                     

    *ps*      
Signature on file \_\_\_\_\_  
Assistant Secretary

BOARD ACTION:

Passed     X    

Did Not Pass                     

Other                                     

    *ps*      
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*

**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)**  
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**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
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>					
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
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>983,704</b>	<b>952,218</b>	<b>913,093</b>	<b>31,486</b>	<b>39,125</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
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)
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>733,420</b>	<b>743,938</b>	<b>748,527</b>	<b>(10,518)</b>	<b>(4,589)</b>
<b>NET POSITION</b>					
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
<b>TOTAL NET POSITION</b>	<b>250,284</b>	<b>208,280</b>	<b>164,566</b>	<b>42,004</b>	<b>43,714</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 983,704</b>	<b>\$ 952,218</b>	<b>\$ 913,093</b>	<b>\$ 31,486</b>	<b>\$ 39,125</b>

**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.**  
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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.

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**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
<b>OPERATING REVENUES</b>					
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
<b>TOTAL OPERATING REVENUE</b>	<b>569,091</b>	<b>576,844</b>	<b>526,928</b>	<b>(7,753)</b>	<b>49,916</b>
<b>OPERATING EXPENSES</b>					
Depreciation	8,451	9,043	9,006	(592)	37
Other operating expenses	543,358	546,123	503,646	(2,765)	42,477
<b>TOTAL OPERATING EXPENSE</b>	<b>551,809</b>	<b>555,166</b>	<b>512,652</b>	<b>(3,357)</b>	<b>42,514</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
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
<b>TOTAL NONOPERATING REVENUE/ (EXPENSES)</b>	<b>24,722</b>	<b>22,036</b>	<b>50,056</b>	<b>2,686</b>	<b>(28,020)</b>
<b>INCREASE/(DECREASE) IN NET POSITION</b>	<b>42,004</b>	<b>43,714</b>	<b>64,332</b>	<b>(1,710)</b>	<b>(20,618)</b>
<b>Net position, beginning of year</b>	<b>208,280</b>	<b>164,566</b>	<b>100,234</b>	<b>43,714</b>	<b>64,332</b>
<b>Net position, end of year</b>	<b>\$ 250,284</b>	<b>\$ 208,280</b>	<b>\$ 164,566</b>	<b>\$ 42,004</b>	<b>\$ 43,714</b>

**Operating Revenues**

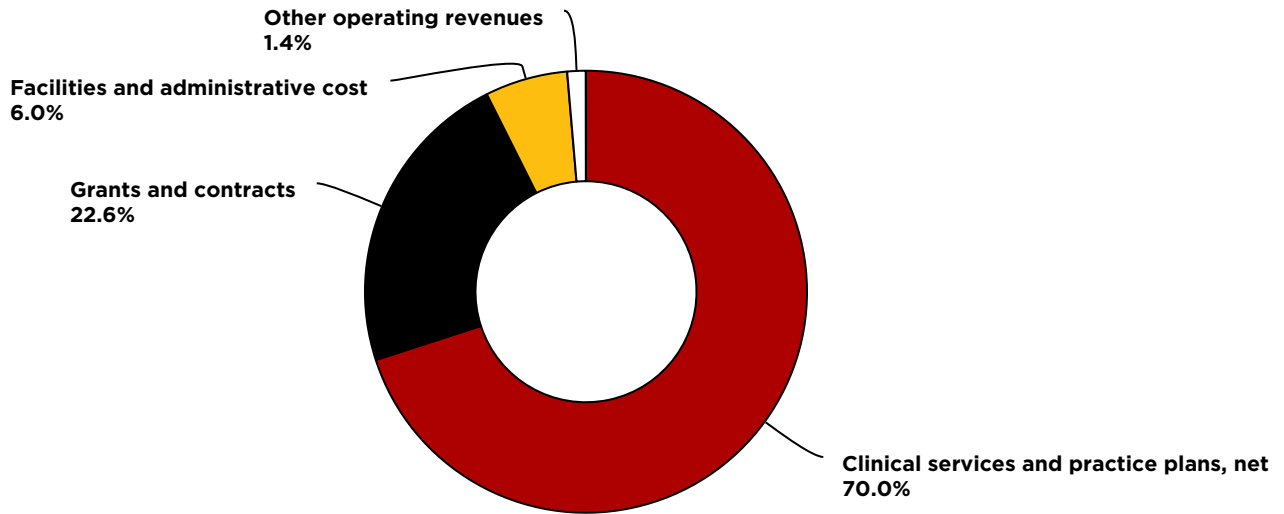
Revenues from operations decreased to \$569.1 million for the year ended June 30, 2023 compared to \$576.8 million for the year ended June 30, 2022. The \$3.5 million decrease in grants and contract and the related decrease of \$4.3 million in facilities and administrative cost recoveries account for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

