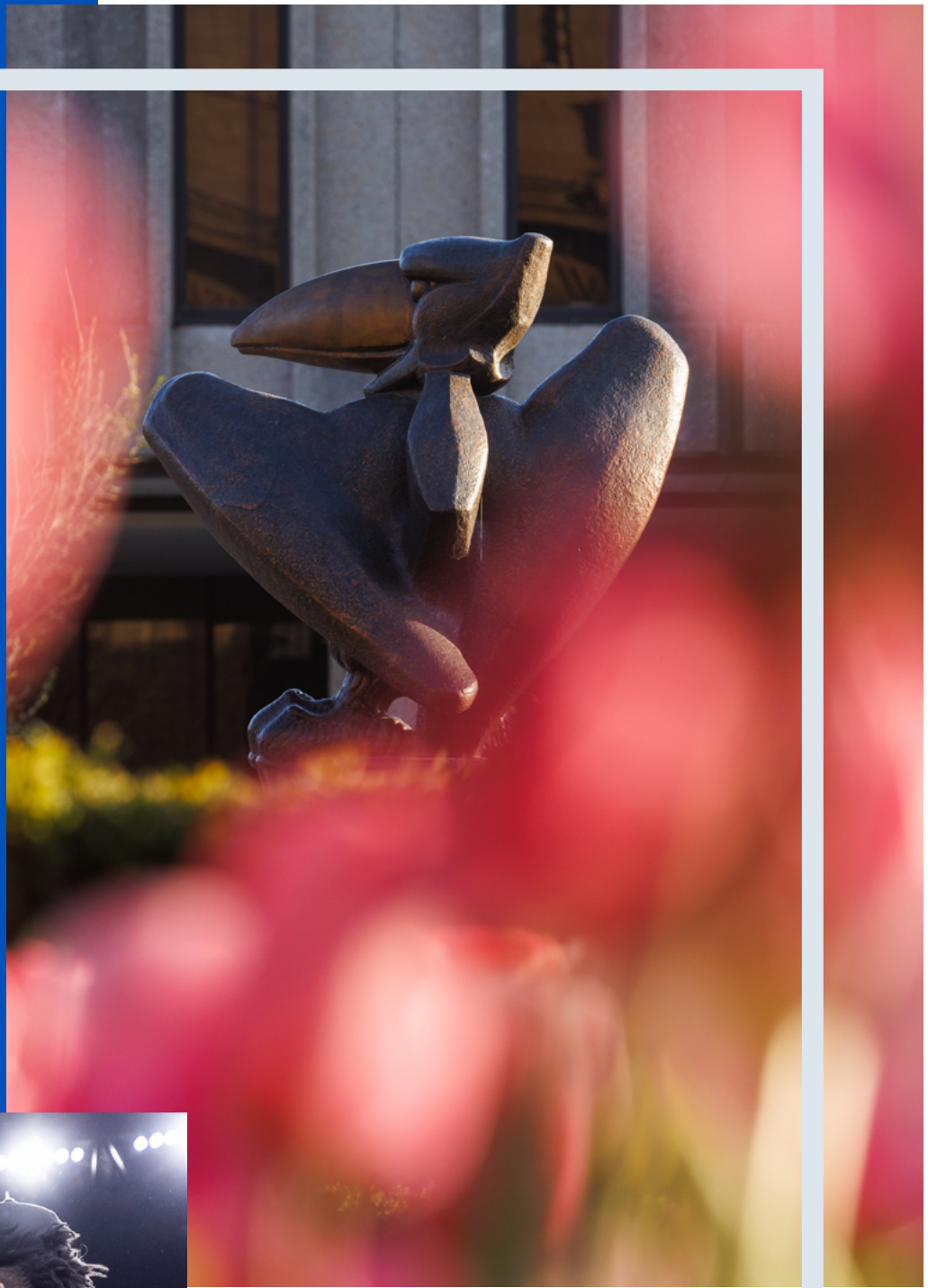


KU<sup>®</sup>



## 2022 Annual Financial Report

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## KANSAS BOARD OF REGENTS

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Blake Benson                      John Dicus  
Cheryl Harrison-Lee              Carl Ice  
Shellaine Kiblinger                Cynthia Lane  
Diana Mendoza                      Jon Rolph  
Wint Winter

## EXECUTIVE OFFICERS

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Douglas A. Girod  
*Chancellor*

Jeffrey S. DeWitt  
*Chief Financial Officer and Executive Vice  
Chancellor for Finance*

### Lawrence Campus

Barbara A. Bichelmeyer  
*Provost and Executive Vice Chancellor*

Jason F. Hornberger  
*Vice Provost for Finance*

### Medical Center Campus

Dr. Robert D. Simari  
*Executive Vice Chancellor*

David Vranicar  
*Vice Chancellor for Finance and Chief Financial  
Officer*

### Financial Officers

Katrina Yoakum  
*Controller, Lawrence Campus*

Jeffrey Hunter  
*Director for Financial Reporting Services,  
Lawrence Campus*

Adrienne Kordalski  
*Associate Vice Chancellor of Institutional Finance  
and Administration, Medical Center*

Katherine Girgis  
*Director of Accounting and Financial Reporting,  
Medical Center*

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following discussion and analysis has been prepared by management to provide an overview of the financial performance of the University of Kansas and its affiliated corporations (collectively referred to as "KU") based on currently known facts, decisions, and conditions and is designed to assist readers in understanding the accompanying financial statements and footnotes. KU's financial report includes three financial statements: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. KU's financial statements, related footnote disclosures, and discussion and analysis have been prepared by KU's management in accordance with Government Accounting Standards Board (GASB) principles.

## CURRENT YEAR UNIVERSITY HIGHLIGHTS

The fiscal year ended June 30, 2022 was another eventful year for KU with so many memorable events occurring during the fiscal year. Some of the more memorable events were:

- KU men's basketball team won the Big 12 conference and Big 12 tournament championship in March 2022 and the NCAA Tournament National Championship in April 2022. Basketball is important to KU and plays a significant role in KU's history and ongoing traditions. KU's first men's basketball coach, Dr. James Naismith, was the inventor of basketball, and KU proudly is the home of the original rules of basketball. The love of KU Basketball can be felt across campus by students, faculty, staff, and alumni, so winning KU's fourth NCAA National Championship had a substantial impact on campus morale and is expected to have an impact on future student enrollment.
- KU students excelled in a variety of areas, and many received national recognition including a record number of Barry M. Goldwater scholarships. Five KU juniors were recognized for their achievements in the STEM fields which is the maximum possible awards that a single school can receive. The award is regarded as the premier undergraduate award to encourage excellence in science, engineering, and mathematics. Additionally, three students received Fulbright U.S. Student Awards to study, conduct research and teach English abroad for the 2022-2023 academic year. The Fulbright program is the flagship international educational exchange program sponsored by the U.S. government and is designed to increase mutual understanding between Americans and people of other countries.
- KU graduate programs also continue to excel. KU has eleven graduate programs ranked in the top ten and fifty-one programs ranked in the top fifty among public universities in rankings from US News & World Report. Last year KU had nine programs in the top ten and fifty programs in the top fifty. Both KU's Local Government Management and Special Education graduate programs maintained their number one among public universities ranking in 2022. KU's Local Government Management has been ranked number one among all universities since 1998.
- For the Fall 2021 semester, KU experienced a slight increase in the headcount of students attending the university. The university was able to maintain an 85% retention rate of the first-time freshmen class from the prior year. KU enrollment increased by 66 students (0.2%), bringing KU's total enrollment to 27,685 across all campuses. The slight uptick can be attributed to a 7.6% jump in first-time freshmen and an 11.6% increase in transfer students.
- KU Research had a memorable year rising in National Science Foundation Higher Education and Research Development Survey rankings from 49 to 44 among public universities. KU also claimed the third overall spot in federally financed R&D expenditures in non-science and engineering fields for the second year in a row. The survey included 915 public and private institutions. KU Research & Discovery is one of KU's three institutional priorities and has far reaching impacts ranging from enhancing outcomes for students with autism spectrum disorders, to examining the use of renewable energy to optimize water resources for rural communities, to analyzing diet's influence on the prevention of Alzheimer's disease, and more.

## STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of KU at a point in time (at the end of the fiscal year). Its purpose is to present a financial snapshot of KU. The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. Under the accrual basis of accounting, revenues and assets are recognized when the service is provided by KU and expenses and liabilities are recognized when others provide the service to KU, regardless of when cash is received or paid.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

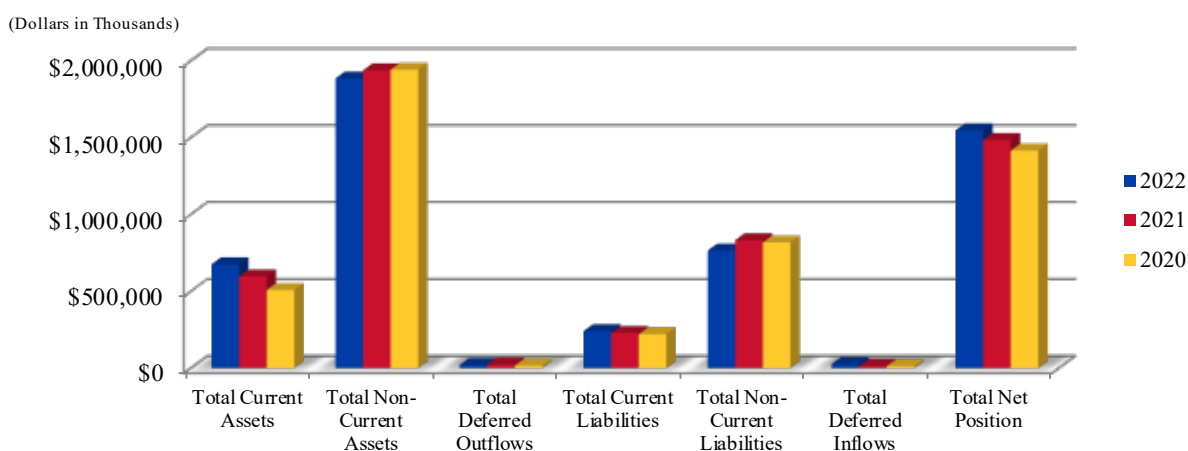
Within the Statement of Net Position, assets and liabilities are further classified as current or non-current. The current classification distinguishes those assets which are highly liquid and available for immediate and unrestricted use by KU, and those liabilities likely to be settled in the next 12 months.

Certain reclassifications have been made to the 2021 and 2020 financial statements to conform to the 2022 financial statement presentation related to cash and investments held at Kansas University Endowment Association.

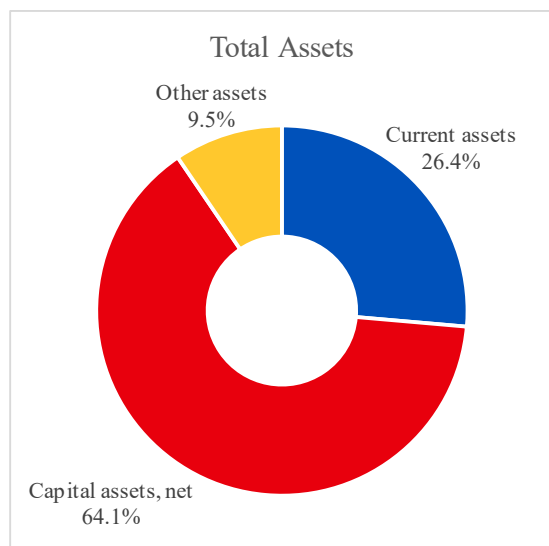
## Condensed Consolidated Statement of Net Position As of June 30 (Dollars in Thousands)

	2022	2021	2020
<b>Assets:</b>			
Current assets	\$ 675,311	\$ 596,040	\$ 506,347
Capital assets, net	1,641,348	1,690,372	1,712,977
Other assets	242,733	246,945	229,172
<b>Total assets</b>	<b>2,559,392</b>	<b>2,533,357</b>	<b>2,448,496</b>
Deferred outflows of resources	19,404	22,560	15,051
<b>Liabilities:</b>			
Current liabilities	240,842	228,507	220,307
Long-term debt	627,244	655,803	650,820
Other liabilities	137,194	175,155	165,949
<b>Total liabilities</b>	<b>1,005,280</b>	<b>1,059,465</b>	<b>1,037,076</b>
Deferred inflows of resources	26,238	12,634	11,866
<b>Net Position:</b>			
Net investment in capital assets	922,334	940,965	972,771
Restricted	210,157	205,371	187,195
Unrestricted	414,787	337,482	254,639
<b>Total net position</b>	<b>\$ 1,547,278</b>	<b>\$ 1,483,818</b>	<b>\$ 1,414,605</b>

The composition of current and non-current assets and liabilities, deferred outflows, deferred inflows, and net position are displayed below for the fiscal years ended June 30, 2022, 2021, and 2020:



# MANAGEMENT'S DISCUSSION AND ANALYSIS



## Assets

On June 30, 2022, total assets were \$2.6 billion, an increase of \$26.0 million (1.0%) compared to 2021. On June 30, 2021, total assets were \$2.5 billion, an increase of \$84.9 million (3.5%) compared to 2020. See a further breakout and discussion of the changes of assets below.

### Current Assets

Current assets include those used to support the current operations and consist of cash and cash equivalents, net receivables, and short-term investments. Cash balances support the ongoing operational activities, strategic initiatives and reserves, and capital projects of KU. The fluctuations in current assets are primarily influenced by the fluctuations of revenues and expenses.

On June 30, 2022, total current assets increased \$79.3 million (13.3%) compared to 2021. This increase is attributed to an increase of:

- \$39.4 million (15.8%) in cash and cash equivalents primarily because of federal COVID-19 funding received to cover losses
- \$25.2 million (20.5%) in accounts receivable stemming from (1) \$5.5 million in accounts receivables associated with grant expenses incurred but not yet received; (2) \$4.8 million in athletic receivables related to trademark licensing and royalty receivables; (3) \$3.7 million in appropriation receivables from the State of Kansas; and (4) \$3.1 million in receivables from students for tuition and fees.
- \$15.2 million (10.8%) in investments as a result of \$46.0 million more in net investment purchases offset by a decrease of \$26.4 million in unrealized losses on investments

On June 30, 2021, total current assets increased \$89.7 million (17.7%) compared to 2020. This increase is attributed to an increase of (1) \$22.8 million (10.1%) in cash and cash equivalents primarily as a result of additional federal COVID-19 funding received to cover losses and prepayments received from certain grant sources, (2) \$36.4 million (35.0%) in short-term investments as a result of improved market conditions, (3) \$17.0 million in accounts receivables as a result of grant receivables for expenses incurred but not yet received, and (4) \$14.0 million (53.5%) in restricted cash stemming from additional funds provided through KU Endowment.

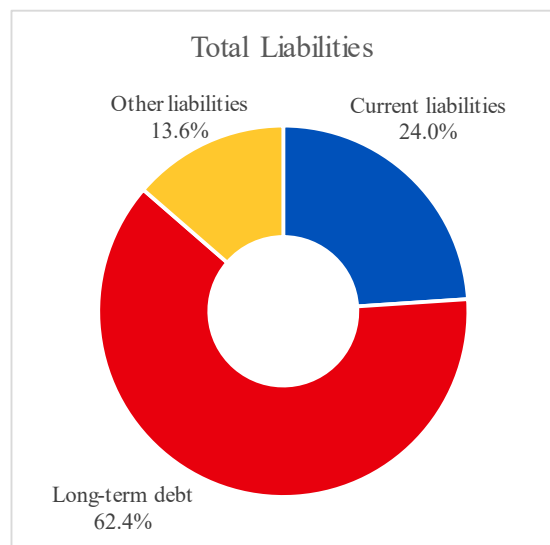
### Noncurrent Assets

Noncurrent assets consist of capital assets, long-term endowment investments, cash restricted for capital projects, and accounts receivable not due to be collected in the next fiscal year.

On June 30, 2022, noncurrent assets decreased \$53.2 million (2.7%) compared to 2021. The change is primarily attributed to a decrease of (1) \$49.0 million (2.9%) in capital assets as depreciation exceeded new capital asset purchases offset by the recognition of in the right of use asset related to the adoption of Governmental Accounting Standards Board (“GASB”) lease accounting standard adopted by KU (see New Accounting Standards section below), and (2) \$7.9 million (72.2%) in pledges receivable as Kansas Athletics, Inc. (“Athletics”) continued to collect outstanding pledges.

On June 30, 2021, noncurrent assets decreased \$4.8 million (0.2%) compared to 2020. The change is primarily attributed to a decrease of (1) \$22.6 million (1.3%) in capital assets as depreciation exceeded new capital asset purchases offset by the recognition of right of use assets related the Financial Accounting Standards Board (“FASB”) lease accounting standard adopted by Athletics and the University of Kansas Center for Research (“KUCR”) (See New Accounting Standards section below), (2) \$13.2 million (54.7%) in pledges receivable as Athletics continued to collect on outstanding pledges, (3) \$9.8 million (89.9%) in restricted cash from the usage of cash held for construction projects, and (4) \$4.0 million (88.9%) in notes receivable as KUCR collected outstanding receivables, offsets by an increase of (1) \$46.7 million (32.2%) in long-term endowment investments as a result of improved market conditions.

# MANAGEMENT'S DISCUSSION AND ANALYSIS



## Liabilities

On June 30, 2022, total liabilities were \$1.0 billion, decreasing \$54.2 million (5.1%) compared to 2021. On June 30, 2021, total liabilities were \$1.1 billion, increasing \$22.4 million (2.2%) compared to 2020.

### Current Liabilities

Current liabilities are those expected to become due and are payable over the course of the next fiscal year. Current liabilities consist of accounts payable, accrued compensation, current portion of compensated absences, unearned revenues, and current portions of long-term debt and leases.

On June 30, 2022, total current liabilities increased \$12.3 million (5.4%) when compared to 2021. This change is primarily attributed to an increase of (1) \$13.6 million increase in accounts payable and accrued expenses because of the timing of invoice payments to vendors

as well as an increase in accrued payroll for one additional day, (2) \$6.6 million (19.8%) in compensated absences stemming from an increase in unused vacation leave by employees, offset by an decrease of (1) \$2.5 million (4.5%) in deferred revenue because KU recognized grant revenue collected in prior years, and (2) \$2.6 million (6.6%) decrease in current portion of long-term debt items as KU issued less debt than paid in the current year.

On June 30, 2021, total current liabilities increased \$8.2 million (3.7%) when compared to 2020. This increase is primarily attributed to an increase of (1) \$8.0 million (11.2%) in accounts payable and accrued expenses because of the timing of invoice payments to vendors as well as an increase in accrued payroll for one additional day, (2) \$6.7 million (13.6%) in deferred revenues as a result of prepayments received on certain grant sources, and (3) \$2.3 million (39.3%) in the current portion of the capital leases as a result of the adoption of the FASB lease accounting standard by Athletics and KUCR; offset by a decrease in notes payable because of continued payments on lines of credit held by Athletics and KU Memorial Union Corporation (“KU Union”).

### Noncurrent Liabilities

Noncurrent liabilities are those expected to be settled beyond the next fiscal year. Noncurrent liabilities consist of pension liabilities, other postemployment benefit plan liabilities, noncurrent portion of compensated absences, and the long-term portion of debt and leases.