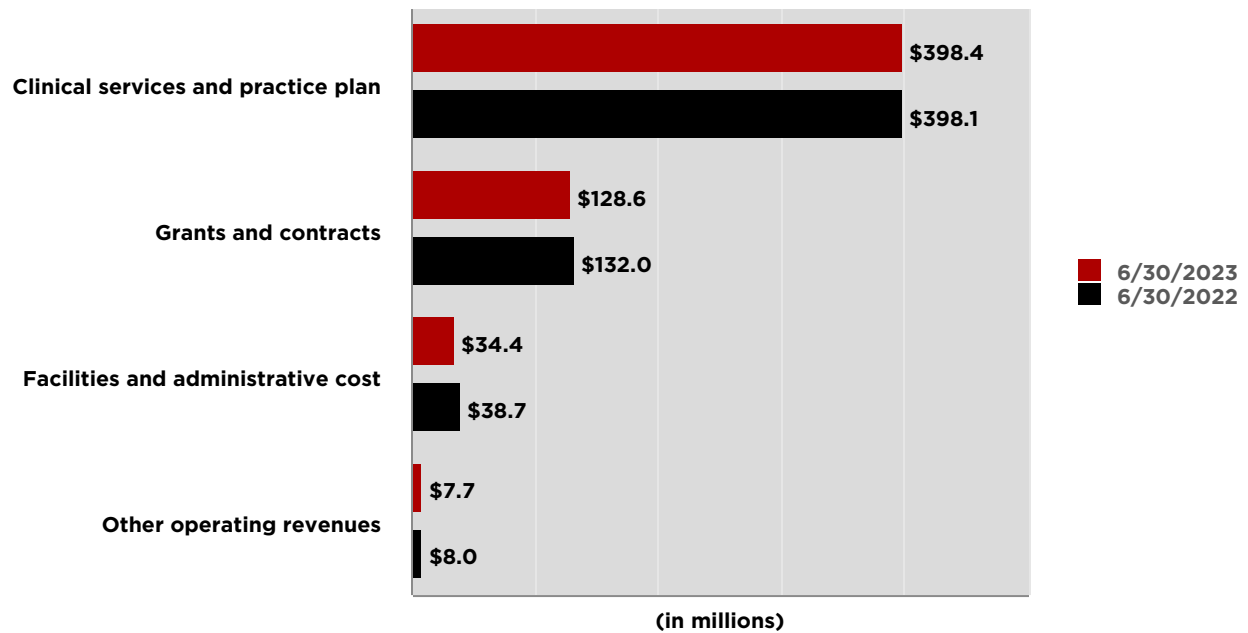
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The following is a graphic illustration of the Research Foundation's operating revenues by major source for the years ended June 30, 2023 and 2022 (in millions):

**Operating Revenues**  
**Year Ended June 30, 2023**



**Operating Revenue Trends**

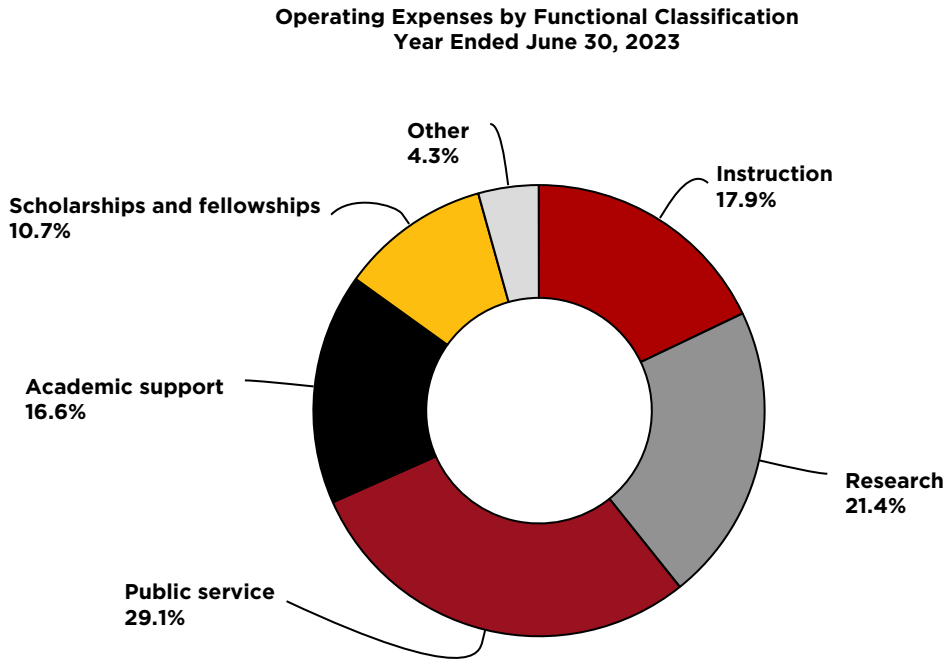


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**Operating Expenses by Functional and Natural Classification**

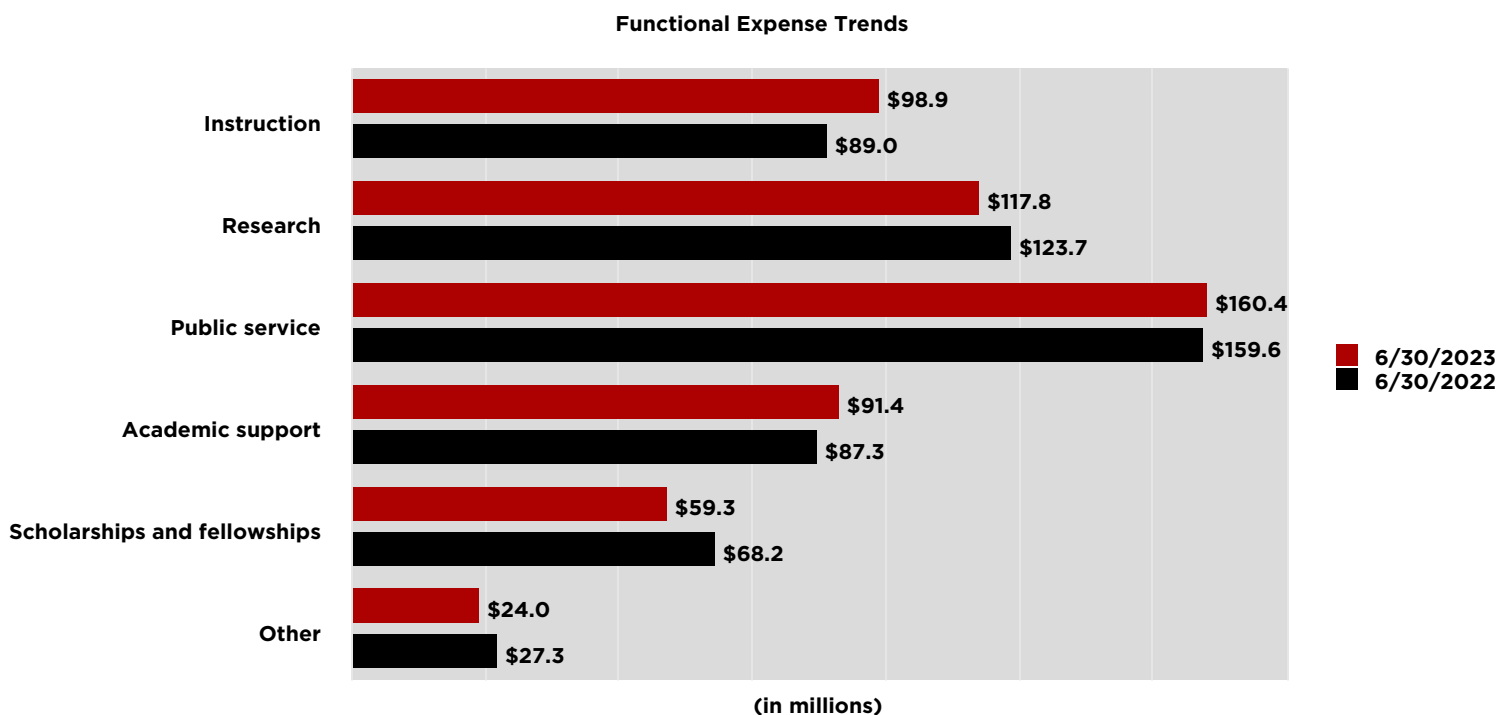
Total operating expenses were \$551.8 million and \$555.2 million for the fiscal years ended June 30, 2023 and 2022, respectively. In fiscal year 2023, operating expenses decreased \$3.4 million. Expenditures for supplies and serviced increased by \$4.3 million while scholarships and fellowships decreased 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):