On June 30, 2022, noncurrent liabilities decreased \$66.5 million (8.0%) when compared to 2021. This change is primarily related to a decrease of (1) \$28.6 million (4.4%) in long-term debt as KU continued to limit the issuance of new debt, (2) \$22.2 million (29.6%) in the net pension liability from better-than-expected investments results in 2021 which did not impact the pension calculation until 2022, and (3) \$9.4 million (42.9%) in compensated absences as split between current and noncurrent shifted majority of the balance to current portion.

On June 30, 2021, noncurrent liabilities increased \$14.2 million (1.7%) when compared to 2020. This increase is primarily because of (1) \$36.2 million (394.6%) in capital leases because of the adoption of the new FASB lease accounting standard adopted by Athletics and KUCR, (2) \$8.3 million (12.4%) change in pension liability as a result of a decrease in the discount rate used in the actuarial calculations; offset by a decrease of \$31.2 million (4.9%) in bonds payable as a result of payments and several bonds being refunded in the current and prior fiscal years (see Debt Administration section later for additional information).

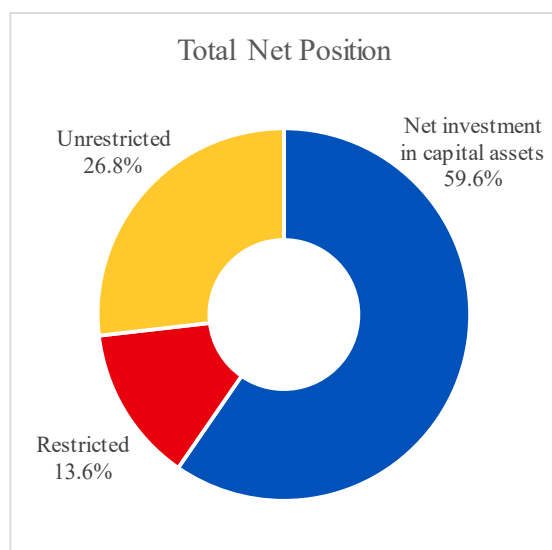
## Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to a future reporting period, but do not require a further exchange of goods or services. Deferred inflows of resources represent the acquisition of resources applicable to a future reporting period, but do not require a future exchange of goods or services. Deferred outflows and inflows consist of certain resources related to the net pension liability (see note 17), the other postemployment benefit liability (see note 19), deferred charges on the refunding of capital debt, and deferred capital lease resources.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 30, 2022, total deferred outflows were \$19.4 million, a decrease of \$3.2 million (14.0%) compared to 2021 primarily because of an improvement in pension investment earnings compared to projected earnings and a reduction from a change in assumptions in the pension calculation. On June 30, 2021, total deferred outflows were \$22.6 million, an increase of \$7.5 million (49.9%) compared to 2020 primarily attributed changes in assumptions and the projected to actual earnings used in pension calculations.

On June 30, 2022, total deferred inflows were \$26.2 million, an increase of \$13.6 million (107.7%) compared to 2021 primarily attributed to better investment performance compared to projected earnings in the pension plan as well as the adoption of the new GASB lease accounting standard. On June 30, 2021, total deferred inflows were \$12.6 million, an increase of \$0.8 million (6.5%) compared to 2020 primarily attributed to deferred savings from the refunding of bonds executed during the fiscal year, offset by a decrease in changes in the actuarial determined items related to the KPERS pension plan.



## Net Position

Net position is the residual of all other elements presented in the Statement of Net Position. Net position is divided into three categories:

1. **Net investment in capital assets** indicates KU's equity in property, plant, and equipment assets net of accumulated depreciation and outstanding principal balances of debt related to the acquisition, construction, or improvement of those assets.
2. **Restricted net position** is further divided into two subcategories, non-expendable, and expendable. The corpus of non-expendable restricted resources is available only for investment purposes. Expendable restricted net position is available for expenditure by KU but must be spent for purposes as determined by donors and/or external entities who have placed time or purpose restrictions on the use of the assets.
3. **Unrestricted net position** is available to KU for any lawful purpose of the institution.

On June 30, 2022, total net position was \$1.55 billion, an increase of \$63.5 million (4.3%) compared to 2021. On June 30, 2021, total net position was \$1.48 billion, an increase of \$69.2 million (4.9%) compared to 2020. The following breakout represents the composition of net position (in thousands) as of June 30:

	2022	2021	2020
Net investment in capital assets	\$ 922,334	\$ 940,965	\$ 972,771
Restricted for:			
Nonexpendable	46,496	46,267	42,137
Expendable:			
Scholarships, research, instruction and other	77,960	81,459	66,636
Loans	24,061	23,808	21,042
Capital projects	55,354	46,028	49,749
Debt service	6,286	7,809	7,631
Unrestricted	414,787	337,482	254,639
<b>Total net position</b>	<b>\$ 1,547,278</b>	<b>\$ 1,483,818</b>	<b>\$ 1,414,605</b>

On June 30, 2022, the \$77.3 million (22.9%) increase in unrestricted net position is associated with the positive financial results of KU Lawrence and KU Medical Center campuses. Restricted net position "expendable for capital projects" increased \$9.3 million (20.3%) primarily because of revenues and other resources that have been earmarked for construction activities that have not been spent yet. Net investment in capital assets net position decreased \$18.6 million (2.0%) because of the decrease in capital assets from depreciation exceeding capital purchases less the reduction of related bonds and long-term debt liabilities.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 30, 2021, the \$82.9 million (32.5%) increase in unrestricted net position is associated with the positive financial performance of KUCR and the University of Kansas Medical Center Research Institute, Inc. ("KUMCRI") related to the performance of the grant activity administered by both organizations. Restricted net position "expendable for scholarships, research, instruction and other" increased \$14.8 million (22.2%) primarily because of the improvement of the investments held for such purposes. Net investment in capital assets net position decreased \$31.8 million (3.3%) because of the decrease in capital assets from depreciation exceeding capital purchases less the reduction of related bonds and long-term debt liabilities.

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses, and Changes in Net Position presents the total revenues earned and expenses incurred by KU for operating, non-operating and other related activities during a period of time. Its purpose is to assess KU's operating results. Revenues and expenses are classified as either operating or non-operating in accordance with GASB principles for classification into these categories.

Certain reclassifications have been made to 2021 and 2020 financial statements to conform to the 2022 financial statement presentation.

### Condensed Consolidated Statement of Revenues, Expenses, and Change in Net Position For the fiscal years ended June 30, (Dollars in Thousands)

	2022	2021	2020
Operating revenues	\$ 1,062,655	\$ 967,152	\$ 982,151
Operating expenses	<u>(1,417,228)</u>	<u>(1,340,257)</u>	<u>(1,325,572)</u>
Total operating loss	<b>(354,573)</b>	(373,105)	(343,421)
Non-operating revenues	<b>408,418</b>	450,413	376,483
Non-operating expenses	<u>(26,678)</u>	<u>(28,434)</u>	<u>(29,446)</u>
Net non-operating revenues (expenses)	<b>381,740</b>	421,979	347,037
Income (loss) before other revenues, expenses, gains and losses	<b>27,167</b>	48,874	3,616
Other revenues, expenses, gains and losses	<b>36,284</b>	20,550	44,934
Increase (decrease) in net position	<b>63,451</b>	69,424	48,550
Net position, beginning of year	<b>1,483,818</b>	1,414,605	1,366,055
Restatement of net position - beginning of year <sup>(1)</sup>	<b>9</b>	(211)	-
Net position, end of year	<b><u>\$ 1,547,278</u></b>	<b><u>\$ 1,483,818</u></b>	<b><u>\$ 1,414,605</u></b>

<sup>1</sup> See New Accounting Standard Section

## Revenues

### Operating Revenues

Operating revenues represent amounts received for providing goods and services, and include tuition and fees, grants and contracts, sales and services, and auxiliary revenues. Scholarship allowances are calculated as the difference between the stated charges for goods and services provided by KU and the amounts paid by students and/or third parties making payments on behalf of students. Scholarship allowances reduce the corresponding operating revenue line item.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following breakout represents the composition of operating revenues (in thousands) for the years ended June 30:

	2022	2021	2020
Tuition and fees	\$ 323,822	\$ 320,020	\$ 340,863
Grants and contracts	345,232	325,760	298,648
Sales and services	175,548	161,521	152,070
Auxiliary enterprises	205,576	153,177	185,252
Other operating revenues	12,477	6,674	5,318
Total operating revenues	<u>\$ 1,062,655</u>	<u>\$ 967,152</u>	<u>\$ 982,151</u>

For the year ended June 30, 2022, operating revenues at KU increased \$95.5 million (9.9%) compared to 2021. The increase in operating revenues is primarily a result of:

- Auxiliary enterprises revenues increased \$52.4 million (34.2%) because of an increase of (1) \$34.8 million in Athletic revenues received from NCAA and conference distributions and ticket sales because sporting events were held again in 2022, and (2) \$12.9 million in housing revenues from an increase back to pre-COVID bed occupancy during the fiscal year.
- Grants and contracts increased \$19.5 million (6.0%) because of (1) \$10.3 million grant received from the State of Kansas for the KUMC Cancer Center Trust Fund that previously was recognized as a state appropriation, and (2) general increase in the number and amount of sponsored grants and clinical trials when compared to the prior year.
- Sales and service revenues increased \$14.0 million (8.7%) because KU began to return to pre-COVID levels of providing services to customers.

For the year ended June 30, 2021, operating revenues at KU decreased \$15.0 million (1.5%) compared to 2020. The decrease in operating revenues is primarily a result of:

- Tuition and fees decreased \$20.5 million (6.0%) because of a decline in the headcount and number of hours enrolled by students as a result of the pandemic.
- Auxiliary enterprises revenues decreased \$32.4 million (17.5%) because of (1) \$24.1 million reduction in Athletic revenues received from NCAA and conference distribution and ticket sales, and (2) \$9.0 million reduction in housing revenues from an approximate 25% decline in the number of beds occupied during the fiscal year and the issuance of housing refunds in connection with KU calendar change which extended winter break and reduced number of days the residence halls were open.
- Grants and contracts increased \$27.1 million (9.1%) because of increases in grant funding from COVID-19 related research, clinical trials, and general grant growth.

### *Non-operating Revenues*

Non-operating revenues are revenues for which goods and services are not provided. Non-operating revenues include state appropriations, revenue from certain grants and contracts, gifts, and net investment income. The following breakout represents the composition of non-operating revenues (in thousands) for the years ended June 30:

	2022	2021	2020
State appropriations	\$ 259,586	\$ 253,428	\$ 258,178
Local appropriations	15,234	14,058	12,311
Gifts	71,324	61,871	65,327
Investment income (loss)	(17,387)	43,540	6,835
Non-operating federal grants and contracts	72,298	67,889	30,063
Other non-operating revenues	7,363	9,627	3,769
Total non-operating revenues	<u>\$ 408,418</u>	<u>\$ 450,413</u>	<u>\$ 376,483</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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For the year ended June 30, 2022, non-operating revenues decreased \$42.0 million (9.3%) compared to 2021. This decrease in non-operating revenues is primarily a result of:

- Investment income decreased \$60.9 million (139.9%) principally because of unrealized losses experienced from a decline in the investment market conditions during the fiscal year.
- Gift income increased \$9.5 million (15.3%) principally because of funds provided by KU Endowment to cover KU's operating expenses.
- State appropriations increased \$6.2 million (2.4%) principally because the State of Kansas had increased the amount allocated to KU for operational funds during the current fiscal year.
- Non-operating federal grants and contracts increased \$4.4 million (6.5%) because KU received additional federal funding from the Higher Education Emergency Relief Fund (American Rescue Plan Act).

For the year ended June 30, 2021, non-operating revenues increased \$72.7 million (19.3%) compared to 2020. This increase in non-operating revenues is primarily a result of:

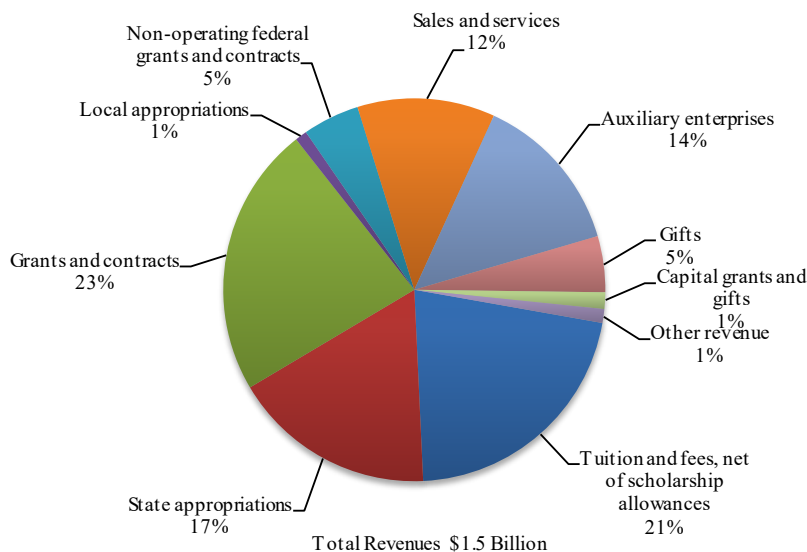
- Non-operating federal grants and contracts increased \$37.8 million (125.8%) because of KU receiving additional federal funding from the Higher Education Emergency Relief Fund (CARES Act and Coronavirus Response and Relief Supplemental Appropriations Act), the Coronavirus Relief Fund, and the Governor's Emergency Education Relief Fund.
- Investment income increased \$36.7 million (537.0%) principally because of unrealized gains experienced from an improvement in the investment market conditions during the fiscal year.

Other revenues, expenses, gains, and losses include capital appropriations, capital grants and gifts, and additions to permanent endowments. These revenues will vary year to year based upon funding received for capital projects and endowment contributions.

For the year ended June 30, 2022, capital grants and gifts increased \$14.7 million (229.9%) because KU initiated more construction on campus that was funded by KU Endowment. Additionally, Athletics received more contributions earmarked for construction during 2022 when compared to 2021.

For the year ended June 30, 2021, capital appropriations decreased \$18.0 million (56.0%) compared to 2020 because of (1) the State of Kansas refunding and assuming \$15.2 million of bonds in fiscal year 2020 which did not repeat during 2021, and (2) \$2.0 million decrease in general capital appropriations received from the State of Kansas for deferred maintenance.

The composition of these revenues, including operating and non-operating, for the year ended June 30, 2022 is displayed in the following graph:



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## Expenses

### Operating Expenses

Operating expenses are those incurred to acquire or produce goods and services to conduct the mission of KU. The following breakout represents the composition of operating expenses (in thousands) for the years ended June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Instruction	\$ 425,266	\$ 416,557	\$ 440,237
Research	334,750	286,135	289,137
Public service	50,903	55,347	50,144
Academic support	67,780	76,640	66,475
Student services	43,465	46,896	40,801
Institutional support	93,570	86,330	74,996
Operations and maintenance of plant	96,857	100,404	90,743
Depreciation	98,282	100,643	74,398
Scholarships and fellowships	43,624	28,088	26,139
Auxiliary enterprises	162,674	142,453	171,901
Other operating expenses	57	763	601
Total operating expenses	<u>\$ 1,417,228</u>	<u>\$ 1,340,256</u>	<u>\$ 1,325,572</u>

For the year ended June 30, 2022, operating expenses were \$1.4 billion, an increase of \$77.0 million (5.7%), compared to 2021. The increase in overall operating expenses is primarily a result of:

- Research expenses increased \$48.6 million (17.0%) primarily because of payroll and other expenses incurred by KUCR and KUMCRI to perform direct research, clinic services, and research service center related activities.
- Scholarships and fellowships expenses increased \$15.5 million (55.3%) principally from the additional Higher Education Emergency Relief funding KU received that was provided as direct support to the students.
- Auxiliary enterprises expenses increased \$20.2 million (14.2%) primarily because housing and Athletic services returned to pre-COVID levels.
- Academic support, student services, and operations and maintenance expenses decreased a total of \$15.8 million primarily associated with a decline of COVID-19 related expenses supported by federal funding that were incurred in 2021 that were not repeated in 2022.

For the year ended June 30, 2021, operating expenses were \$1.3 billion, an increase of \$11.2 million (0.8%) compared to 2020. The increase in overall operating expenses is primarily a result of:

- Academic support expenses increased \$10.5 million (15.8%) because of (1) \$8.2 million of COVID-19 related expenses to provide a remote learning opportunity for the student, and (2) \$2.5 million increase for an enhanced functionalization of expenses driven by the implementation of a new reporting system.
- Student services expenses increased \$6.1 million (14.9%) because of COVID-19 related expenses sustained from additional student related testing and tracing.
- Institutional support expenses increased \$11.4 million (15.2%) because of (1) \$1.0 million pertaining to the timing of certain expenses from fiscal year 2020 not paid until 2021, (2) \$12.3 million increase for an enhanced functionalization of expenses driven by the implementation of a new reporting system.
- Operations and maintenance expenses increased \$9.9 million (11.0%) because of COVID-19 related expenses for personal protective equipment, facility enhancements, and quarantine rentals.
- Depreciation expense increased \$23.6 million (31.7%) because of a one-time true up adjustment done in fiscal year 2020 on capital asset useful lives used at the KU Medical Center.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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- Auxiliary expenses decreased \$27.5 (16.0%) because of (1) \$17.3 million in reduction to Athletic expenses since team travel and operating expenses and management and general expenses declined resulting from the impact of COVID-19 on operations, (2) \$4.7 million reduction in housing expenses associated with the reduction in the number of students in the residence halls, and (3) \$5.6 million KU Union's expense reduction from the temporary closure of certain dining facilities on campus based on lower usage from fewer students on campus.

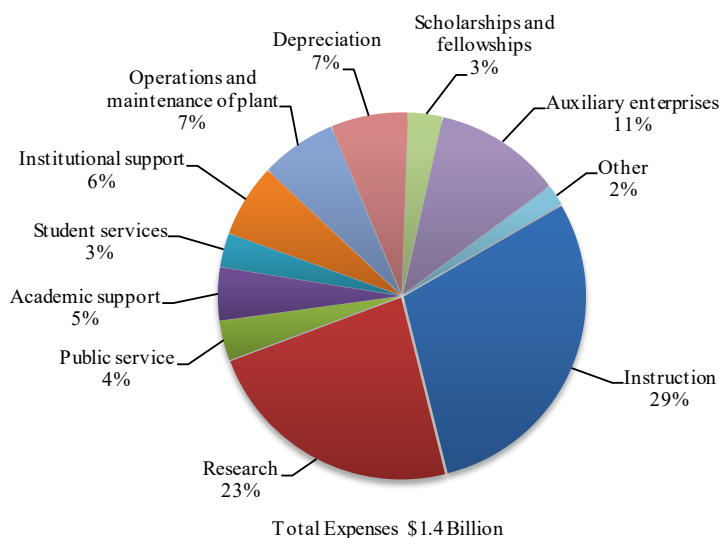
## *Non-operating Expenses*

Non-operating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and other expenses not directly attributable to the normal operations of KU.

For the year ended June 30, 2022, non-operating expenses, decreased \$1.8 million (6.2%) as a result of a \$4.1 million reduction in interest expense because a 2021 refunding that reduced the interest on two revenue bonds in conjunction with continued paydowns of existing debt, offset by a \$2.3 million asset disposal loss associated with the razing of a residence hall on the Lawrence campus.

For the year ended June 30, 2021, non-operating expenses decreased \$1.0 million (3.4%) because of the reduction of interest expense connected to the consistent paydown of long-term debt.