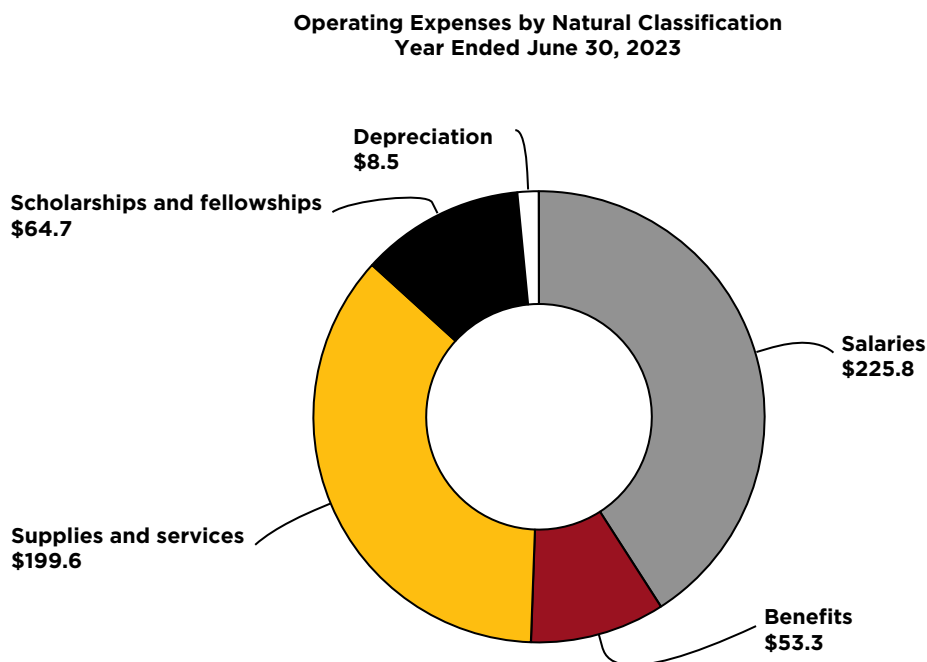




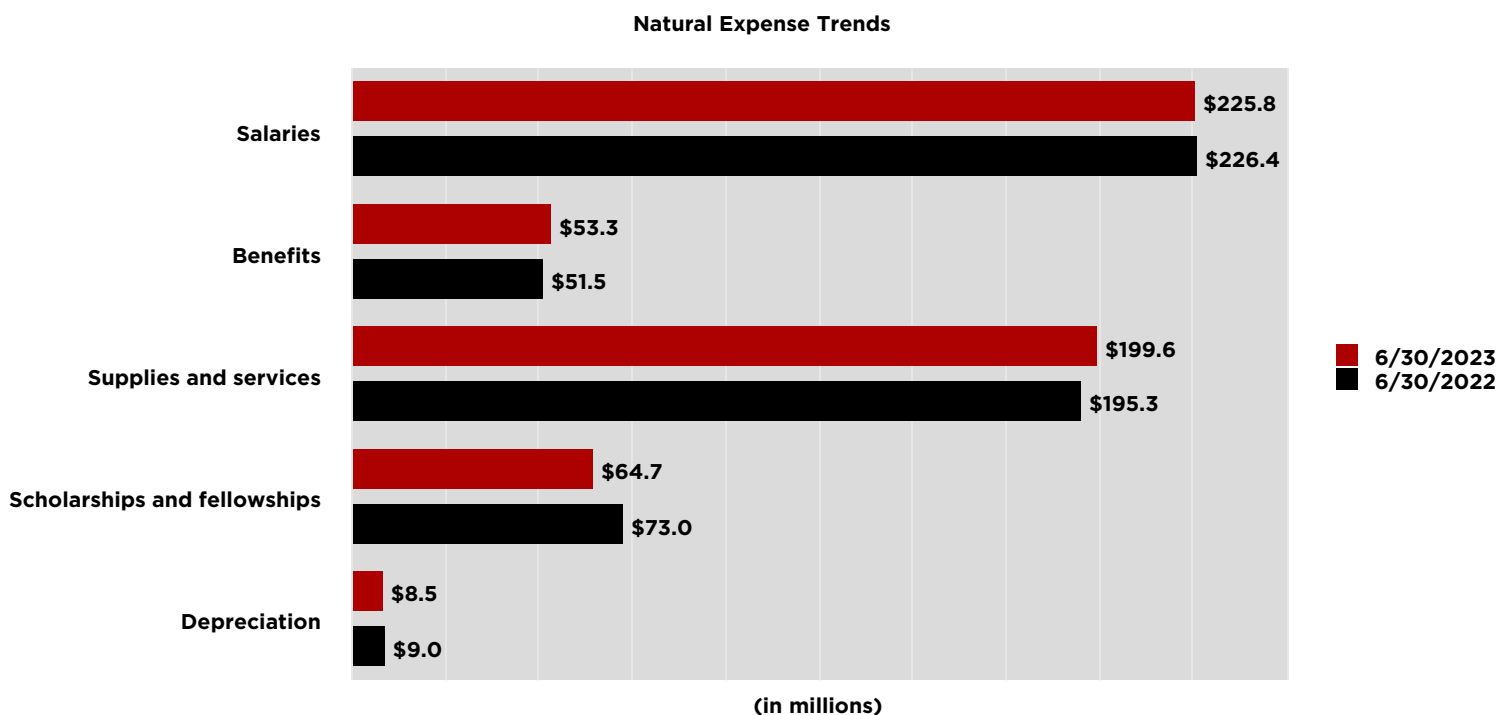
**UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.**  
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The following is a graphic illustration of total operating expenses by natural classification for the years ended June 30, 2023, and 2022 (in millions):



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**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 million and \$32.4 million 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
<b>CASH (USED)/PROVIDED BY:</b>					
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
<b>NET (DECREASE)/INCREASE IN CASH EQUIVALENTS</b>	<b>30,632</b>	<b>64,239</b>	<b>22,571</b>	<b>(33,607)</b>	<b>41,668</b>
Cash and cash equivalents, beginning of year	106,781	42,542	19,971	64,239	22,571
<b>CASH AND CASH EQUIVALENTS- END OF YEAR</b>	<b>\$ 137,413</b>	<b>\$ 106,781</b>	<b>\$ 42,542</b>	<b>\$ 30,632</b>	<b>\$ 64,239</b>