The composition of total expenses, including operating and non-operating, for the year ended June 30, 2022 is displayed in the following graph:



## STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides information about KU's financial results by reporting the major sources and uses of cash during the fiscal year. The statement assists in evaluating KU's ability to generate future net cash flows to meet its obligations as they become due and aids in analysis of the need for external financing. The statement is divided into four sections based on major activity: operating, non-capital financing, capital and related financing, and investing. A fifth section reconciles the operating income or loss on the Statement of Revenues, Expenses, and Changes in Net Position to the net cash used in operations.

### *Operating Activities*

Cash inflows from operating activities consist primarily of student tuition and fees, operating grants and contracts, sales and services, and auxiliary enterprises. Cash outflows from operating activities consist of payments to employees, payments to suppliers, and payments to students for scholarships and fellowships.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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## *Non-capital Financing Activities*

Cash inflows from non-capital financing activities consist primarily of state and local appropriations, private non-capital gifts used to fund operations, and federal Pell grants. Because KU acts as an intermediary for the U.S. Department of Education, direct student loans are shown at the gross amount received from the government and the gross amount paid to the student.

## *Capital and Related Financing Activities*

Cash flows from capital and related financing activities reflect the decisions made relative to KU's capital and financing plans. Cash inflows consist primarily of proceeds from the issuance of debt, capital appropriations received from the state, and private gifts used to fund capital purchases. Cash outflows consist primarily of payments made to purchase capital assets, and principal and interest payments on capital debt and leases.

## *Investing Activities*

Cash flows from investing activities include the effects of shifts between cash and cash equivalents and longer-term investments, and any interest earnings from those longer-term investments.

The following breakout represents the composition of changes in cash and cash equivalents (in thousands) for the years ended June 30:

### **Condensed Consolidated Statement of Cash Flows** **For the year Ended June 30,** (Dollars in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net cash provided by (used in):			
Operating activities	\$ (273,131)	\$ (264,905)	\$ (260,927)
Noncapital financing activities	420,490	402,067	362,522
Capital and related financing activities	(69,414)	(74,657)	(95,352)
Investing activities	<u>(35,805)</u>	<u>(35,474)</u>	<u>2,411</u>
Net increase (decrease) in cash and cash equivalents	42,140	27,031	8,654
Beginning cash and cash equivalents	290,420	263,389	254,735
Ending cash and cash equivalents	<u>\$ 332,560</u>	<u>\$ 290,420</u>	<u>\$ 263,389</u>

## EXTRAORDINARY ITEMS

KU did not have any special and/or extraordinary items in 2022, 2021, and 2020.

## NEW ACCOUNTING STANDARDS

KU implemented the Governmental Accounting Standards Board ("GASB") Statement No. 87, Leases ("GASB 87"), effective July 1, 2021. This standard established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. This adoption resulted in the following impacts:

<u>Financial statement line item</u>	<u>Increase</u>
Lease receivable asset	\$ 1,706,413
Right of use asset	1,116,702
Capital lease liability	1,131,941
Deferred inflow – capital lease	1,682,032
Net position	9,412

## MANAGEMENT'S DISCUSSION AND ANALYSIS

During 2021, KUCR and Athletics implemented the Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") No. 2016-2, *Leases (Topic 842)*. This adoption resulted in a \$46,300,878 increase in right of use assets, a \$46,511,704 increase in capital leases, and a \$210,826 decrease to net position as of July 1, 2020.

### ENDOWMENT EXPENSES PAID ON BEHALF OF THE UNIVERSITY

The Kansas University Endowment Association ("KU Endowment"), an independent, not-for-profit organization whose primary mission is to raise funds for KU, provides direct and indirect support to KU which is not entirely reflected in KU's Statement of Revenues, Expenses, and Changes in Net Position. Expense items paid on behalf of KU by KU Endowment include expenses such as scholarships and fellowships, salaries, construction, equipment, library acquisitions, works of art, and travel. Total University support provided by KU Endowment for Lawrence and Medical Center campuses equaled approximately \$152.2 million, \$132.1 million, and \$150.6 million for the years ended June 30, 2022, 2021, and 2020, respectively.

The following support items totaling \$56.0 million are reflected in KU's statements for 2022:

- **Capital Projects.** KU Endowment sponsored multiple capital projects throughout 2022 at a cost of \$7.0 million, an increase of \$5.0 million from 2021. Various other building upgrades and remodeling, as well as various equipment purchases benefited from KU Endowment's fundraising efforts. KU Endowment's reimbursement for capital projects is reflected as a capital gift to KU within other revenues, expenses, gains and losses.
- **Salaries and other operating expenses.** KU Endowment reimbursed KU approximately \$61.2 million, an increase of \$7.2 million from 2021, for various faculty and staff salaries, including KU's distinguished professors, and other operating expenses. The salary and other operating expenses are reflected in KU's statements in its appropriate function to represent a more accurate reflection of KU's operating expenses. KU Endowment's reimbursement is reflected as a gift to KU within non-operating revenues.

### CAPITAL ASSETS

KU's capital assets are comprised of non-depreciable and depreciable assets. The following breakout represents the composition of KU's non-depreciable and depreciable assets, net of accumulated depreciation (in thousands) as of June 30:

	2022	2021	2020
Non-depreciable capital assets			
Land and land improvements	\$ 34,104	\$ 34,104	\$ 34,104
Construction in progress	19,743	20,891	30,056
Software	5,164	5,164	5,164
Works of Art	25,537	24,375	24,204
Total non-depreciable capital assets	84,548	84,534	93,528
Capital assets, net of accumulated depreciation			
Buildings and leasehold improvements	1,321,385	1,371,246	1,421,361
Infrastructure	119,150	123,292	124,390
Equipment	56,142	60,858	66,028
Vehicles	12,964	8,069	7,670
Right of use leased assets	47,159	42,373	-
Total capital assets, net of accumulated depreciation	1,556,800	1,605,838	1,619,449
Total capital assets	\$ 1,641,348	\$ 1,690,372	\$ 1,712,977

KU made significant investments in capital during the 2022 fiscal year. Additional information regarding capital asset additions, retirements, and depreciation is available in Note 9 to the financial statements.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following is a brief summary of the construction project completed during the current fiscal year:

- Cambridge Garage located on the Medical Center Campus and built in the early 1980s was identified as needing infrastructure repairs. The repairs include significant concrete replacement in addition to improved lighting and replacement of rusted electrical conduit. The project was completed in early 2022 with a total cost of \$9.7 million. Funding was provided by parking funds.

KU also has several projects under construction or in design phases at the end of the fiscal year. These projects are for the renovation and maintenance of several buildings and infrastructure locations across the Lawrence and Medical Center campuses. Projects greater than \$1.0 million under construction at the end of the fiscal year include:

- A district chilled water (CHW) plant to serve multiple buildings in the north district of the Lawrence campus. The configuration of chiller equipment in the CHW will provide redundant capacity by appropriately sizing chiller installations to provide primary and back-up capacity for a significant portion of the peak load cooling for multiple buildings. The project will be done in stages with the installation of two chillers initially, followed by the second state to include another third chiller and associated cooling towers. The project will be suitable to convert Anschutz Library and Hoch Auditorium cooling to the central plant chilled water with the completion of the second stage. Finally, the CHW schematic plans includes direct buried piping for chilled water distribution to Marvin Hall, Marvin Studios, Lindley Hall, and Slawson/Ritchie Halls. Multiple building chillers will be manifolded together to develop the district chiller plant. The project is budgeted for \$6.0 million and will be funded by state capital appropriation and university resources. Construction is estimated to be completed in fiscal year 2023.
- KU identified a need to improve and update Templin Residence Hall. The project includes remodeling of the existing restroom, bathrooms and associated plumbing infrastructure; improvements and upgrades of the mechanical and electrical infrastructure systems; and improvements to interior walls, ceiling, and floor finishes. Additionally, the building's chilled water system will be connected to the Lewis Hall district chilled water plant. The project is budgeted for \$3.0 million and will be funded by university housing resources and private gifts. Construction is estimated to be completed in fiscal year 2023.
- KU began a project to replace existing asphalt pavement with concrete on Sunnyside Ave and Naismith Drive, beginning from the intersection with Sunflower Road on the east and extending west to Naismith Drive and north to 15th Street. The project will include replacement of existing curb and gutter, sidewalks, improved storm water management and replacement of aged utilities as needed within the limits of construction. Additional items will include the addition of street trees/landscaping, where and when feasible and compatible with the campus Landscape Master Plan. Street and pedestrian lighting will be upgraded to comply with current campus design standards, including the replacement of existing metal halide luminaires with LEDs. Existing crosswalk locations and configurations will be reviewed and improved as needed. The design will be awarded as a single project with the expectation that construction will be phased over multiple construction periods based on available funding. The project is budgeted for \$7.0 million and will be funded by state capital appropriation and university parking resources. Construction is estimated to be completed in fiscal year 2025.

## DEBT ADMINISTRATION

On June 30, 2022, KU and its affiliated corporation had \$607.5 million in revenue bond debt outstanding, and \$56.6 million in capital leases and notes payable. During fiscal year 2022, Athletics issued \$10 million on a line of credit, which was paid off prior to the end of the year.

On June 30, 2021, KU and its affiliated corporations had \$634.7 million in revenue bond debt outstanding, and \$60.5 million in capital leases and notes payable. In fiscal year 2021, KU issued \$103.7 million in new revenue bonds and \$3.6 million in new notes payable. The composition of the new debt was:

- \$103.7 million par value of three bond issuances to refund four existing bond issuances for KU and its component units. See Note 13 for additional information.
- \$2.5 million in other notes from KU Endowment for operating purposes for KU Unions.
- \$1.1 million in an operating line of credit for KU Memorial Union Corporation ("KU Union").

KU and its affiliated corporations paid \$79.9 million, \$76.5 million, and \$81.1 million in principal and interest payments related to all outstanding capital debt and capital leases in 2022, 2021, and 2020, respectively.

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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On April 6, 2021, Moody's Investor Service reaffirmed KU's overall rating of Aa2 with a stable outlook. On June 8, 2022, Standard and Poor's changed KU's rating to AA-, with a stable outlook from AA-, with a negative outlook. More detailed information about KU's revenue bonds is available in Notes 13 and 14 to the financial statements.

## ECONOMIC OUTLOOK

For the Fall 2022 semester, KU experienced a slight decrease in the headcount of students attending the university. The university was able to maintain an 85% retention rate of the first-time freshmen class from the prior year. KU enrollment decreased by 47 students (0.2%), bringing KU's total enrollment to 27,638 across all campuses. KU experienced an 8.2% increase in first-time freshmen in Fall 2022, making it the largest class since 2008 and the second largest class in KU history. For fiscal year 2023, tuition and campus fees were purposely held relatively flat to minimize the financial impact to KU families.

As a state supported higher education institution, KU's economic position is impacted by the State of Kansas. Fiscal year 2023, state appropriations are currently budgeted to be \$288.5 million, an increase of \$27.6 million more than fiscal year 2022. Of this increase, \$15.9 million relates to a block grant from the Kansas Board of Regents, \$6.7 million provided for IT infrastructure and cyber funding, and \$10.0 million provided for across the board pay raises, and offset by a reduction of \$6.8 million for one-time funding provided in fiscal year 2022.

KU Lawrence Campus has begun implementation of its next strategic plan, "Jayhawks Rising", to shape the future of KU. The Jayhawks Rising strategic plan is organized around three institutional priorities: Student Success; Healthy & Vibrant Communities; and Research & Discovery. Each priority comes with its specific objectives to which assessments can be made and evaluated. Some of the strategies for each of the three institutional priorities are:

### Student Success

- Initial development of a strategic enrollment management (SEM) plan that includes refinements to tuition pricing and other measures to increase enrollment and ensure alignment of our academic portfolio with market demands and unit enrollment goals
- Development of the Jayhawk Global online education brand and operation
- Improving advising process for undergraduates that will support student retention and completion
- Development of learning outcomes and degree maps for all undergraduate programs to enable evidence of student mastery and timely progress toward degree completion

### Healthy & Vibrant Communities

- An in-depth salary market study to determine areas for compensation leveling and enhancement of workplace satisfaction
- A comprehensive five-year financial plan for KU Lawrence that prioritizes revenue growth and efficiency
- Moving forward with recommendations from the ACE Internationalization Lab Study
- Development of DEIB related plans by Equity Advisors embedded in professional schools

### Research & Discovery

- Investing in research to stimulate growth and continue upward trajectory of research expenditures
- Launching Research Rising program
- Increasing diversity in scholars and projects
- Developing new organizational framework to promote innovation and entrepreneurship



# MANAGEMENT'S DISCUSSION AND ANALYSIS

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Aligning with the KU Lawrence Campus Jayhawks Rising Strategic plan, both the Lawrence Campus and Medical Center will embark on four strategic initiatives starting in fiscal year 2023 that will grow revenue and reduce expenses. Those initiatives are:

- Strategic Enrollment Management
- Continuous Improvement
- Conventions and Events
- All Funds Budgeting

The University of Kansas Cancer Center (“KUCC”) was designated as a Comprehensive Cancer Center by the National Cancer Institute (“NCI”) on July 7, 2022, which is the highest designation awarded by the NCI. This 5-year designation puts KUCC in the same class as the leading cancer centers in the United States. The designation has the potential to be a springboard for recruitment of top-tier faculty and additional philanthropy to support continued expansion of the cancer center. The Medical Center is actively working on plans to construct a new cancer research and clinical facility on the Kansas City campus to support its aggressive growth plans.

The Medical Center is also expecting to modestly grow its faculty and staff into fiscal year 2024 to support growing research enterprise as well as modest growth in academic degree programs and enrollment. Cash revenues have exceeded cash expenditures in recent fiscal years, which has provided financial support to make the investments needed to continue to grow the Medical Center’s core educational and research missions. There are three possible large capital projects currently being considered by the Medical Center:

- A new cancer research building in Kansas City
- A new brain health (Alzheimer’s and other dementia diseases) building in Kansas City
- A new health sciences campus in Wichita, in partnership with Wichita State University, to replace the Medical Center’s aging School of Medicine campus in Wichita.

Estimates of scope, size and cost of these new buildings are still being developed. The plans will be reviewed with the Kansas Board of Regents (“KBOR”) for capital planning and approval.

KU is not aware of any additional facts, decisions, or conditions which are expected to have significant effect on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on all types of business operations

*Financial  
Statements*

THE UNIVERSITY OF KANSAS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 288,436,941	\$ 249,035,287
Restricted cash and cash equivalents	42,960,302	40,281,856
Investments	155,660,811	140,451,181
Accounts receivable, net	148,296,750	123,096,916
Pledges receivable, net	25,208,560	27,244,374
Loans to students, net	2,946,086	3,895,682
Inventories	8,835,315	8,984,714
Other assets	2,965,762	3,050,001
Total current assets	<u>675,310,527</u>	<u>596,040,011</u>
Non-current assets:		
Restricted cash and cash equivalents	1,162,700	1,102,756
Accounts receivable, net	1,845,950	503,666
Pledges receivable, net	3,047,882	10,948,423
Investments	209,076,002	205,830,203
Loans to students, net	27,600,723	28,559,668
Capital assets, net	1,641,348,333	1,690,372,046
Total non-current assets	<u>1,884,081,590</u>	<u>1,937,316,762</u>
Total assets	<u>2,559,392,117</u>	<u>2,533,356,773</u>
<b><u>DEFERRED OUTFLOWS</u></b>		
Deferred OPEB expense	3,042,349	1,914,875
Asset retirement obligations	578,330	645,825
Deferred pension expense	15,783,279	19,999,947
Total deferred outflows	<u>19,403,958</u>	<u>22,560,647</u>

THE UNIVERSITY OF KANSAS  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2022 AND 2021

(CONTINUED)

	<u>2022</u>	<u>2021</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 92,924,304	\$ 79,319,683
Unearned revenue	53,337,774	55,822,916
Assets held in custody for others	9,148,815	10,735,653
Accrued compensated absences – current portion	40,082,848	33,446,363
Capital leases payable - current portion	5,664,559	8,152,866
Notes payable – current portion	2,047,162	4,042,157
Revenue bonds payable - current portion	29,071,409	27,200,000
Other liabilities	8,564,912	9,787,608
Total current liabilities	<u>240,841,783</u>	<u>228,507,246</u>
Non-current liabilities:		
Accrued compensated absences	12,497,085	21,878,793
Accrued other post-employment benefits	6,033,306	5,645,788
Accrued pension liability	52,932,100	75,138,849
Capital leases payable	46,688,966	45,326,678
Notes payable	2,161,747	3,011,566
Revenue bonds payable	578,393,591	607,465,000
Other long-term liabilities	65,731,287	72,491,382
Total non-current liabilities	<u>764,438,082</u>	<u>830,958,056</u>
Total liabilities	<u>1,005,279,865</u>	<u>1,059,465,302</u>
<b><u>DEFERRED INFLOWS</u></b>		
Unamortized gain on bond refunding	2,409,296	2,965,766
Deferred pension expense	22,158,098	9,511,637
Deferred OPEB expense	130,145	156,417
Deferred capital lease inflows	1,541,011	-
Total deferred inflows	<u>26,238,550</u>	<u>12,633,820</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	922,333,707	940,965,017
Restricted for:		
Nonexpendable	46,496,388	46,267,456
Expendable:		
Scholarships, research, instruction and other	77,959,568	81,458,834
Loans	24,061,256	23,808,431
Capital projects	55,354,080	46,028,005
Debt service	6,285,939	7,808,755
Unrestricted	414,786,722	337,481,800
Total net position	<u>\$ 1,547,277,660</u>	<u>\$ 1,483,818,298</u>

*See accompanying notes to financial statements.*

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022 AND 2021

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	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Cash and cash equivalents	\$ 7,276	\$ 7,796
Receivables:		
Receivables from investing activities	1,995	680
Other receivables	6,400	9,711
Student loans receivable, less allowance of \$901 and \$971 in 2022 and 2021, respectively	21,035	21,770
Contributions pledged, less allowance of \$1,592 and \$2,103 in 2022 and 2021, respectively	145,337	67,843
Real estate loans receivable	660	1,465
Total receivables	<u>175,427</u>	<u>101,469</u>
Investments:		
Securities	2,474,965	2,580,671
Trust held by others	49,132	55,761
Interest in other KU Endowment entities	3,214	3,437
Real estate	22,058	21,642
Total investments	<u>2,549,369</u>	<u>2,661,511</u>
Property and facilities:		
Land	16,864	16,812
Buildings	27,118	28,980
Equipment and furnishings	4,407	4,162
	<u>48,389</u>	<u>49,954</u>
Less accumulated depreciation	<u>(19,111)</u>	<u>(18,988)</u>
Net property and facilities	29,278	30,966
Deposits and other assets	4,919	5,109
Total assets	<u>\$ 2,766,269</u>	<u>\$ 2,806,851</u>

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS OF JUNE 30, 2022 AND 2021

(CONTINUED)

	<b>2022</b>	<b>2021</b>
	<i>(In Thousands)</i>	
<b>Liabilities and net assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 21,994	\$ 31,686
Payables from investment activities	1,333	350
Trust payable	261	218
Life income gifts payable	18,264	22,818
Agency funds	91,855	90,592
Total liabilities	<u>133,707</u>	<u>145,664</u>
Net assets:		
Without donor restrictions	270,623	305,603
With donor restrictions	2,361,939	2,355,584
Total net assets	<u>2,632,562</u>	<u>2,661,187</u>

Total liabilities and net assets	<u>\$ 2,766,269</u>	<u>\$ 2,806,851</u>
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*See accompanying notes*

THE UNIVERSITY OF KANSAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b><u>OPERATING REVENUES</u></b>		
Tuition and fees (net of scholarship allowances of \$26,767,723 in 2022 and \$28,155,328 in 2021)	\$ 323,821,470	\$ 320,019,921
Federal grants and contracts	232,890,339	203,269,007
State and local grants and contracts	47,244,907	48,634,859
Nongovernmental grants and contracts	65,096,791	73,855,959
Sales and services of educational departments	85,929,382	82,426,559
Sales and services of medical and administrative activities	89,618,664	79,094,783
Auxiliary enterprises:		
Housing	34,359,942	21,471,834
Athletics	111,413,413	76,657,607
Parking and transit	19,534,310	17,286,152
Student unions	29,796,669	27,966,182
University health services	7,930,671	7,925,923
Other auxiliary enterprises	2,540,992	1,869,652
Other operating revenues	12,477,185	6,673,538
Total operating revenues	<u>1,062,654,735</u>	<u>967,151,976</u>
<b><u>OPERATING EXPENSES</u></b>		
Instruction	425,266,109	416,557,473
Research	334,750,010	286,135,478
Public service	50,903,510	55,347,527
Academic support	67,780,575	76,639,656
Student services	43,464,595	46,895,540
Institutional support	93,570,170	86,330,227
Operations and maintenance of plant	96,856,766	100,404,051
Depreciation	98,281,589	100,643,356
Scholarships and fellowships	43,624,072	28,087,745
Auxiliary enterprises:		
Housing	15,889,236	12,672,195
Athletics	100,682,188	83,659,477
Parking and transit	8,821,726	8,511,228
Student unions	27,204,958	25,653,011
University health services	6,950,749	8,159,769
Other auxiliary enterprises	3,125,170	3,797,603
Other operating expenses	56,580	762,856
Total operating expenses	<u>1,417,228,003</u>	<u>1,340,257,192</u>
Total operating income (loss)	<u>(354,573,268)</u>	<u>(373,105,216)</u>

THE UNIVERSITY OF KANSAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(CONTINUED)

	<u>2022</u>	<u>2021</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
State appropriations	\$ 259,586,261	\$ 253,428,437
Local appropriations	15,234,002	14,058,578
Gifts	71,323,935	61,870,560
Investment income	(17,387,451)	43,540,353
Federal grants and contracts	72,298,326	67,888,748
Other non-operating revenues	7,362,659	9,627,061
Interest expense	(22,593,931)	(26,665,530)
Other non-operating expenses	(4,084,024)	(1,768,646)
Net non-operating revenues (expenses)	<u>381,739,777</u>	<u>421,979,561</u>
Income (loss) before other revenues, expenses, gains or losses	27,166,509	48,874,345
<b><u>OTHER REVENUES, EXPENSES, GAINS AND LOSSES</u></b>		
Capital appropriations	15,132,640	14,139,702
Capital grants and gifts	21,139,760	6,408,637
Additions to permanent endowments	11,311	1,504
Total other revenues, expenses, gains or losses	<u>36,283,711</u>	<u>20,549,843</u>
Increase (decrease) in net position	63,450,220	69,424,188
<b><u>NET POSITION</u></b>		
Net position - beginning of year	1,483,818,298	1,414,604,936
Restatement of net position - beginning of year	9,142	(210,826)
Net position - end of year	<u>\$ 1,547,277,660</u>	<u>\$ 1,483,818,298</u>

*See accompanying notes to financial statements.*



KANSAS UNIVERSITY ENDOWMENT ASSOCIATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Year Ended June 30, 2022			Summarized Financial Information for the Year Ended June 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total Current Year	
	<i>(In Thousands)</i>			
Revenues, gains (losses), and other support:				
Fundraising:				
Contributions and grants received and pledged	\$ 1,275	\$ 237,756	\$ 239,031	\$ 149,199
Bequests	1,093	21,139	22,232	22,432
Life income gifts	-	754	754	1,747
Change in value of life income gifts	(62)	6,434	6,372	1,879
Change in net interest in KU Endowment entities	-	(223)	(223)	(506)
Total fundraising	2,306	265,860	268,166	174,751
Income (loss) from asset holdings:				
Investment income	15,220	69,979	85,199	53,508
Realized and unrealized gain (loss) on investments and trusts held by others	(27,624)	(146,686)	(174,310)	553,207
Loan interest income	258	749	1,007	1,402
Agricultural and mineral income	1,427	1,330	2,757	2,383
Rental, gain on sale of assets, and other income	(182)	(199)	(381)	1,131
Total income (loss) from asset holdings	(10,901)	(74,827)	(85,728)	611,631
Other receipts	110	1,703	1,813	1,162
Net assets released from restrictions:				
Satisfaction of program restrictions	186,856	(186,856)	-	-
Total revenues, gains and other support	\$ 178,371	\$ 5,880	\$ 184,251	\$ 787,544

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(CONTINUED)

	Year Ended June 30, 2022			Summarized Financial Information for the Year Ended June 30, 2021
	Without Donor Restrictions	With Donor Restrictions	Total Current Year	
	<i>(In Thousands)</i>			
Expenses:				
University support:				
Student support	\$ 44,122	\$ -	\$ 44,122	\$ 40,984
Faculty support and contractual services	45,290	-	45,290	43,204
Construction, furnishings, equipment and supplies	61,680	-	61,680	47,634
Program and other educational support	45,080	-	45,080	52,036
Total University support	196,172	-	196,172	183,858
Supporting services:				
Administrative and fundraising support	21,460	-	21,460	22,285
Asset management expense	233	-	233	997
Depreciation	1,175	-	1,175	1,219
Total supporting services	22,868	-	22,868	24,501
Total expenses	219,040	-	219,040	208,359
Excess (deficit) of revenues over expenses	(40,669)	5,880	(34,789)	579,185
Net interfund transfers	(475)	475	-	-
Change in net assets before amortization of pension adjustments	(41,144)	6,355	(34,789)	579,185
Amortization of unrecognized actuarial adjustments	6,164	-	6,164	10,150
Change in net assets	(34,980)	6,355	(28,625)	589,335
Net assets at beginning of year	305,603	2,355,584	2,661,187	2,071,852
Net assets at end of year	\$ 270,623	\$ 2,361,939	\$ 2,632,562	\$ 2,661,187

See accompanying notes

THE UNIVERSITY OF KANSAS  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>		
Tuition and fees	\$ 322,332,281	\$ 322,298,754
Sales and services of educational activities	73,756,858	85,017,216
Sales and services of medical and administrative activities	89,618,664	63,981,038
Auxiliary enterprises:		
Housing	18,198,357	9,619,969
Athletics	6,327,236	4,886,443
Parking and transit	13,115,537	11,100,784
Student unions	3,035,529	(1,927,372)
University health services	1,052,667	(432,566)
Other auxiliary enterprises	(741,727)	(1,498,394)
Grants and contracts	347,752,702	315,751,307
Payments to suppliers	(229,772,870)	(233,430,583)
Payments to utilities	(24,540,748)	(21,254,818)
Compensation and benefits	(853,409,768)	(813,855,675)
Payments for scholarships and fellowships	(43,624,072)	(26,638,163)
Loans issued to students	(6,276,193)	(7,929,247)
Collection of loans to students	3,165,821	4,159,977
Other receipts (payments)	6,878,569	25,245,776
Net cash used in operating activities	<u>(273,131,157)</u>	<u>(264,905,554)</u>
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>		
State appropriations	259,586,261	253,428,437
Local appropriations	15,020,002	13,457,579
Gifts	36,642,514	61,872,063
Federal education loan receipts	135,946,578	139,743,734
Federal education loan disbursements	(135,809,923)	(140,135,875)
Non-operating grants and contracts	106,458,574	68,846,232
Other	2,646,315	4,854,925
Net cash provided by non-capital financing activities	<u>420,490,321</u>	<u>402,067,095</u>
<b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u></b>		
Proceeds from revenue bond defeasance	-	115,677,722
Proceeds from capital debt	10,000,000	-
Capital appropriations	12,490,811	9,278,961
Capital grants and gifts	23,848,787	17,631,966
Purchases of capital assets	(36,862,886)	(32,803,554)
Proceeds from sale of capital assets	653,224	3,959,840
Principal paid by revenue bond defeasance	-	(109,560,000)
Principal paid on capital debt and leases	(50,772,818)	(44,879,377)
Interest paid on capital debt and leases	(29,095,980)	(31,649,542)
Other	324,832	(2,313,249)
Net cash used in capital financing activities	<u>(69,414,030)</u>	<u>(74,657,233)</u>

THE UNIVERSITY OF KANSAS  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(CONTINUED)

	<u>2022</u>	<u>2021</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>		
Proceeds from sales and maturities of investments	76,233,565	85,055,136
Interest on investments	10,164,912	8,298,798
Purchase of investments	<u>(122,203,567)</u>	<u>(128,827,644)</u>
Net cash provided by (used in) investing activities	<u>(35,805,090)</u>	<u>(35,473,710)</u>
Net increase (decrease) in cash	42,140,044	27,030,598
Cash - beginning of the year	<u>290,419,899</u>	<u>263,389,301</u>
Cash - end of year	<u>\$ 332,559,943</u>	<u>\$ 290,419,899</u>

**RECONCILIATION OF NET OPERATING REVENUES (EXPENSES)  
TO NET CASH USED BY OPERATING ACTIVITIES:**

Operating loss	\$ (354,573,268)	\$ (373,105,216)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Non-cash expense	2,131,796	(98,802)
Depreciation expense	98,281,589	100,643,356
Changes in assets and liabilities:		
Accounts receivables, net	(22,985,892)	(11,440,788)
Pledges receivable, net	(1,094,667)	2,220,209
Loans to students, net	1,530,169	718,747
Inventories	149,399	(1,022,927)
Prepaid expenses and other assets	84,239	2,301,547
Accounts payable and accrued liabilities	14,035,243	7,418,651
Unearned revenue	(1,834,694)	6,024,300
Accrued compensated absences	(2,745,223)	2,646,790
Accrued other post-employment benefits	(766,228)	1,202,775
Accrued pension liability	<u>(5,343,620)</u>	<u>(2,414,196)</u>
Net cash provided used in operating activities:	<u>\$ (273,131,157)</u>	<u>\$ (264,905,554)</u>
Non-cash Investing, Capital and Financing Activities:		
Gifts-in-kind	\$ 31,550,303	\$ 6,408,637
Net change in unrealized gains and losses	(26,386,742)	24,063,352
Purchases of capital assets in accounts payable and accrued expenses	(118,637)	(1,498,674)

*See accompanying notes to financial statements*

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). These financial statements have not been audited.

**Organization.** The University of Kansas (“KU”) is a comprehensive institution providing undergraduate, graduate, and professional education in a variety of academic programs. KU is a Public Doctoral/Research University - Extensive and is accredited by the Higher Learning Commission. KU is governed by the Kansas Board of Regents and is an agency of the State of Kansas. As an agency of the State of Kansas, KU is included in the audited Annual Comprehensive Financial Report of the State of Kansas.

KU conducts education, research, public service, and related activities at: the main campus in Lawrence, Kansas, the Edwards Campus in Overland Park, Kansas, Leavenworth, Kansas, and the Medical Center campuses in Kansas City, Kansas, Salina, Kansas, and Wichita, Kansas.

For fall 2021, the Lawrence, Edwards and Leavenworth campuses had an undergraduate enrollment of 18,572 and a graduate/first professional enrollment of 5,386. The Medical Center had an undergraduate enrollment of 573 and a graduate/first professional (including medical residents, fellows, and trainees) enrollment of 3,154. Enrollment at all campuses was 27,685 students.

**Financial Reporting Entity.** As required by accounting principles generally accepted in the United States of America, these financial statements present the consolidated financial position and financial activities of all of KU’s campuses and the following blended component units for which KU is financially accountable: Kansas Athletics, Inc. (“Athletics”), the University of Kansas Center for Research, Inc. (“KUCR”), KU Campus Development Corporation (“KUCDC”), the University of Kansas Memorial Corporation (“KU Unions”), Jayhawk Community Partners (“JCP”), the University of Kansas Medical Center Research Institute Inc. (“KUMCRI”), the Student Union Corporation of the University of Kansas Medical Center, and Kansas University Health Partners, Inc.

The Kansas University Endowment Association (“KU Endowment”) is considered a component unit of KU according to the criteria in GASB Statement No. 61 and GASB Statement No. 80 and is discretely presented in KU’s financial statements. KU Endowment, an independent nonprofit organization, serves as the official fundraising and fund-management foundation for KU. KU Endowment partners with donors in providing philanthropic support to build a greater university. KU Endowment follows generally accepted accounting principles under the Financial Accounting Standards Board (FASB) and utilizes the full accrual basis of accounting. Additional details regarding KU Endowment are available in Note 23.

The financial activity and balances the Kansas University Alumni Association, the KU Medical School Alumni Association, Kansas University Physicians, Inc., the University of Kansas Hospital Authority, and other immaterial related affiliated organizations are not included in the financial statements of KU as they are legally separate entities but do not meet the requirements of GASB Statement No. 61 and GASB Statement No. 80 to be included.

In preparing the financial statements, all significant transactions and balances between campuses and blended component units have been eliminated to avoid overstatement of 1) revenues and expenses on the Statement of Revenues, Expenses, and Changes in Net Position, and 2) balances on the Statement of Net Position.

**Basis of Accounting.** For financial reporting purposes, KU is considered a special-purpose government entity engaged only in business-type activities. Accordingly, KU’s financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

**Use of Estimates.** In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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**Cash Equivalents.** For purposes of the Statement of Cash Flows, KU considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. At certain times, some of KU's component units maintain cash balances in excess of FDIC limits. KU has a letter of credit for \$35 million that expires in July 2022 to provide additional security for amounts over the FDIC limit. Management has also evaluated the financial stability of component unit financial institutions and feels the risk to the component units is minimal.

Restricted cash and cash equivalents pertain to amounts restricted for (1) funds held in custody for student organizations, (2) held at KU Endowment until donor restrictions have been met, (3) held for payment of principal and interest on KU's bonds, and (4) any unspent bond proceeds for which the bonds were issued.

**Investments.** KU accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* as amended by GASB 72, *Fair Value Measurement and Application*. Changes in unrealized gains (losses) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

**Fair Values.** Fair values of fixed maturities are based on quoted market prices in active markets when available. Fair values of fixed maturities that are not actively traded are estimated using valuation methods that vary by asset class. Fair values for all securities are reviewed for reasonableness by considering overall market conditions and values for similar securities. See Note 4 for more information on KU's fair value policies.

**Accounts Receivable.** Accounts receivable consists of (1) tuition and fees charged to students and auxiliary enterprise services provided to students, faculty, and staff; (2) amounts due from the Federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to KU's grants and contracts; and (3) present value of amounts due to KU for various leased spaces. Accounts receivables are recorded net of estimated uncollectible amounts.

**Inventories.** Inventories are carried at cost.

**Capital Assets.** Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment, KU's capitalization policy includes all items with a unit cost \$5,000 or more, and an estimated useful life greater than one year. Construction of or renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if the related project cost exceeds \$100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, 25 years for land improvements, 12 years for buses, 8 years for non-IT equipment, 5 years for other vehicles, and 3 to 5 years for IT equipment. Depreciation for buildings and infrastructure is computed using a componentized building and infrastructure depreciation study. The estimated useful lives used by the blended component units for equipment, building improvements and buildings, range from 3 to 50 years, which vary slightly from KU's policy. The financial impact of the variation is considered to be immaterial to the financial statements as a whole.

**Unearned Revenues.** Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include summer school tuition not earned during the current year and amounts received from grant and contract sponsors that have not yet been earned.

**Compensated Absences.** Employee unused vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as an expense in the Statement of Revenues, Expenses, and Changes in Net Position.

**Assets Held in Custody for Others.** Assets held in custody for others consist primarily of student organizations' money administered by KU, and assets loaned to KU for use in performing work on certain grants and contracts. In addition, KUCR bears administrative and fiduciary responsibilities over certain financial assets for the State of Kansas' Alternative Funding Program and Telework Program which is administered by a separate community-based organization (see Note 22).

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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**Non-current Liabilities.** Non-current liabilities include principal amounts and issuance premiums of notes and revenue bonds payable; capital lease obligations with contractual maturities greater than one year; estimated amounts for accrued compensated absences, accrued other postemployment benefits; accrued pension obligations that will not be paid within the next fiscal year; estimated asset retirement obligation; and estimated amounts to be repaid to the federal government related to the closing of the Federal Perkins Loan Revolving Fund program.

**Pensions.** In accordance with the provisions of GASB 68, *Accounting and Financial Reporting for Pensions*, KU has reported its proportional share of the entire Kansas Public Employees Retirement System (KPERs) pension liability. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of KPERs and additions to/deductions from KPERs' fiduciary net position have been determined on the same basis as they are reported by KPERs. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefit Plan.** In accordance with the provisions of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, KU has reported its proportional share of the entire KPERs other postemployment benefit (OPEB) liability. For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense have been determined on the same basis as they are reported by KPERs. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Deferred Inflows/Outflows.** In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, deferred outflows and deferred inflows result from the consumption or acquisition of net position in one period that is applicable to future periods. These items are reported separately from assets and liabilities.

**Net Position.** KU's net position is classified as follows:

*Net investment in capital assets:* This represents KU's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of "net investment in capital assets."

*Restricted net position – non-expendable:* Restricted non-expendable net position consists of endowed and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

*Restricted net position – expendable:* Restricted expendable net position includes resources for which KU is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of KU and may be used at the discretion of KU to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are self-supporting activities that provide services for students, faculty, and staff.

**Tax Status.** As a state institution of higher education, the income of KU is exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code; however, income generated from activities unrelated to KU's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

**Classification of Revenues.** KU has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as: 1) student tuition and fees, net of scholarship allowances, 2) sales and services of auxiliary enterprises, 3) most federal, state, and local grants and contracts, and 4) interest on institutional student loans.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

*Non-operating revenues:* Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

**Scholarship Allowances.** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the stated charge for goods and services provided by KU, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or non-governmental programs, are recorded as either operating or non-operating revenues in KU's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, KU has recorded a scholarship allowance.

**Contributions.** Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received.

**Reclassifications.** Certain reclassifications have been made to prior year statements and certain notes for comparative purposes, and do not constitute a restatement of prior periods.