**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**  
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**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)**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
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
<b>Total current assets</b>	<b>258,678</b>	<b>208,829</b>
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
<b>Total noncurrent assets</b>	<b>718,576</b>	<b>737,425</b>
<b>Total assets</b>	<b>977,254</b>	<b>946,254</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>6,450</b>	<b>5,964</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 983,704</b>	<b>\$ 952,218</b>

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)**

	<b>2023</b>	<b>2022</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
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
<b>Total current liabilities</b>	<b>54,014</b>	<b>46,369</b>
<b>Noncurrent liabilities</b>		
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
<b>Total noncurrent liabilities</b>	<b>35,202</b>	<b>38,035</b>
<b>Total liabilities</b>	<b>89,216</b>	<b>84,404</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>644,204</b>	<b>659,534</b>
<b>NET POSITION</b>		
Net investment in capital assets	59,149	51,519
Restricted:		
Expendable	22,320	24,422
Unrestricted	168,815	132,339
<b>Total net position</b>	<b>250,284</b>	<b>208,280</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 983,704</b>	<b>\$ 952,218</b>

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
<b>OPERATING REVENUES</b>		
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
<b>Total operating revenue</b>	<b>569,091</b>	<b>576,844</b>
<b>OPERATING EXPENSES</b>		
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
<b>Total operating expense</b>	<b>551,809</b>	<b>555,166</b>
<b>Operating gain</b>	<b>17,282</b>	<b>21,678</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Gifts	1,044	5,488
Nonexchange grants and contracts	55,787	84,180
Interest expense	(96)	(130)
Other nonoperating revenue	6,438	8,767
<b>Net nonoperating revenue</b>	<b>63,173</b>	<b>98,305</b>
Contributions to related entities	(38,451)	(76,269)
<b>Total other revenue</b>	<b>24,722</b>	<b>22,036</b>
<b>Increase in net position</b>	<b>42,004</b>	<b>43,714</b>
<b>NET POSITION</b>		
Net position - beginning of year	208,280	164,566
<b>Net position - end of year</b>	<b>\$ 250,284</b>	<b>\$ 208,280</b>

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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
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
<b>Net cash provided by operating activities</b>	<b>(14,325)</b>	<b>16,142</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
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
<b>Net cash provided by noncapital financing activities</b>	<b>58,608</b>	<b>51,894</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(13,553)	(3,664)
Interest paid	(98)	(133)
<b>Net cash used in capital and related financing activities</b>	<b>(13,651)</b>	<b>(3,797)</b>
Net increase in cash and cash equivalents	30,632	64,239
Cash and cash equivalents - beginning of year	106,781	42,542
<b>Cash and cash equivalents - end of year</b>	<b>\$ 137,413</b>	<b>\$ 106,781</b>

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
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
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)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (14,325)</b>	<b>\$ 16,142</b>

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**  
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**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
<b>Total net position</b>	<b>\$ 250,284</b>	<b>\$ 208,280</b>

**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
<b>Total</b>	<b>\$ 767,419</b>	<b>\$ (25,483)</b>	<b>\$ 741,936</b>
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
<b>Total</b>	<b>\$ 744,643</b>	<b>\$ (20,188)</b>	<b>\$ 724,455</b>
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**  
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**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
<b>Subtotal</b>	<b>953</b>	<b>6,406</b>	<b>(234)</b>	<b>—</b>	<b>7,125</b>
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
<b>Subtotal</b>	<b>184,723</b>	<b>7,147</b>	<b>(1,899)</b>	<b>—</b>	<b>189,971</b>
<b>Total capital and intangible assets, cost</b>	<b>185,676</b>	<b>13,553</b>	<b>(2,133)</b>	<b>—</b>	<b>197,096</b>
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
<b>Total accumulated depreciation and amortization</b>	<b>129,166</b>	<b>8,451</b>	<b>(1,673)</b>	<b>—</b>	<b>135,944</b>
<b>Capital and intangible assets, net</b>	<b>\$ 56,510</b>	<b>\$ 5,102</b>	<b>\$ (460)</b>	<b>\$ —</b>	<b>\$ 61,152</b>