### NOTE 2 – DEPOSITS

The carrying values of deposits and investments shown below are included in the Statement of Net Position as of June 30:

	<u>2022</u>	<u>2021</u>
Carrying value:		
Deposits	\$ 310,695,380	\$ 270,163,418
Investments	<b>386,601,376</b>	366,537,865
	<u><b>\$ 697,296,756</b></u>	<u>\$ 636,701,283</u>

The amounts above are included in the following line items of the Statement of Net Position:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 288,436,941	\$ 249,035,287
Restricted cash and cash equivalents	<b>42,960,302</b>	40,281,856
Investments	<b>155,660,811</b>	140,451,181
Restricted cash and cash equivalents (non-current)	<b>1,162,700</b>	1,102,756
Investments (non-current)	<b>209,076,002</b>	205,830,203
	<u><b>\$ 697,296,756</b></u>	<u>\$ 636,701,283</u>

KU carried the following deposits as of June 30:

<u>Deposit Type</u>	<u>2022</u>	<u>2021</u>
Cash deposits with State Treasury	\$ 241,616,030	\$ 191,256,795
Cash deposits with financial institutions	<b>68,879,350</b>	78,621,623
Certificates of deposit	<b>200,000</b>	285,000
	<u><b>\$ 310,695,380</b></u>	<u>\$ 270,163,418</u>



# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

The deposits reflected above were held by the following entities as of June 30:

	<u>2022</u>	<u>2021</u>
KU Lawrence and Edwards Campuses	\$ 166,037,975	\$ 132,081,251
Kansas Athletics, Inc.	13,798,485	12,211,425
KU Campus Development Corporation*	-	-
KU Center for Research, Inc.	27,914,487	37,198,498
KU Memorial Corporation*	(93,730)	211,842
Jayhawk Community Partners	16,067	-
KU Medical Center	101,468,333	82,173,734
KU Medical Center Research Institute	1,180,961	5,937,289
Student Union Corporation of KUMC	328,069	328,485
Kansas University Health Partners, Inc.	44,733	20,894
	<u>\$ 310,695,380</u>	<u>\$ 270,163,418</u>

\* - The KU Memorial Corporation and KU Campus Development Corporation utilize overnight repurchase agreements for its bank deposits to maximize investment return. On June 30, 2022 and 2021, the overnight repurchase agreement amounted to \$10,595,834 and \$11,399,360, respectively, and its carrying value is included in investments. The repurchase agreement balance is included in "cash and cash equivalents" on the Statement of Net Position at year-end.

State law requires KU (Lawrence Campus, Edwards Campus, Leavenworth, and the Medical Center campuses - in Kansas City, Salina, and Wichita) to deposit the majority of its cash balances with the State Treasurer, who holds and invests the funds. The exceptions to this law are any funds maintained in KU's imprest fund, organizational safekeeping, revenue bond project and reserve funds, and any funds held by external entities on behalf of KU.

Cash balances maintained by the State Treasurer are pooled and are held in a general checking account and other special purpose bank accounts. The available cash balances beyond immediate need are pooled for short-term investment purposes by the Pooled Money Investment Board (PMIB) and are reported at fair value, based on quoted market prices.

### NOTE 3 - INVESTMENTS

KU carried the following investments as of June 30:

<u>Investment Type</u>	<u>2022</u> <u>Fair Value</u>	<u>2021</u> <u>Fair Value</u>
US Treasury obligations	\$ 279,848	\$ 311,705
US Agency obligations	46,660	70,289
Corporate bonds	1,612,188	3,068,175
Foreign bonds	197,724	217,080
Collateralized mortgage obligations	104,745,482	94,752,366
Domestic stock	3,814,061	7,012,105
Foreign stock	194,184	316,599
Mutual funds	93,618,625	102,174,755
Limited liability companies	1,047,462	1,673,089
Repurchase agreements	10,595,834	11,399,360
Other	9,376,802	7,014,286
External investment pools		
KUEA Short-term Investment Program	79,759,011	57,522,549
KUEA Long-term Investment Program	81,313,495	81,005,507
	<u>\$ 386,601,376</u>	<u>\$ 366,537,865</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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The investments reflected above were held by the following entities as of June 30:

	<u>2022</u>	<u>2021</u>
KU Lawrence and Edwards Campuses	\$ 74,413,063	\$ 76,840,715
Kansas Athletics, Inc.	95,520,220	76,537,552
KU Campus Development Corporation	7,627,571	7,567,381
KU Center for Research, Inc.	91,351,946	96,024,910
KU Memorial Corporation	3,216,778	4,122,281
Jayhawk Community Partners	10	-
KU Medical Center	6,962,095	6,711,369
KU Medical Center Research Institute	107,509,693	98,733,657
	<u>\$ 386,601,376</u>	<u>\$ 366,537,865</u>

### INVESTMENT POLICY

State statutes govern KU's investment policies. For investments related to KU's Kansas Development Finance Authority (KDFA) revenue bonds, state statutes authorize cash balances to be invested as permitted by bond documents and bond covenants. Allowable investments include:

- U.S. Government obligations
- Obligations of government-sponsored agencies
- Federal funds, unsecured certificates of deposit, time deposits, and banker's acceptances
- Deposits – fully insured by FDIC
- Certain State or municipal debt obligations
- Certain pre-refunded municipal obligations
- Commercial paper
- Investments in money market funds
- Repurchase agreements
- Stripped securities
- Investments in the Municipal Investment Pool Fund
- Investment agreements
- Guaranteed investment contracts

State statutes also govern the investment policies of the PMIB. The primary objectives are to attain safety, liquidity, and yield. Allowable investments for State pooled moneys are as follows:

- Direct obligations of, or obligations except mortgage back securities, which are insured as to principal and interest by the U.S. Government, or any direct agency thereof, with maturities up to four years
- Repurchase agreements with Kansas banks or with primary government securities dealers
- Loans as mandated by the Kansas Legislature limited to not more than the greater of 10 percent or \$140 million of total investments
- Certain Kansas agency and IMPACT Act projects and bonds (K.S.A 74-8920)
- Linked deposit loans for agricultural production not to exceed \$60 million
- Linked deposit loans for Kansas Housing Loan Deposit Program, Designated and Undesignated not to exceed \$60 million
- Loans to Local Taxing Districts (K.S.A. 79-2005) not to exceed \$50 million
- High grade commercial paper
- High grade corporate bonds

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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The Investment Committee of the KU Endowment Board of Trustees oversees investments in the KU Endowment's investment programs. The Finance Committee develops guidelines and procedures for investment programs, in accordance with the policies established by the Executive Committee.

KU Endowment has investment policies that attempt to provide a predictable stream of funding to programs supported by operations, as well as endowment donations. Assets are invested in a manner intended to produce results that match or exceed the respective benchmark while also seeking to control investment risk. The primary long-term financial objective of the portfolio managed by KU Endowment is to preserve the real value (purchasing power) of the principal (the gift value) and of its spending distributions, while providing a stable source of funding for participants. Since the KU Endowment Long-term Investment Program's 1988 inception, KU Endowment has met its objective though actual returns in any given year may vary from this amount.

The KU Endowment Short-term Investment Program is designed for short-term, highly liquid investing needs. KU Endowment invests excess cash balances in individual fund accounts by pooling them into a short-term investment program to produce a net investment yield. The total investment yield, less distributions of earnings to certain accounts, is retained by KU Endowment and is allocated to the unrestricted net asset classification to defray administrative costs.

The KU Endowment Long-term Investment Program is designed for investing endowed funds and other types of funds with similar long-term objectives. These funds are collectively invested in a diversified long-term portfolio that is professionally managed by firms chosen by KU Endowment for their expertise in specialized portfolio management. Funds participating in the long-term investment portfolio receive regular distributions that are available for immediate spending in accordance with KU Endowment's established spending policy. Except as specified by the donor, KU Endowment has adopted a constant growth spending policy. The target spending rate is 5.5% of the market value of participating funds, less a 0.9% administrative fee charged by KU Endowment. To avoid potential under-distributions or unsustainable over-distributions in any given year, the policy is subject to a 4.5% "floor" and a 6.5% "cap" of the trailing four quarter average market value. Every month, participating funds receive a distribution. The spending amount is recalculated annually based on values ending September 30<sup>th</sup> of the year preceding each spending year and is effective for one year beginning February 1 and ending the following January 31. In establishing this policy, KU Endowment considered the long-term expected return on its endowment. Accordingly, over the long term, KU Endowment expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with KU Endowment's objective to maintain the purchasing power of its endowment assets held in perpetuity, as well as to provide additional growth for new gifts.

The Executive Committee, as well as the Finance and Audit Committee of KUCR, oversees KUCR investments. In accordance with KUCR investment policy, eligible investments include money market funds, FDIC insured bank accounts, U.S. Treasury obligations (Bills, Notes, Bonds), U.S. Government Agency obligations, corporate obligations, mutual funds, exchange traded funds, domestic and international stocks, and fully collateralized repurchase agreements. Asset allocation targets are reviewed semi-annually by the Finance and Audit Committee.

Athletics and KU Union's investments are held through KU Endowment, and therefore follow KU Endowment's investment policy.

The Board of Directors of KUMCRI oversee KUMCRI's investment policy. Per KUMCRI investment policy, investments are actively managed in collaboration with investment industry professionals with direct ownership of the financial investments held by the KUMCRI or within a mutual fund. Financial advisors are selected by the Board of Directors. Approved financial advisors make regular presentations to the Board, and overall performance is reviewed at each Board of Directors meeting. KUMCRI investment policy also sets investment quality standards for specific investments (i.e. U.S. Treasury and Agency Obligations; including Callable, Non-Callable, Step-Ups, Mortgage-Backed Securities and Collateralized Mortgage Obligations; also, Certificates of Deposit, Secured Municipal Bonds, Corporate Debt Securities; rated A- or better by two rating agencies, and Money Market Funds).

### INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. KU does not have a formal investment policy that leverages investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. KU anticipates holding fixed income securities until maturity, thus limiting KU's interest rate risk exposure.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

For revenue bond investments managed by K DFA, because of the tax-exempt status of the bonds, it is generally the practice of K DFA and KU management to match reserve fund interest rates to the arbitrage yield on the bonds, and the term of the investments to the maturity of the bonds. For invested loan funds, K DFA generally invests to maximize the interest rate and sets a term of investment based on estimated expenditures, which is generally 3 to 5 years.

KU had the following investments and maturities as of June 30, 2022:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Investments with Maturity Date:					
US Treasury obligations	\$ 279,848	\$ 93,579	\$ 119,649	\$ 7,083	\$ 59,537
US Agency obligations	46,660	-	-	-	46,660
Corporate bonds	1,612,188	416,886	1,156,943	-	38,359
Foreign bonds	197,724	-	197,724	-	-
Collateralized mortgage obligations	104,745,482	138,418	822,482	5,740,141	98,044,441
Repurchase agreements	10,595,834	10,595,834	-	-	-
Other	2,268,102	2,018,913	249,189	-	-
External investment pools					
KUEA Short-term Investment Program	79,759,011	79,759,011	-	-	-
	<u>199,504,849</u>	<u>93,022,641</u>	<u>2,545,987</u>	<u>5,747,224</u>	<u>98,188,997</u>
Investments not subject to maturity dates:					
Domestic stock	3,814,061				
Foreign Stock	194,184				
Mutual funds	93,618,625				
Limited liability companies	1,047,462				
Other	7,108,700				
External investment pools					
KUEA Long-term Investment Program*	81,313,495				
	<u>187,096,527</u>				
	<u>\$ 386,601,376</u>				

\* KU Endowment's Long-term investment program is invested in approximately 80% equities and other investments which do not have a maturity date.

KU had the following investments and maturities as of June 30, 2021:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Investments with Maturity Date:					
US Treasury obligations	\$ 311,705	\$ 43,867	\$ 181,319	\$ 12,042	\$ 74,477
US Agency obligations	70,289	-	-	-	70,289
Corporate bonds	3,068,175	1,024,691	1,993,960	-	49,524
Foreign bonds	217,080	-	217,080	-	-
Collateralized mortgage obligations	94,752,366	26,016	2,352,225	4,558,754	87,815,371
Repurchase agreements	11,399,360	11,399,360	-	-	-
Other	3,961,985	2,910,704	1,051,281	-	-
External investment pools					
KUEA Short-term Investment Program	57,522,549	57,522,549	-	-	-
	<u>171,303,509</u>	<u>72,927,187</u>	<u>5,795,865</u>	<u>4,570,796</u>	<u>88,009,661</u>
Investments not subject to maturity dates:					
Domestic stock	7,012,105				
Foreign Stock	316,599				
Mutual funds	102,174,755				
Limited liability companies	1,673,089				
Other	3,052,301				
External investment pools					
KUEA Long-term Investment Program*	81,005,507				
	<u>195,234,356</u>				
	<u>\$ 366,537,865</u>				

\* KU Endowment's Long-term investment program is invested in approximately 80% equities and other investments which do not have a maturity date.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

### CREDIT RISK

Credit risk is the risk that an issuer or other counter party to an investment will not fulfill its obligations. KU holds investments that may have credit risk since the underlying securities may include securities other than those that take the form of U.S. Treasuries or obligations explicitly guaranteed by the U.S. government. Certain investments have an underlying collateral agreement.

As of June 30, 2022, KU held the following investments as rated by Standard and Poor's and/or Moody's:

<u>S&amp;P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Fair Value</u>	<u>% of Total</u>
AAA	Aaa	\$ 303,143	0.1%
AA+/AA/AA-	Aa1/Aa2/Aa3	486,546	0.1%
A+/A/A-	A1/A2/A3	2,426,985	0.6%
BBB+/BBB/BBB-	Baa1/Baa2/Baa3	768,656	0.2%
BB+/BB/BB-	Ba1/Ba2/Ba3	23,000	0.0%
B+/B/B-	B1/B2/B3	2,009,878	0.5%
C+/C/C-	Caa	70,686	0.1%
Not Rated		380,512,482	98.4%
		<u>\$ 386,601,376</u>	<u>100.0%</u>

As of June 30, 2021, KU held the following investments as rated by Standard and Poor's and/or Moody's:

<u>S&amp;P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Fair Value</u>	<u>% of Total</u>
AAA	Aaa	\$ 441,772	0.1%
AA+/AA/AA-	Aa1/Aa2/Aa3	1,131,132	0.3%
A+/A/A-	A1/A2/A3	4,697,770	1.2%
BBB+/BBB/BBB-	Baa1/Baa2/Baa3	991,527	0.3%
BB+/BB/BB-	Ba1/Ba2/Ba3	92,556	0.0%
B+/B/B-	B1/B2/B3	3,197,962	0.9%
C+/C/C-	Caa	173,003	0.1%
Not Rated		355,812,143	97.1%
		<u>\$ 366,537,865</u>	<u>100.0%</u>

The investments in the "Not Rated" category include investments in KU Endowment's Short-term and Long-term Investment Programs (external investment pools are not required to be rated), mutual funds, guaranteed investment contracts and repurchase agreements.

### CUSTODIAL CREDIT RISK

The custodial credit risk for investments is the risk that, in the event of the failure of the counter party, KU will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. KU's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in KU's name.

The investment policies of KU and its component units do not formally address custodial credit risk. Nonetheless, KU's custodial credit risk is estimated to be minimal because of several factors. First, investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence are not evidenced by securities that exist in physical or book entry form. As noted above, the majority of KU's investments are invested within KU Endowment's Short-term and Long-term Investment Programs. Second, management has evaluated the stability of the financial institutions through which other investments are made. The financial institutions are members of the Depository Trust Company (DTC), the world's largest depository and a member of the Federal Reserve System. DTC holds and provides asset servicing for securities deposited with the DTC-by-DTC participants. DTC facilitates settlement of transactions through electronic book-

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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entry transfers and pledges between the DTC participants' accounts. This eliminates the need for physical movement of securities certificates. Additionally, the financial institutions hold the assets in custody or trust so that they would not be available to the institution's creditors because they are excluded from the assets of the custodian.

The KUMCRI has made investments directly in limited partnerships, which would have some custodial risk. The balance of these investments as of June 30, 2022 and 2021 was \$1,047,462 and \$1,673,089, respectively.

### 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 that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. Management has evaluated the stability of the financial institutions involved, the concentration of credit risk, and has determined the credit risk is minimal.

Of KU's total investments of \$386,601,376 and \$366,537,865 as of June 30, 2022 and 2021, respectively, KU Endowment administers \$161,072,506 and \$138,528,056, respectively.

KU investments also include \$18,742,610 and \$22,058,475 of investments administered by Frost Wealth Advisors as of June 30, 2022 and 2021, respectively, and \$5,629,297 and \$6,958,149 of investments administered by U.S. Trust Bank of America Private Wealth Management as of June 30, 2022 and 2021, respectively. These investments consist of three accounts: 1) the Gertrude S. Pearson Trust, 2) the Elizabeth M. Watkins Trust for Watkins and Miller Scholarship Halls, and 3) the Elizabeth M. Watkins Trust for Watkins Hospital.

The Gertrude S. Pearson Trust had a reported market value of \$18,742,610 and \$22,058,475 on June 30, 2022 and 2021, respectively.

The Elizabeth M. Watkins Trust for Watkins and Miller Scholarship Halls had a reported market value of \$3,591,803 and \$4,459,827 on June 30, 2022 and 2021, respectively.

The Elizabeth M. Watkins Trust for Watkins Hospital had a reported market value of \$2,037,494 and \$2,498,322 on June 30, 2022 and 2021, respectively.

KU did not have any other investments which exceeded 5 percent of the investment portfolio on June 30, 2022 and 2021.

The remaining investments as of June 30, 2022 and 2021 of \$201,156,963 and \$198,993,185, respectively, are invested in a combination of short-term and long-term investments, primarily U.S. Agency obligations, corporate obligations, and collateralized mortgage obligations which no individual issuer exceeded 5 percent of the total investment portfolio.

### NOTE 4 – FAIR VALUE

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. As not all financial instruments are actively traded, various valuation methods may be used to estimate fair value. These methods rely on observable market data and where observable market data is not available, the best information available. Significant judgment may be required to interpret the data and select the assumptions used in the valuation estimates, particularly when observable market data is not available.

In the discussion that follows, KU has ranked financial instruments by the level of judgment used in the determination of the fair values presented above. The levels are defined as follows:

*Level 1* – Input included quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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*Level 2* – Inputs include significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

*Level 3* – Inputs include significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, a financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. KU's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the financial instrument. From time to time there may be movements between levels as inputs become more or less observable, which may depend on several factors including the activity of the market for the specific security, the activity of the market for similar securities, the level of risk spreads and the source from which KU obtains the information. Transfers in or out of any level are measured as of the end of the period.

The following methods and assumptions were used in estimating the fair value of KU's financial instruments:

### *Fixed maturities:*

Level 1 fixed maturities consist of U.S. Treasury issues that are actively traded, allowing KU to use current market prices as an estimate of their fair value.

Level 2 fixed maturities consist of United States Government agencies, corporate bonds, commercial paper, and other investments, such as bank notes and certificates of deposits. When quoted prices of identical assets in active markets are not available, KU's first priority is to obtain prices from the trustee or third-party pricing vendors. KU has regular interaction with the trustees to understand their pricing methodologies and to confirm they are utilizing observable market information. The methodologies may vary by asset class and include inputs such as estimated cash flows, benchmark yields, reported trades, credit quality, industry events and economic events.

### *Equity securities and mutual funds*

Level 1 equity securities consist of various exchange traded equity securities which market prices are used as an estimate for fair value.

### *Repurchase agreements*

Level 1 repurchase agreements consist of cash and cash equivalents which are swept into an overnight investment account investing in a Goldman Sachs Financial Square Prime Obligation Fund or Morgan Stanley Institutional Government Portfolio Fund, which are a money market funds.

### *Other investments*

Level 1 other investments consist of cash and cash equivalents that are held in short-term money market funds for which market prices are used as an estimate for fair value.

Level 2 other investments consists of commercial paper, bank notes and certificates of deposits.

Level 3 other investments consists of mineral and natural resource investments for which fair value is based on the income recognized over a given period of time.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

As of June 30, 2022, KU had the following investments by fair value hierarchy levels:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>Fixed Maturity Securities:</b>				
US treasury obligations	\$ 279,848	\$ 279,848	\$ -	\$ -
US agency obligations	46,660	-	46,660	-
Corporate bonds	1,612,188	-	1,612,188	-
Foreign bonds	197,724	-	197,724	-
Collateralized mortgage obligations	104,745,482	-	104,745,482	-
Total fixed maturity securities	<u>106,881,902</u>	<u>279,848</u>	<u>106,602,054</u>	<u>-</u>
<b>Equity Securities:</b>				
Consumer discretionary	715,775	715,775	-	-
Energy	165,415	165,415	-	-
Financials	614,578	614,578	-	-
Healthcare	625,156	625,156	-	-
Industrials	434,719	434,719	-	-
Information technology	1,263,135	1,263,135	-	-
Materials	86,580	86,580	-	-
Telecommunications services	88,400	88,400	-	-
Utilities	14,487	14,487	-	-
Total equity securities	<u>4,008,245</u>	<u>4,008,245</u>	<u>-</u>	<u>-</u>
Repurchase agreements	10,595,834	10,595,834	-	-
Mutual funds	93,618,625	93,618,625	-	-
Other	9,376,802	3,234,397	1,796,749	4,345,656
<b>External investment pools:</b>				
KUEA Short-term Investment Program	79,759,011	-	79,759,011	-
KUEA Long-term Investment Program	81,313,495	-	81,313,495	-
Total investments by fair value level	<u>\$ 385,553,914</u>	<u>\$ 111,736,949</u>	<u>\$ 269,471,309</u>	<u>\$ 4,345,656</u>
<b>Investments with no determinable fair value:</b>				
Limited liability company	\$ 1,047,462			



# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

As of June 30, 2021, KU had the following investments by fair value hierarchy levels:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Maturity Securities:				
US treasury obligations	\$ 311,705	\$ 311,705	\$ -	\$ -
US agency obligations	70,289	-	70,289	-
Corporate bonds	3,068,175	-	3,068,175	-
Foreign bonds	217,080	-	217,080	-
Collateralized mortgage obligations	94,752,366	-	94,752,366	-
Total fixed maturity securities	98,419,615	311,705	98,107,910	-
Equity Securities:				
Consumer discretionary	1,568,908	1,568,908	-	-
Energy	117,190	117,190	-	-
Financials	1,315,110	1,315,110	-	-
Healthcare	817,088	817,088	-	-
Industrials	836,435	836,435	-	-
Information technology	2,261,337	2,261,337	-	-
Materials	188,628	188,628	-	-
Telecommunications services	224,008	224,008	-	-
Total equity securities	7,328,704	7,328,704	-	-
Repurchase agreements	11,399,360	11,399,360	-	-
Mutual funds	102,174,755	102,174,755	-	-
Other	7,014,286	3,109,702	2,308,202	1,596,382
External investment pools:				
KUEA Short-term Investment Program	57,522,549	-	57,522,549	-
KUEA Long-term Investment Program	81,005,507	-	81,005,507	-
Total investments by fair value level	<u>\$ 364,864,776</u>	<u>\$ 124,324,226</u>	<u>\$ 238,944,168</u>	<u>\$ 1,596,382</u>
Investments with no determinable fair value:				
Limited liability company	\$ 1,673,089			

Investments include interest in limited partnerships that have no readily determinable fair value, and thus are recorded using the cost method of accounting and evaluated and adjusted for impairment on an annual basis. Certain investments may convert to having a readily determinable fair value, such as after an initial public offering. No impairment losses were recognized during the years ended June 30, 2022 and 2021. As of June 30, 2022 and 2021, limited partnership investments totaled \$1,047,462 and \$1,673,089, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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### NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivables, net of estimated uncollectible amounts, consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Tuition and Fees	\$ 33,941,729	\$ 27,983,617
Auxiliary	19,836,730	11,519,190
Grants and Contracts	58,036,896	60,602,952
Leases	1,592,444	-
Other	42,844,698	31,822,438
	<u>156,252,497</u>	<u>131,928,197</u>
Less:		
Allowance for uncollectible amounts	<u>(6,109,797)</u>	<u>(8,327,615)</u>
	<u>\$ 150,142,700</u>	<u>\$ 123,600,582</u>

Accounts receivables are recorded on the accompanying statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
Accounts receivable - current	\$ 148,296,750	\$ 123,096,916
Accounts receivable - non-current	1,845,950	503,666
	<u>\$ 150,142,700</u>	<u>\$ 123,600,582</u>

### NOTE 6 – PLEDGES RECEIVABLE

Pledges receivables, net of discounts and uncollectible amounts, consist of the following unconditional promises to give as of June 30:

	<u>2022</u>	<u>2021</u>
Due in less than one year	\$ 26,708,531	\$ 28,617,883
Due in one to five years	3,052,761	10,893,806
Due in greater than five years	100,000	150,000
	<u>29,861,292</u>	<u>39,661,689</u>
Less		
Unamortized discount	104,879	95,383
Allowance for uncollectible amounts	1,499,971	1,373,509
	<u>\$ 28,256,442</u>	<u>\$ 38,192,797</u>

Pledges receivables are recorded on the accompanying statements of financial position as follows:

	<u>2022</u>	<u>2021</u>
Pledges receivable - current	\$ 25,208,560	\$ 27,244,374
Pledges receivable - non-current	3,047,882	10,948,423
	<u>\$ 28,256,442</u>	<u>\$ 38,192,797</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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### NOTE 7 – INVENTORIES

Inventories consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Bookstore	\$ 1,765,052	\$ 2,030,141
Food service	196,049	164,009
Physical plant	2,796,481	3,244,023
Professional and scientific supplies	740,900	234,206
Other	<u>3,336,833</u>	<u>3,312,335</u>
	<u>\$ 8,835,315</u>	<u>\$ 8,984,714</u>

### NOTE 8 – LOANS TO STUDENTS

Student loan receivable, net of estimated uncollectible amounts, consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Federal Perkins Loan Program	\$ 9,133,946	\$ 11,129,371
Kansas Medical Scholarships	17,547,078	17,518,622
Other	<u>5,322,049</u>	<u>5,557,885</u>
	<u>32,003,073</u>	<u>34,205,878</u>
Less:		
Allowance for uncollectible amounts	<u>(1,456,264)</u>	<u>(1,750,528)</u>
	<u>\$ 30,546,809</u>	<u>\$ 32,455,350</u>

Student loans made through the Federal Perkins Loan Program provide for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. As KU determines that Perkins loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off or assigned to the U.S. Department of Education.

The Kansas Medical Scholarships provide for a portion of the balances to be forgiven upon performance of certain requirements by the student subsequent to graduation.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

### NOTE 9 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Restatement	Additions	Retirements	Ending Balance
<u>Non-depreciable capital assets</u>					
Land	\$ 33,937,936	\$ -	\$ -	\$ -	\$ 33,937,936
Land improvements	165,607	-	-	-	165,607
Construction in progress	20,891,139	-	19,017,417	(20,165,923)	19,742,633
Software	5,163,758	-	-	-	5,163,758
Works of Art	24,375,414	-	1,181,564	(20,000)	25,536,978
Total non-depreciable capital assets	<u>84,533,854</u>	<u>-</u>	<u>20,198,981</u>	<u>(20,185,923)</u>	<u>84,546,912</u>
<u>Depreciable capital assets</u>					
Buildings	2,393,868,537	-	26,134,859	(7,758,749)	2,412,244,647
Leasehold Improvements	5,526,879	-	168,059	-	5,694,938
Infrastructure	196,618,262	-	2,236,504	-	198,854,766
Equipment	332,166,123	-	14,141,562	(10,695,635)	335,612,050
Vehicles	32,385,396	-	1,425,013	(782,100)	33,028,309
Leased buildings	49,541,145	904,767	465,505	(1,573,961)	49,337,456
Leased equipment	1,670,917	601,468	6,941,904	(1,025,679)	8,188,610
Leased vehicles	431,795	20,963	46,420	(301,597)	197,581
Total depreciable capital assets	<u>3,012,209,054</u>	<u>1,527,198</u>	<u>51,559,826</u>	<u>(22,137,721)</u>	<u>3,043,158,357</u>
Total capital asset cost	<u>3,096,742,908</u>	<u>1,527,198</u>	<u>71,758,807</u>	<u>(42,323,644)</u>	<u>3,127,705,269</u>
<u>Accumulated depreciation</u>					
Buildings	1,027,039,747	-	73,166,557	(5,056,041)	1,095,150,263
Leasehold Improvements	1,109,025	-	295,059	-	1,404,084
Infrastructure	73,326,480	-	6,377,853	-	79,704,333
Equipment	271,308,127	-	18,163,609	(10,002,154)	279,469,582
Vehicles	24,316,848	-	(3,506,012)	(746,579)	20,064,257
Leased buildings	7,685,458	105,888	1,839,030	(1,573,961)	8,056,415
Leased equipment	1,213,004	292,380	1,876,641	(1,025,679)	2,356,346
Leased vehicles	372,173	12,228	68,852	(301,597)	151,656
Total accumulated depreciation	<u>1,406,370,862</u>	<u>410,496</u>	<u>98,281,589</u>	<u>(18,706,011)</u>	<u>1,486,356,936</u>
Capital assets, net	<u>\$ 1,690,372,046</u>	<u>\$ 1,116,702</u>	<u>\$ (26,522,782)</u>	<u>\$ (23,617,633)</u>	<u>\$ 1,641,348,333</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Restatement	Additions	Retirements	Ending Balance
<u>Non-depreciable capital assets</u>					
Land	\$ 33,937,936	\$ -	\$ -	\$ -	\$ 33,937,936
Land improvements	165,607	-	-	-	165,607
Construction in progress	30,056,167	-	20,370,884	(29,535,912)	20,891,139
Software	5,163,758	-	-	-	5,163,758
Works of Art	24,203,807	-	171,607	-	24,375,414
Total non-depreciable capital assets	93,527,275	-	20,542,491	(29,535,912)	84,533,854
<u>Depreciable capital assets</u>					
Buildings	2,371,842,330	-	22,323,854	(297,647)	2,393,868,537
Leasehold Improvements	5,495,157	-	31,722	-	5,526,879
Infrastructure	191,363,211	-	5,255,051	-	196,618,262
Equipment	330,787,917	-	12,947,618	(11,569,412)	332,166,123
Vehicles	31,176,249	-	1,866,625	(657,478)	32,385,396
Leased buildings	-	50,738,609	45,552	(1,243,016)	49,541,145
Leased equipment	-	1,615,366	55,551	-	1,670,917
Leased vehicles	-	431,795	-	-	431,795
Total depreciable capital assets	2,930,664,864	52,785,770	42,525,973	(13,767,553)	3,012,209,054
Total capital asset cost	3,024,192,139	52,785,770	63,068,464	(43,303,465)	3,096,742,908
<u>Accumulated depreciation</u>					
Buildings	955,152,266	-	72,113,002	(225,521)	1,027,039,747
Leasehold Improvements	823,956	-	285,069	-	1,109,025
Infrastructure	66,973,182	-	6,353,298	-	73,326,480
Equipment	264,759,825	-	17,788,946	(11,240,644)	271,308,127
Vehicles	23,505,823	-	1,436,136	(625,111)	24,316,848
Leased buildings	-	6,722,157	2,206,317	(1,243,016)	7,685,458
Leased equipment	-	860,377	352,627	-	1,213,004
Leased vehicles	-	264,212	107,961	-	372,173
Total accumulated depreciation	1,311,215,052	7,846,746	100,643,356	(13,334,292)	1,406,370,862
Capital assets, net	\$ 1,712,977,087	\$ 44,939,024	\$ (37,574,892)	\$ (29,969,173)	\$ 1,690,372,046

KU elected not to capitalize its library book collections. These collections adhere to KU's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep encumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

Costs incurred during construction of long-lived assets are recorded as construction in progress and are not depreciated until placed in service.

### NOTE 10 – ASSET RETIREMENT OBLIGATION

KU measures its asset retirement obligations (AROs) based on the best estimates of the current value of costs associated with future retirement activities that are legally required when retiring certain assets. KU measures its estimate based on recent historical cost for similar retirement activities, cost estimates provided by vendors, and other inputs based on a review of similar transactions internally and at other institutions.

KU does not have any legally required funding and assurance provisions associated with the identified AROs.

## NOTES TO THE FINANCIAL STATEMENTS

### For the Years Ended June 30, 2022 and 2021

The following summary provides a general description of the major AROs reported on June 30, 2022 as well as reference to the legal requirements that generated the ARO and the average remaining useful life of the associated tangible capital asset:

Description	Legal Requirements	Average Remaining Useful Life (in years)	ARO Measured
Decontamination of biosafety cabinets	Biosafety practices & guidelines	7.33	\$ 234,000
Decontamination of fume hoods	Biosafety practices & guidelines	4.96	1,420,500
Disposal and fill-in of storage tanks	EPA & KDHE UST Regulations	1.18	275,000
Disposal of x-ray & radiation devices	EPA RoHS rules	1.42	53,000
Total asset retirement obligation			\$ 1,982,500

The following summary provides a general description of the major AROs reported on June 30, 2021 as well as reference to the legal requirements that generated the ARO and the average remaining useful life of the associated tangible capital asset:

Description	Legal Requirements	Average Remaining Useful Life (in years)	ARO Measured
Decontamination of biosafety cabinets	Biosafety practices & guidelines	9.38	\$ 234,000
Decontamination of fume hoods	Biosafety practices & guidelines	6.18	1,420,500
Disposal and fill-in of storage tanks	EPA & KDHE UST Regulations	1.36	275,000
Disposal of x-ray & radiation devices	EPA RoHS rules	1.44	53,000
Total asset retirement obligation			\$ 1,982,500

Deferred outflows of resources related to AROs on June 30, 2022 and 2021 totaled \$578,330 and \$645,825, respectively. The expected future expense recognition associated with deferred outflows of resources related to AROs over the next five years and thereafter is as follows:

Year Ending June 30:	Total
2023	\$ 67,945
2024	64,645
2025	56,170
2026	55,395
2027	54,895
Thereafter	279,280
	\$ 578,330

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

### NOTE 11 - CHANGES IN NON-CURRENT LIABILITIES

Non-current liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 55,325,156	\$ 26,992,266	\$ (29,737,489)	\$ 52,579,933	\$ 40,082,848
Accrued other post-employment benefits	5,645,788	1,099,256	(711,738)	6,033,306	-
Accrued pension liability	75,138,849	-	(22,206,749)	52,932,100	-
Capital leases payable	53,479,544	8,938,615	(10,064,634)	52,353,525	5,664,559
Notes payable	7,053,723	752,008	(3,596,822)	4,208,909	2,047,162
Revenue bonds payable	634,665,000	-	(27,200,000)	607,465,000	29,071,409
Other long-term liabilities	82,278,990	230,114	(8,212,905)	74,296,199	8,564,912
Total	<u>\$ 913,587,050</u>	<u>\$ 38,012,259</u>	<u>\$ (101,730,337)</u>	<u>\$ 849,868,972</u>	<u>\$ 85,430,890</u>

Non-current liability activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 52,678,366	\$ 29,277,359	\$ (26,630,569)	\$ 55,325,156	\$ 33,446,363
Accrued other post-employment benefits	5,417,590	1,026,906	(798,708)	5,645,788	-
Accrued pension liability	66,854,072	12,870,917	(4,586,140)	75,138,849	-
Capital leases payable	15,018,213	47,564,713	(9,103,382)	53,479,544	8,152,866
Notes payable	15,199,647	3,600,000	(11,745,924)	7,053,723	4,042,157
Revenue bonds payable	667,165,000	103,705,000	(136,205,000)	634,665,000	27,200,000
Other long-term liabilities	85,134,146	9,072,930	(11,928,086)	82,278,990	9,787,608
Total	<u>\$ 907,467,034</u>	<u>\$ 207,117,825</u>	<u>\$ (200,997,809)</u>	<u>\$ 913,587,050</u>	<u>\$ 82,628,994</u>

### NOTE 12 – FEDERAL OBLIGATIONS UNDER STUDENT LOAN PROGRAMS

Campus based student loans are funded by allocations received from the federal government, as well as principal and interest collected from previous student loan recipients. The Federal Perkins Revolving Loan Fund program expired on September 30, 2017; thereby no new student loans will be issued from this program. On June 30, 2022 and 2021, KU established a liability of \$10,021,459 and \$12,264,333, respective, which will be required to be repaid over successive periods as payments are received from previous student loan recipients. This liability is included in other current and other non-current other liabilities in the Statement of Net Position.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

### NOTE 13 - REVENUE BONDS OUTSTANDING

Revenue bonds payable consist of the following:

Issuance	Issue Date	Original Debt	Interest Rate (%)	Final Maturity Date	Principal Outstanding June 30, 2022	Principal Outstanding June 30, 2021
<b>KU Lawrence and Edwards Campuses</b>						
2021D - Refunding revenue bonds	4/30/21	\$ 63,795,000	2.00-5.00	5/1/38	\$ 61,175,000	\$ 63,795,000
2020B - Refunding revenue bonds	3/3/20	33,250,000	2.00-5.00	5/1/30	22,875,000	28,530,000
2020A - Sales tax refunding: University of Kansas Edwards Campus Building No. 4	1/14/20	8,440,000	2.02	9/1/25	5,335,000	6,900,000
2017A - EEEEC, Corbin Hall, Refunding 2006B and 2007E Series	1/18/17	47,085,000	3.00-5.00	5/1/42	35,215,000	36,625,000
2014C - McCollum Residence Hall replacement and refunding portion of the 2005E-1Series	6/19/14	55,310,000	3.50-5.00	5/1/39	42,190,000	44,120,000
<b>KU Medical Center</b>						
2020W - University of Kansas Medical Clinical Research Center Project	12/29/20	8,410,000	1.38	9/1/30	7,620,000	8,410,000
2020B - Refunding revenue bonds	3/3/20	43,275,000	2.00-5.00	5/1/35	35,060,000	39,215,000
2017A - Health Education Building	1/18/17	20,425,000	3.00-5.00	5/1/42	17,835,000	18,405,000
2016C - University of Kansas Medical Center Parking Garage 5	3/3/16	45,330,000	2.00-4.00	5/1/41	38,575,000	40,020,000
2014C - Refunding portion of the 2005E-2 Series Medical Center Parking Garage 3	6/19/14	1,345,000	5.00	5/1/24	385,000	565,000
<b>Kansas Athletics, Inc.</b>						
Series 2020 - Kansas Athletics Refund 2014F Series	10/27/20	31,500,000	3.50	10/27/45	31,500,000	31,500,000
<b>KU Center for Research, Inc.</b>						
Series 2014E - University of Kansas Center for Research, Inc. Project: Advance refund a portion of 2006G Series	6/19/14	10,580,000	2.00-3.00	2/1/25	5,915,000	6,805,000
<b>KU Campus Development Corporation</b>						
Series 2016 - Central District Development Project	1/7/16	326,945,000	4.00-5.00	3/1/46	303,785,000	309,775,000
					<u>\$ 607,465,000</u>	<u>\$ 634,665,000</u>

### NOTE 14 - REVENUE BONDS MATURITY SCHEDULE

Maturities of principal and interest requirements on general obligation revenue bonds payable are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 26,220,000	\$ 25,196,575	\$ 51,416,575
2024	27,165,000	23,933,975	51,098,975
2025	28,655,000	22,625,626	51,280,626
2026	24,950,000	21,305,576	46,255,576
2027	24,795,000	20,137,875	44,932,875
2028-2032	117,885,000	84,013,698	201,898,698
2033-2037	122,290,000	60,078,293	182,368,293
2038-2042	114,935,000	34,437,375	149,372,375
2043-2046	76,115,000	9,746,250	85,861,250
	<u>\$ 563,010,000</u>	<u>\$ 301,475,243</u>	<u>\$ 864,485,243</u>



# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

Maturities of principal and interest requirements on direct placement revenue bonds payable are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 2,851,409	\$ 1,293,876	\$ 4,145,285
2024	3,366,655	1,250,263	4,616,918
2025	3,444,371	1,181,801	4,626,172
2026	2,273,243	1,116,268	3,389,511
2027	1,873,311	1,066,274	2,939,585
2028-2032	9,217,465	4,606,461	13,823,926
2033-2037	6,794,661	3,463,639	10,258,300
2038-2042	9,873,408	2,220,325	12,093,733
2043-2046	4,760,477	741,472	5,501,949
	\$ 44,455,000	\$ 16,940,379	\$ 61,395,379

During the years ended June 30, 2021, KU refunded four series in conjunction with three new bond issuances.