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	2022				
	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Cost - Nondepreciable					
Land	\$ 351	\$ —	\$ —	\$ —	\$ 351
Construction in progress	—	602	—	—	602
<b>Subtotal</b>	<b>351</b>	<b>602</b>	<b>—</b>	<b>—</b>	<b>953</b>
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
<b>Subtotal</b>	<b>179,652</b>	<b>5,486</b>	<b>(415)</b>	<b>—</b>	<b>184,723</b>
<b>Total capital and intangible assets, cost</b>	<b>180,003</b>	<b>6,088</b>	<b>(415)</b>	<b>—</b>	<b>185,676</b>
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
<b>Total accumulated depreciation and amortization</b>	<b>120,538</b>	<b>9,043</b>	<b>(415)</b>	<b>—</b>	<b>129,166</b>
<b>Capital and intangible assets, net</b>	<b>\$ 59,465</b>	<b>\$ (2,955)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 56,510</b>



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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
<b>Total future payments</b>	<b>\$ 3,071</b>	<b>\$ 100</b>

**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
<b>Total</b>	<b>\$ 4,983</b>	<b>\$ 361</b>	<b>\$ (2,265)</b>	<b>\$ 3,079</b>	<b>\$ 1,918</b>	<b>\$ 1,161</b>

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	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	
<b>Total</b>	<b>\$ 5,121</b>	<b>\$ 1,838</b>	<b>\$ (1,976)</b>	<b>\$ 4,983</b>	<b>\$ 2,236</b>	<b>\$ 2,747</b>	

**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.

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**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
<b>Total</b>	<b>\$ 225,806</b>	<b>\$ 53,285</b>	<b>\$ 64,674</b>	<b>\$ 199,593</b>	<b>\$ 551,809</b>

	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
<b>Total</b>	<b>\$ 226,400</b>	<b>\$ 51,450</b>	<b>\$ 73,004</b>	<b>\$ 195,269</b>	<b>\$ 555,166</b>

**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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**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
<b>Total</b>	<b>6,362</b>	<b>6,287</b>

**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.

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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
<b>Balance, end year</b>	<b>\$ 79,415</b>	<b>\$ 85,940</b>

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

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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	—
<b>Total</b>	<b>\$ 18,428</b>	<b>\$ 27,045</b>

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)
<b>Total</b>	<b>\$ (12,553)</b>

**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.**  
**A Component Unit of the University of Louisville**  
**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)
<b>Net change in OPEB Liability</b>	<b>\$ (6,525)</b>	<b>\$ 5,702</b>	<b>\$ 5,999</b>	<b>\$ 9,509</b>	<b>\$ (24,113)</b>	<b>\$ (3,179)</b>
OPEB liability - beginning of year	85,940	80,238	74,239	64,730	88,843	92,022
<b>OPEB liability - end of year</b>	<b>\$ 79,415</b>	<b>\$ 85,940</b>	<b>\$ 80,238</b>	<b>\$ 74,239</b>	<b>\$ 64,730</b>	<b>\$ 88,843</b>
Covered employee payroll	\$ 445,201	\$ 434,864	\$ 490,221	\$ 493,893	\$ 450,332	\$ 445,356
<b>Total OPEB liability as a percentage of covered employee payroll</b>	<b>17.84%</b>	<b>19.76%</b>	<b>16.37%</b>	<b>15.03 %</b>	<b>14.37 %</b>	<b>19.95 %</b>

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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**This publication was prepared by the University of Louisville and printed with state funds KRS 57.375.**

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RECOMMENDATION OF THE BOARD OF DIRECTORS  
OF THE UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.  
REGARDING AN UPDATED RESOLUTION ON SIGNATURE AUTHORITY

October 25, 2023

RECOMMENDATION:

The President recommends that the Board of Directors adopt the attached signature authority resolution in the form as Exhibit A.