In April 2021, the Kansas Development Finance Authority (KDFA) issued for KU \$63,795,000 in revenues bonds, Series 2021D, with interest ranging from 2.0% to 5.0%, which refunded all the outstanding Series 2011C and Series 2013G-1. The refunding reduced the future debt service payments over the next 18 years and obtained an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$16,700,000.

In December 2020, the KDFA issued for KU \$8,410,000 in direct placement revenues bonds, Series 2020W, with an interest rate of 1.38%, which refunded all the outstanding Series 2010P-2 bonds. The refunding reduced the future debt service payments over the next 10 years and obtained an economic gain (difference between the present value of debt service payments on the old and new debt) of approximately \$800,000.

In October 2020, Athletics issued \$31,500,000 in direct placement revenues bonds with an interest rate of 3.50%, which refunded all of the outstanding Series 2014F bonds. The refunding allowed Athletics to take advantage of the favorable interest rate environment, as well as reduce the annual debt service requirements needed.

As of June 30, 2022 and 2021, KU had no outstanding amount of defeased issuances held in irrevocable trusts.

### NOTE 15 - LEASE OBLIGATIONS

#### LESSEE ARRANGEMENTS

KU leases building office space, equipment, and vehicles from external parties for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2045. Some of the leases provide for renewal periods ranging from one year to five years. In accordance with GASB 87, KU records right-of-use assets and lease liabilities based on the present value of the expected payments over the lease term, including any reasonably certain exercised renewal periods, of the respective leases. The expected payments are discounted using the explicit or implicit interest rate charged on the lease, if available, or are otherwise discounted using an estimated incremental borrowing rate. KU used guidance from the State Department of Administration and the Kansas Development Finance Authority in determining the interest rate by which expected payments should be discounted when it is not stated in the lease agreement. KU does not have any leases featuring payments tied to an index or market rate, nor does KU have any lease subject to a residual value guarantee. See Note 9 for information on leased assets and associated accumulated amortization.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

Future commitments for leases having an initial term in excess of one year as of June 30, 2022 are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 5,664,559	\$ 1,678,384	\$ 7,342,943
2024	4,667,560	1,642,838	6,310,398
2025	4,277,061	1,329,664	5,606,725
2026	3,400,617	1,381,287	4,781,904
2027	1,628,376	1,047,989	2,676,365
2028-2032	8,610,963	4,496,356	13,107,319
2033-2037	9,797,552	3,115,516	12,913,068
2038-2042	9,821,167	1,563,198	11,384,365
2043-2045	4,485,670	161,628	4,647,298
	\$ 52,353,525	\$ 16,416,860	\$ 68,770,385

Lease payables consist of the following:

	Lease Payable at June 30, 2022
Agreements between KU and third-party vendors for real estate space with fixed and implicit interest rates ranging from 0.85% to 3.75%. The agreements expire in various fiscal years from 2023 to 2045.	\$ 42,242,687
Agreements between KU and third-party vendors for equipment with fixed and implicit interest rates ranging from 0.00% to 4.37%. The agreements expire in various fiscal years from 2023 to 2036.	10,064,904
Agreements between KU and third-party vendors for vehicles with fixed and implicit interest rates ranging from 0.35% to 2.93%. The agreements expire in various fiscal years from 2023 to 2025.	45,934
Total	\$ 52,353,525

### LESSOR ARRANGEMENTS

KU leases building space to external parties for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2032. In accordance with GASB 87, KU records lease receivables and deferred inflows of resources based on the present value of the expected receipts over the lease term of the respective leases. The expected receipts are discounted using the explicit or implicit interest rate charged on the lease, if available, or are otherwise discounted using an estimated incremental borrowing rate. KU used guidance from the State Department of Administration and the Kansas Development Finance Authority in determining the interest rate by which expected payments should be discounted when it is not stated in the lease agreement. KU does not have any lease receivables featuring payments tied to an index or market rate, nor does KU have any lease subject to a residual value guarantee. During the year ended June 30, 2022, KU recognized revenues related to these lease agreements in sales and services of educational activities, totaling \$202,013.

Future minimum lease payment to be received under lessor agreements as of June 30, 2022 are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 196,566	\$ 16,651	\$ 213,217
2024	188,610	14,670	203,280
2025	188,587	12,705	201,292
2026	176,993	10,715	187,708
2027	178,109	8,700	186,809
2028-2032	663,579	14,525	678,104
	\$ 1,592,444	\$ 77,966	\$ 1,670,410

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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### NOTE 16 – NOTES PAYABLE

KU Unions had a line of credit with a bank in the amount of \$2,500,000. As of June 30, 2022 and 2021, the outstanding balance on the line of credit was \$0 and \$2,100,000, respectively. The line of credit carried a variable interest rate, which was 4.75% and 3.25% as of June 30, 2022 and 2021. The line of credit was secured by accounts receivable, inventory and equipment. The line of credit expires in September 2022.

In January 2021, KU Unions entered into a note agreement with KU Endowment in the amount of \$2,500,000. As of June 30, 2022 and 2021, the outstanding balance on the note was \$2,200,000 and \$2,500,000, respectively. The note carries a fixed interest rate of 4.25% and matures in February 2026.

Athletics has a \$20,000,000 revolving bank line of credit which expires in May 2024 related to athletic facilities construction and renovation. As of June 30, 2022 and 2021, there was \$0 borrowed against the line. The line is secured by contributions receivable and cash held at KU Endowment associated with the project. During 2022, the line was amended to accrue interest on outstanding balances payable monthly at the secured overnight financing rate (SOFR) plus 1.29%, which was 2.34% as of June 30, 2022. As of June 30, 2021, interest on outstanding balances was payable monthly at LIBOR plus 1.13%, which as 2.30%.

During the year ended June 30, 2018, KUCR entered into a note agreement with KU Endowment for \$7,124,684. As of June 30, 2022 and 2021, the outstanding balance on the note was \$1,256,900 and \$2,453,723, respectively. The note carries a fixed interest rate of 3.0% and matures in June 2023.

During the year ended June 30, 2022, the University of Kansas Medical Center (“KUMC”) entered into five notes payable related to the purchase of capital assets. The notes bear interest ranging from 1.41% to 2.59% and have varying maturity dates with the final maturity happening in fiscal year 2026. As of June 30, 2022, the outstanding balance of the notes payable was \$752,009.

Future maturities of the notes payable are as follows:

Year Ending June 30:	Total
2023	\$ 2,047,162
2024	803,685
2025	720,829
2026	637,233
	\$ 4,208,909

### NOTE 17– PENSION PLAN

#### GENERAL INFORMATION ABOUT THE PENSION PLAN

*Plan description.* KU participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS’ financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737. The amounts presented below include the KPERS State of Kansas and KPERS police and fire participants located at the Lawrence, Edwards, and Medical Center campuses.

*Benefits provided.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Kansas Legislature. Member employees with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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an employee’s combined age and years of credited service equal 85 “points” (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees chose one of seven payment options for their monthly retirement benefits. At retirement, a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee’s lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members, and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Contributions.* K.S.A. 74-4919 and K.S.A. 74-4920 establish the KPERS member-employee contributions rates. KPERS has three benefit structures and contribution rates depend on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2, KPERS 3, and KP&F be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) and the statutory contribution rates for the year ended June 30, 2021 are as follows:

	<b>Actuarial employer rate</b>	<b>Statutory employer capped rate</b>
<b>State employees</b>	9.22 %	14.23 %
<b>Police and fire fighters</b>	22.80	22.80

Contributions to the pension plan from KU were \$6,249,208 and \$6,623,137 for the years ended June 30, 2022 and 2021, respectively.

### PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

On June 30, 2022 and 2021, KU reported a liability of \$52,932,100 and \$75,138,849, respectively, for its proportionate share of the net pension liability. The net pension liability as of June 30, 2022 was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30 2021. The net pension liability as of June 30, 2021 was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30 2020. KU’s proportion of the net pension liability was based on the ratio of KU’s actual contributions to KPERS, relative to the total employer and nonemployer contributions of the State/School

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

and Police and Fire subgroups within KPERS for the fiscal year ended June 30, 2021. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments.

At the June 30, 2021 measurement date, KU's proportion made to the State/School subgroup was 0.80%, which was a decrease of 0.06% from its proportion measured as of June 30, 2020. At the June 30, 2020 measurement date, KU's proportion made to the State/School subgroup was 0.86%, which was a decrease of 0.04% from its proportion measured as of June 30, 2019.

At the June 30, 2021 measurement date, KU's proportion made to the Police and Fire subgroup was 0.82%, which was a decrease of 0.08% from its proportion measured as of June 30, 2020. At the June 30, 2020 measurement date, KU's proportion made to the Police and Fire subgroup was 0.90%, which was an increase of 0.06% from its proportion measured as of June 30, 2019.

For the years ended June 30, 2022 and 2021, KU recognized pension expense of \$(672,629) and \$3,874,848, respectively. On June 30, 2022 and 2021, KU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2022</u>		<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,288,160	\$ 210,337	\$ 1,215,821	\$ 704,170
Net difference between projected and actual earnings on pension plan investments	-	13,180,058	6,752,179	-
Change in proportion	757,807	8,767,703	1,370,777	8,807,467
Change of assumptions	7,488,158	-	4,038,033	-
Contributions subsequent to measurement date	6,249,154	-	6,623,137	-
	<u>\$ 15,783,279</u>	<u>\$ 22,158,098</u>	<u>\$ 19,999,947</u>	<u>\$ 9,511,637</u>

KU reported \$6,249,154 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ended June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	<u>Total</u>
2023	\$ (3,567,717)
2024	(2,758,513)
2025	(2,291,655)
2026	(4,095,454)
2027	89,366
	<u>\$ (12,623,973)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

<b>Actual Cost Method</b>	Entry age normal
<b>Price Inflation</b>	2.75%
<b>Salary Increase</b>	3.50% to 12.00%, including price inflation
<b>Investment Rate of Return</b>	7.25% compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP-2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equities	23.5%	5.20%
Non-U.S. Equities	23.5	6.40
Private Equity	8.0	9.50
Private Real Estate	11.0	4.45
Yield Driven	8.0	4.70
Real Return	11.0	3.25
Fixed Income	11.0	1.55
Short-term investments	4.0	0.25
Total	<u>100.0%</u>	

Discount rate. The discount rate used to measure the total pension liability at the measurement date of June 30, 2021 was 7.25%. The discount rate used to measure total pension liability at the prior measure date of June 30, 2020 was 7.50%. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

Based on State/School employer contribution history, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been in the past few years. Using this assumption, actuarial modeling indicated that employer contribution rates for the State/School group are sufficient to avoid depletion date.

The Kansas Police and Firemen group is contributing at the full actuarial contribution rate.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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*Sensitivity of KU's proportionate share of the net pension liability to changes in the discount rate.* The following presents KU's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what KU's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	\$ 78,021,732	\$ 52,932,100	\$ 31,853,661

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

### NOTE 18 - RETIREMENT PLANS

Unclassified employees participate in the "Board of Regents 403(b) Retirement Program". This defined contribution program is funded through contributions by KU and the individual employees at rates established by state statute. KU contributed \$30,919,938 and \$31,464,077 during fiscal years 2022 and 2021, respectively.

Employees of Kansas Athletics, Inc. and the University of Kansas Memorial Corporation participate in defined contribution programs similar to the "Board of Regents 403(b) Retirement Program". The Corporations contributed \$1,711,140 and \$1,582,683 to their individual plans during fiscal years 2022 and 2021, respectively.

### NOTE 19 – OTHER POSTEMPLOYMENT HEALTHCARE BENEFITS (OPEB)

#### GENERAL INFORMATION ABOUT THE OPEB PLAN

*Plan Description.* KU participates in an agent multiple employer defined benefit other post-employment benefit (OPEB) plan which is administered by KPERS. The Plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

*Benefits provided.* Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

*Long-term disability benefit.* Monthly benefit is 60% of the member's monthly compensation, with a minimum of \$100 and maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of living increase.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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*Group life waiver of premium benefit.* Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for 5 or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance plan.

*Members covered by benefit terms.* On June 30, 2022, the following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	77
Active employees	847
	924

### OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

KU's total OPEB liability of \$6,033,306 was measured as of June 30, 2021 and was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. KU's total OPEB liability of \$5,645,788 was measured as of June 30, 2020 and was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

*Actuarial assumptions and other inputs.* The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

<b>Price Inflation</b>	2.75%
<b>Payroll Growth</b>	3.00%
<b>Salary Increase</b>	3.50% to 11.50%, including price inflation
<b>Discount Rate</b>	2.16%
<b>Health care cost trend rates</b>	Not applicable for the coverage in this plan
<b>Retiree share of benefit cost</b>	Not applicable for the coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2020.

The actuarial assumptions used in the June 30, 2021 valuation were based on actuarial experience study for the period July 1, 2016 through June 30, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the January 7, 2020 KPERs pension valuation.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

The following table presents the changes in KU's total OPEB liability for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Balance at beginning of year	\$ 5,645,788	\$ 5,417,590
Changes for the year:		
Service cost	217,553	207,929
Interest	117,910	183,036
Differences between expected and actual experience	1,099,624	327,682
Effect of assumption changes or inputs	14,323	308,259
Benefit payments	<u>(1,061,892)</u>	<u>(798,708)</u>
Net changes	<u>387,518</u>	<u>228,198</u>
Balance at end of year	<u>\$ 6,033,306</u>	<u>\$ 5,645,788</u>

*Changes of assumptions.* Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate decreased from 2.21% on June 30, 2020 to 2.16% on June 30, 2021.

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents KU's total OPEB liability using the discount rate of 2.16%, as well as what KU's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16%) or 1-percentage-point higher (3.16%) than the current rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% Increase (3.16%)</u>
Proportionate share of the net OPEB liability	\$ 6,233,244	\$ 6,033,306	\$ 5,756,719

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS. Therefore, there is no sensitivity to a change in healthcare trend rates.

For the year ended June 30, 2022 and 2021, KU recognized OPEB expense of \$543,084 and \$503,619, respectively. On June 30, 2022 and 2021, KU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2022</u>		<u>2021</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,664,937	\$ -	\$ 773,952	\$ -
Change of assumptions	315,520	130,145	342,215	156,417
Contributions subsequent to measurement date	1,061,892	-	798,708	-
	<u>\$ 3,042,349</u>	<u>\$ 130,145</u>	<u>\$ 1,914,875</u>	<u>\$ 156,417</u>

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$1,061,892 consist of payments made to KPERS for benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2023.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

Other amounts reported as deferred outflows of sources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	Total
2023	\$ 223,385
2024	223,385
2025	223,385
2026	223,385
2027	229,509
Thereafter	727,263
	<u>\$ 1,850,312</u>

### NOTE 20 - COMMITMENTS AND CONTINGENT LIABILITIES

On June 30, 2022 and 2021, KU had outstanding commitments under construction contracts totaling \$14,196,861 and \$0, respectively.

All university buildings and contents were insured up to a limit of \$1,000,000,000 per occurrence subject to deductibles of \$500,000. Named equipment is covered up to the declared value with a \$5,000 deductible. State-owned automobiles are covered by liability coverage for bodily injury and property damage up to \$500,000 per occurrence. KU is not aware of any significant outstanding claims as of June 30, 2022.

In the normal course of operations, KU receives grants and other forms of reimbursement from various Federal and State agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing of such funds. University officials believe that the liability, if any, for any reimbursement that may arise as the result of audits, would not be material.

### NOTE 21 – NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

KU's operating expenses by functional and natural classification for 2022 are as follows:

Functional Classification	Natural Classification					Total
	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	
Instruction	\$ 392,845,756	\$ -	\$ 397,756	\$ 32,022,597	\$ -	\$ 425,266,109
Research	227,788,195	-	9,812	106,952,003	-	334,750,010
Public service	31,561,279	-	11,905	19,330,326	-	50,903,510
Academic support	47,081,749	-	-	20,698,826	-	67,780,575
Student services	35,207,796	-	547,512	7,709,287	-	43,464,595
Institutional support	62,895,853	-	-	30,674,317	-	93,570,170
Operations and maintenance of plant	46,643,340	-	24,254,500	25,958,926	-	96,856,766
Depreciation	-	-	-	-	98,281,589	98,281,589
Scholarships and fellowships	-	43,624,072	-	-	-	43,624,072
Auxiliary enterprises:						
Housing	3,356,986	-	3,705,352	8,826,898	-	15,889,236
Athletics	39,824,263	-	1,736,599	59,121,326	-	100,682,188
Parking	3,558,490	-	395,413	4,867,823	-	8,821,726
Student unions	9,697,620	-	1,161,622	16,345,716	-	27,204,958
University health services	620,032	-	-	6,330,717	-	6,950,749
Other auxiliary enterprises	1,507,033	-	-	1,618,137	-	3,125,170
Other	-	-	-	56,580	-	56,580
<b>Total</b>	<b>\$ 902,588,392</b>	<b>\$ 43,624,072</b>	<b>\$ 32,220,471</b>	<b>\$ 340,513,479</b>	<b>\$ 98,281,589</b>	<b>\$ 1,417,228,003</b>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

KU's operating expenses by functional and natural classification for 2021 are as follows:

Functional Classification	Natural Classification					Total
	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	
Instruction	\$ 396,267,039	\$ -	\$ 267,618	\$ 20,022,816	\$ -	\$ 416,557,473
Research	197,416,447	-	6,419	88,712,612	-	286,135,478
Public service	32,091,893	-	9,221	23,246,413	-	55,347,527
Academic support	50,033,145	-	-	26,606,511	-	76,639,656
Student services	34,019,769	-	816,577	12,059,194	-	46,895,540
Institutional support	58,583,005	-	-	27,747,222	-	86,330,227
Operations and maintenance of plant	46,550,943	-	20,154,984	33,698,124	-	100,404,051
Depreciation	-	-	-	-	100,643,356	100,643,356
Scholarships and fellowships	-	28,087,745	-	-	-	28,087,745
Auxiliary enterprises:						
Housing	3,199,048	-	3,033,352	6,439,795	-	12,672,195
Athletics	41,192,181	-	946,402	41,520,894	-	83,659,477
Parking	3,642,416	-	280,699	4,588,113	-	8,511,228
Student unions	13,396,276	-	1,195,794	11,060,941	-	25,653,011
University health services	4,563,368	-	-	3,596,401	-	8,159,769
Other auxiliary enterprises	1,734,535	-	-	2,063,068	-	3,797,603
Other	-	-	-	762,856	-	762,856
<b>Total</b>	<b>\$ 882,690,065</b>	<b>\$ 28,087,745</b>	<b>\$ 26,711,066</b>	<b>\$ 302,124,960</b>	<b>\$ 100,643,356</b>	<b>\$ 1,340,257,192</b>

### NOTE 22 – ASSETS HELD FOR OTHERS

KUCR has entered into an agreement with a community-based organization to administer the State of Kansas' Alternative Financing Program and Telework Program (the Program). In association with this agreement, KUCR will maintain certain administrative and fiduciary responsibilities related to certain financial assets of the Program. These financial assets primarily consist of investments. Accordingly, the amounts of financial assets administered by KUCR under the Program are also reported as assets held for others. On June 30, 2022 and 2021, these amounts totaled \$8,032,365 and \$9,462,815, respectively.