BOARD ACTION:

Passed           X          

Did Not Pass                   

Other                   

          *Rs*            
Signature on file  
          *WJ*            
Assistant Secretary

Exhibit A

**RESOLUTION  
BOARD OF DIRECTORS  
UNIVERSITY OF LOUISVILLE RESEARCH FOUNDATION, INC.**

**WHEREAS**, the Board of Directors (the Board) of the University of Louisville Research Foundation, Inc. (ULRF) did approve that certain resolution dated as of July 14, 2022 regarding signature authority on behalf of ULRF; and


**WHEREAS**, the Board desires to provide additional delegation authority to the President of the University of Louisville as described herein.

**NOW, THEREFORE, BE IT RESOLVED** that the individual holding the position of President of the University of Louisville be and hereby is empowered to delegate authority to execute contracts on behalf of the University of Louisville Research Foundation, Inc. (including contracts with the Army, the Air Force, and the Veterans Administration, and other governmental agencies), except for authorization for sponsored projects of November 28, 1983 and patent/technology activities of May 22, 1995, to other officers of ULRF or employees of UofL acting as agents for ULRF.

Certificate

I certify that I am the duly qualified Assistant Secretary of the Board of Directors of the University of Louisville Research Foundation, Inc., that the foregoing is a true copy of a resolution adopted at the regular meeting of such Board which was duly held on the 25th day of October, 2023, at which meeting a quorum was present, and a majority of members present voted in favor of the adoption of such resolution. I further certify that such resolution is still in full force and effect.

Dated this 25th day of October, 2023.

  
Signature on file  
Assistant Secretary  
Board of Directors  
University of Louisville Research  
Foundation, Inc.

# RESEARCH AND INNOVATION UPDATE

*October 2023*

**Office of Research and Innovation**

[louisville.edu/research](https://louisville.edu/research)

UNIVERSITY OF  
**LOUISVILLE**<sup>®</sup>

**FY2023**

***METRICS***

**\$176M**

*In competitive research income, including grants and contracts.*

**\$230M**

*In research and development expenditures (FY2022).*

**\$1.4M**

*In innovation income, including license royalties on UofL patents.*

# MID-SOUTH NIH REACH HUB



- \$12 million to launch Mid-South NIH Research Evaluation and Commercialization Hub (REACH) Hub for biomedical innovation;
- Coalition spans a four-state network of Kentucky, Mississippi, Tennessee and Virginia;
- UofL launched Kentucky's first REACH (ExCITE) award in 2015:
  - Expanded statewide in 2019 with REACH 2.0 (KYNETIC, in collaboration with UK);
  - This builds on that success and expands to a larger region.
- Partnership developed as a result of Mid-South I-Corps Hub launched last year.

# 2023 RESEARCH, SCHOLARSHIP AND CREATIVE ACTIVITY AWARDS



- Recognized more than 80 faculty and staff, representing nine UofL schools and colleges;
- Nine major awards given, including for Creative Work, Research Administrator, Center/Institute and Researcher of the Year.



# 2023 RESEARCH, SCHOLARSHIP AND CREATIVE ACTIVITY AWARDS

- **Administrator of the Year:** Joan Scott (DENT)
- **Grand Challengers:**
  - Hermann Frieboes (SPEED)
  - Jennifer Middleton and Shantel Crosby (KENT)
  - Sharon Kerrick (CEHD)
- **Early-Career Researcher:** Natalie Christian (A&S)
- **Unsung Hero:** Cheri Hildreth (EHS)
- **Creative Works:** Tiffany Calvert (A&S)
- **Center/Institute of the Year:** COBRE in Functional Microbiomics, Inflammation and Pathogenicity (DENT/MED)
- **Researcher of the Year:** Patrick Possel (CEHD)



Signature

***Researcher of the Year:***

Patrick Pössel (CEHD)