KU holds funds on the behalf of certain student organizations. The amounts held by KU are recorded in restricted cash and cash equivalents and assets held in custody for others. As of June 30, 2022 and 2021, KU held \$884,026 and \$944,924, respectively, on behalf of the student organizations. In addition, KU holds certain capital assets loaned from other external organizations for which title has not transferred but are used in the research functions of the university. As of June 30, 2022 and 2021, KU held \$232,424 and \$327,914, respectively, on behalf of these other organizations.

### NOTE 23 – DISCRETELY PRESENTED COMPONENT UNIT

The Kansas University Endowment Association (KU Endowment) is an independent, nonprofit organization serving as the official fund-raising and fund-management foundation for KU. Founded in 1891, KU Endowment is the oldest foundation of its kind and one of the largest at a public university in the United States. KU Endowment partners with donors in providing philanthropic support to build a greater university.

KU Endowment is a tax-exempt organization as described in Sections 501(c)(3) and 170(b)(1)(A)(iv) of the Internal Revenue Code (the Code) and has received an Internal Revenue Service (IRS) determination letter stating that its exempt function income is exempt from tax, pursuant to Section 501(a) of the Code.

KU Endowment's consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP).

To ensure observance of limitations and restrictions that donors have placed on the use of resources available to KU Endowment, the accounts of KU Endowment are maintained in accordance with the principles of fund accounting. This is

# NOTES TO THE FINANCIAL STATEMENTS

## For the Years Ended June 30, 2022 and 2021

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the procedure by which resources for various purposes, as specified by the resource donor, are classified for accounting and reporting purposes into separate fund accounts that are established according to their individual nature and purpose. However, these separate accounts that have similar characteristics have been combined into groups in KU Endowment’s consolidated financial statements, and all financial transactions have been recorded and reported accordingly, by fund groups.

Funds have been grouped by classification into two categories: with donor restrictions and without donor restrictions. Funds without donor restrictions represent assets and contributions that are available for the broad benefit of KU but are not otherwise restricted by donors. Funds with donor restrictions represent assets and contributions with a donor-imposed restriction that permits the organization to use or expend the donated assets and income as specified, and the restriction is satisfied either by the passage of time or by accounts of the organization.

KU Endowment’s complete Audit Report is available at: <http://kuendowment.org/Resources/reports-financials/>

### NOTE 24 – RESTATEMENTS

#### NEW ACCOUNTING STANDARDS

Effective July 1, 2021, KU adopted Governmental Accounting Standards Board (“GASB”) Statement No. 87, *Leases* (“GASB 87”). GASB 87 establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, the lessee is required to recognize a lease liability and an intangible right-to-use lease asset, while a lessor is required to recognize a lease receivable and a deferred inflow of resources. This adoption resulted in the following impacts:

<u>Financial statement line item</u>	<u>Increase</u>
Lease receivable asset	\$ 1,706,413
Right of use asset	1,116,702
Capital lease liability	1,131,941
Deferred inflow – capital lease	1,682,032
Net position	9,412

Effective July 1, 2020, KU’s component units implemented the Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2016-2, *Leases (Topic 842)*. As a result of the adoption of this standard, right of use assets increased by \$44,939,024, capital lease liabilities increased by \$45,149,850, and net assets were decreased \$210,826 as of July 1, 2020.

### NOTE 25 – SUBSEQUENT EVENT

As noted in Management Disclosure & Analysis Economic Outlook, the University of Kansas Cancer Center (“KUCC”) was designated as a Comprehensive Cancer Center by the National Cancer Institute (“NCI”) on July 17, 2022, which is the highest designation awarded by the NCI. This 5-year designation puts KUCC in the same class as the leading cancer centers in the United States.

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2022. Management has performed their analysis through December 15, 2022 the date the financial statements were issued.

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*Supplementary  
Information*

# CONSOLIDATING STATEMENT OF NET POSITION

## AS OF JUNE 30, 2022

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities <sup>(1)</sup>	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities <sup>(2)</sup>	Eliminations <sup>(3)</sup>	Total
<b>ASSETS</b>										
Current assets:										
Cash and cash equivalents	\$ 164,464,594	\$ 27,914,487	\$ 13,798,485	\$ 2,206,768	\$ 22,773	\$ 78,476,071	\$ 1,180,961	\$ 372,802	\$ -	\$ 288,436,941
Restricted cash and cash equivalents	12,408,830	-	-	667,765	7,620,875	22,930,597	-	-	(667,765)	42,960,302
Investments	20,435,593	82,420,084	47,806,173	248,515	-	4,750,446	-	-	-	155,660,811
Accounts receivable, net	67,352,510	26,196,737	5,654,732	3,374,014	8,902,453	27,867,573	42,646,464	36,592	(33,734,325)	148,296,750
Pledges receivable, net	-	-	25,208,560	-	-	-	-	-	-	25,208,560
Loans to students, net	1,401,192	-	-	-	-	1,544,894	-	-	-	2,946,086
Inventories	5,908,350	-	242,687	2,387,935	-	296,343	-	-	-	8,835,315
Other assets	868,885	146,962	1,254,298	238,690	5,670	45,000	403,836	2,421	-	2,965,762
Total current assets	272,839,954	136,678,270	93,964,935	9,123,687	16,551,771	135,910,924	44,231,261	411,815	(34,402,090)	675,310,527
Non-current assets:										
Restricted cash and cash equivalents	1,101,035	-	-	-	-	61,665	-	-	-	1,162,700
Accounts receivable, net	7,019,409	450,072	-	-	324,686,871	-	-	-	(330,310,402)	1,845,950
Pledges receivable, net	-	-	3,047,882	-	-	-	-	-	-	3,047,882
Investments	42,708,751	8,931,862	47,714,047	-	-	2,211,649	107,509,693	-	-	209,076,002
Loans to students, net	6,523,234	-	-	-	-	21,077,489	-	-	-	27,600,723
Other assets	162,556	-	-	-	-	-	-	-	(162,556)	-
Capital assets, net	1,267,335,443	17,109,626	93,183,607	12,179,440	5,063,117	285,150,380	1,084,728	-	(86,917,238)	1,594,189,103
Right of use assets	6,380,357	5,605,198	35,173,675	-	-	-	-	-	-	47,159,230
Total non-current assets	1,331,230,785	32,096,758	179,119,211	12,179,440	329,749,988	308,501,183	108,594,421	-	(417,390,196)	1,884,081,590
Total assets	1,604,070,739	168,775,028	273,084,146	21,303,127	346,301,759	444,412,107	152,825,682	411,815	(451,792,286)	2,559,392,117
<b>DEFERRED OUTFLOWS</b>										
Deferred OPEB expense	1,931,142	-	-	-	-	1,111,207	-	-	-	3,042,349
Asset retirement obligations	578,330	-	-	-	-	-	-	-	-	578,330
Deferred pension expense	9,072,766	-	-	-	-	6,710,513	-	-	-	15,783,279
Total deferred outflows	11,582,238	-	-	-	-	7,821,720	-	-	-	19,403,958

<sup>(1)</sup> includes KU Campus Development Corporation and Jayhawk Community Partners

<sup>(2)</sup> includes Student Union Corporation of the University of Kansas Medical Center and Kansas University Health Partners

<sup>(3)</sup> reflects adjustment to remove balances and transactional activity between affiliated organizations as required by generally accepted accounting principles

# CONSOLIDATING STATEMENT OF NET POSITION

## AS OF JUNE 30, 2022

(CONTINUED)

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities <sup>(1)</sup>	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities <sup>(2)</sup>	Eliminations <sup>(3)</sup>	Total
<b>LIABILITIES</b>										
Current liabilities:										
Accounts payable and accrued expenses	\$ 43,017,528	\$ 14,450,278	\$ 12,711,208	\$ 4,032,021	\$ 5,070,583	\$ 26,289,930	\$ 13,394,620	\$ 136,284	\$ (26,178,148)	\$ 92,924,304
Unearned revenue	16,647,286	8,053,735	19,147,452	163,230	18,722	-	9,326,071	-	(18,722)	53,337,774
Assets held in custody for others	812,388	8,032,365	-	-	-	304,062	-	-	-	9,148,815
Accrued compensated absences - current portion	17,331,340	-	900,000	-	-	21,851,508	-	-	-	40,082,848
Capital leases payable - current portion	11,051,807	675,953	1,252,390	694,801	-	215,511	-	-	(8,225,903)	5,664,559
Notes payable - current portion	-	4,055,691	-	521,948	-	268,314	-	-	(2,798,791)	2,047,162
Revenue bonds payable - current portion	13,810,000	920,000	451,409	-	6,430,000	7,460,000	-	-	-	29,071,409
Other liabilities	4,714,513	23,917	-	-	2,630,894	1,195,588	-	-	-	8,564,912
Total current liabilities	107,384,862	36,211,939	34,462,459	5,412,000	14,150,199	57,584,913	22,720,691	136,284	(37,221,564)	240,841,783
Non-current liabilities:										
Accrued compensated absences	4,748,850	-	1,760,842	-	-	5,987,393	-	-	-	12,497,085
Accrued other post-employment benefits	3,782,358	-	-	-	-	2,250,948	-	-	-	6,033,306
Accrued pension liability	33,488,818	-	-	-	-	19,443,282	-	-	-	52,932,100
Capital leases payable	330,854,686	5,153,431	33,995,111	1,206,859	-	165,750	-	-	(324,686,871)	46,688,966
Notes payable	-	2,824,741	-	1,678,052	-	483,694	-	-	(2,824,740)	2,161,747
Revenue bonds payable	152,980,000	4,995,000	31,048,591	-	297,355,000	92,015,000	-	-	-	578,393,591
Other long-term liabilities	19,185,907	59,006	3,979,579	-	35,847,136	6,803,493	-	-	(143,834)	65,731,287
Total non-current liabilities	545,040,619	13,032,178	70,784,123	2,884,911	333,202,136	127,149,560	-	-	(327,655,445)	764,438,082
Total liabilities	652,425,481	49,244,117	105,246,582	8,296,911	347,352,335	184,734,473	22,720,691	136,284	(364,877,009)	1,005,279,865
<b>DEFERRED INFLOWS</b>										
Unamortized gain on bond refunding	1,109,890	(166,605)	-	-	-	1,466,011	-	-	-	2,409,296
Deferred pension expense	16,214,834	-	-	-	-	5,943,264	-	-	-	22,158,098
Deferred OPEB expense	75,417	-	-	-	-	54,728	-	-	-	130,145
Deferred capital lease inflows	1,541,011	-	-	-	-	-	-	-	-	1,541,011
Total deferred inflows	18,941,152	(166,605)	-	-	-	7,464,003	-	-	-	26,238,550
<b>NET POSITION</b>										
Net investment in capital assets	755,530,004	4,173,690	61,609,781	10,277,780	-	176,574,962	1,084,728	-	(86,917,238)	922,333,707
Restricted for:										
Nonexpendable	18,336,844	5,996,006	20,985,283	-	-	1,178,255	-	-	-	46,496,388
Expendable:										
Scholarships, research, instruction and other	24,371,907	2,854,137	40,195,917	24,400	-	5,806,634	4,706,573	-	-	77,959,568
Loans	2,936,816	-	-	-	-	21,124,440	-	-	-	24,061,256
Capital projects	16,245,824	-	39,108,256	-	-	-	-	-	-	55,354,080
Debt service	2,369,181	-	551,353	-	-	3,365,405	-	-	-	6,285,939
Unrestricted	124,495,768	106,673,683	5,386,974	2,704,036	(1,050,576)	51,985,655	124,313,690	275,531	1,961	414,786,722
Total net position	\$ 944,286,344	\$ 119,697,516	\$ 167,837,564	\$ 13,006,216	\$ (1,050,576)	\$ 260,035,351	\$ 130,104,991	\$ 275,531	\$ (86,915,277)	\$1,547,277,660

<sup>(1)</sup> includes KU Campus Development Corporation and Jayhawk Community Partners

<sup>(2)</sup> includes Student Union Corporation of the University of Kansas Medical Center and Kansas University Health Partners

<sup>(3)</sup> reflects adjustment to remove balances and transactional activity between affiliated organizations as required by generally accepted accounting principles



# CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## FOR THE YEAR ENDED JUNE 30, 2022

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities <sup>(1)</sup>	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities <sup>(2)</sup>	Eliminations <sup>(3)</sup>	Total
<b>OPERATING REVENUES</b>										
Tuition and fees (net of scholarship allowance of \$26,767,723)	\$ 275,428,479	\$ -	\$ -	\$ -	\$ -	\$ 60,719,635	\$ -	\$ -	\$ (12,326,644)	\$ 323,821,470
Federal grants and contracts	7,177,941	118,834,729	-	-	-	86,017	109,447,086	-	(2,655,434)	232,890,339
State and local grants and contracts	17,160,934	15,387,696	-	-	-	10,380,000	4,423,604	-	(107,327)	47,244,907
Nongovernmental grants and contracts	3,228,339	14,134,721	-	-	-	-	48,920,657	-	(1,186,926)	65,096,791
Sales and services of educational departments	36,102,440	13,694,809	-	-	-	54,243,772	-	-	(18,111,639)	85,929,382
Sales and services of medical and administrative activities	-	-	-	-	-	89,618,664	-	-	-	89,618,664
Sales and services of auxiliary enterprises	61,314,102	-	113,213,264	34,496,918	1,449,463	9,136,078	-	509,456	(14,543,284)	205,575,997
Other operating revenues	981,510	4,704,416	-	-	13,877,721	9,267,351	5,198,780	-	(21,552,593)	12,477,185
Total operating revenues	401,393,745	166,756,371	113,213,264	34,496,918	15,327,184	233,451,517	167,990,127	509,456	(70,483,847)	1,062,654,735
<b>OPERATING EXPENSES</b>										
Compensation and benefits	385,314,805	97,139,779	39,824,263	9,586,752	-	287,956,552	82,445,881	320,360	-	902,588,392
Supplies and other services	121,947,475	54,421,766	61,021,762	21,042,800	875,540	67,104,163	73,534,443	305,136	(59,739,606)	340,513,479
Utilities	20,494,571	555,224	1,736,599	1,065,181	-	8,368,896	-	-	-	32,220,471
Depreciation	73,753,835	4,335,963	11,599,730	2,074,559	406,234	20,848,035	40,457	-	(14,777,224)	98,281,589
Scholarships and fellowships	33,328,367	6,826,100	-	-	-	3,469,605	-	-	-	43,624,072
Total operating expenses	634,839,053	163,278,832	114,182,354	33,769,292	1,281,774	387,747,251	156,020,781	625,496	(74,516,830)	1,417,228,003
Operating income (loss)	(233,445,308)	3,477,539	(969,090)	727,626	14,045,410	(154,295,734)	11,969,346	(116,040)	4,032,983	(354,573,268)

<sup>(1)</sup> includes KU Campus Development Corporation and Jayhawk Community Partners

<sup>(2)</sup> includes Student Union Corporation of the University of Kansas Medical Center and Kansas University Health Partners

<sup>(3)</sup> reflects adjustment to remove balances and transactional activity between affiliated organizations as required by generally accepted accounting principles

# CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

## FOR THE YEAR ENDED JUNE 30, 2022

(CONTINUED)

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities <sup>(1)</sup>	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities <sup>(2)</sup>	Eliminations <sup>(3)</sup>	Total
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>										
State appropriations	145,755,048	-	-	-	-	113,831,213	-	-	-	259,586,261
Local appropriations	7,617,001	-	-	-	-	7,617,001	-	-	-	15,234,002
Gifts	31,538,992	-	-	-	-	40,661,528	-	-	(876,585)	71,323,935
Investment income	2,442,387	(10,897,242)	1,380,252	37,336	8,034	297,806	(10,557,335)	4,322	(103,011)	(17,387,451)
Federal grants and contracts	65,681,031	-	-	-	-	6,617,295	-	-	-	72,298,326
Other non-operating revenues	1,648,136	1,071,551	-	-	-	5,311,558	-	-	(668,586)	7,362,659
Interest expense	(18,222,866)	(341,943)	(1,123,126)	(217,794)	(12,704,913)	(3,867,818)	-	-	13,884,529	(22,593,931)
Other non-operating expenses	(3,577,164)	(447,375)	-	-	-	(60,719)	-	-	1,234	(4,084,024)
Net non-operating revenues (expenses)	232,882,565	(10,615,009)	257,126	(180,458)	(12,696,879)	170,407,864	(10,557,335)	4,322	12,237,581	381,739,777
Income (loss) before other revenues, expenses, gains or losses	(562,743)	(7,137,470)	(711,964)	547,168	1,348,531	16,112,130	1,412,011	(111,718)	16,270,564	27,166,509
Capital appropriations	11,822,800	-	-	-	-	3,309,840	-	-	-	15,132,640
Capital grants and gifts	8,416,479	2,974,350	6,533,575	-	5,469,352	4,321,025	1,460,320	-	(8,035,341)	21,139,760
Intra-entity contributions	-	(699,616)	-	-	-	-	-	-	699,616	-
Additions to permanent endowments	11,311	-	-	-	-	-	-	-	-	11,311
Increase (decrease) in net position	19,687,847	(4,862,736)	5,821,611	547,168	6,817,883	23,742,995	2,872,331	(111,718)	8,934,839	63,450,220
<b><u>NET POSITION</u></b>										
Net position - beginning of year	924,589,355	124,560,252	162,015,953	12,459,048	(7,868,459)	236,292,356	127,232,660	387,249	(95,850,116)	1,483,818,298
Restatement of net position - beginning of year	9,142	-	-	-	-	-	-	-	-	9,142
Net position - end of year	\$ 944,286,344	\$ 119,697,516	\$ 167,837,564	\$ 13,006,216	\$ (1,050,576)	\$ 260,035,351	\$ 130,104,991	\$ 275,531	\$ (86,915,277)	\$1,547,277,660

<sup>(1)</sup> includes KU Campus Development Corporation and Jayhawk Community Partners

<sup>(2)</sup> includes Student Union Corporation of the University of Kansas Medical Center and Kansas University Health Partners

<sup>(3)</sup> reflects adjustment to remove balances and transactional activity between affiliated organizations as required by generally accepted accounting principles

CONSOLIDATING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities <sup>(1)</sup>	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities <sup>(2)</sup>	Eliminations <sup>(3)</sup>	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>										
Tuition and fees	\$ 272,770,633	\$ -	\$ -	\$ -	\$ -	\$ 61,888,292	\$ -	\$ -	\$ (12,326,644)	\$ 322,332,281
Sales and services	34,970,081	13,694,809	-	-	-	132,822,271	-	-	(18,111,639)	163,375,522
Auxiliary enterprises	20,261,045	-	6,571,479	2,351,936	16,077	9,695,342	-	19,101	2,072,619	40,987,599
Grant and contracts	22,536,311	147,121,082	-	-	-	16,765,565	165,279,431	-	(3,949,687)	347,752,702
Payment to suppliers	(85,718,856)	(54,650,044)	-	-	(96,247)	(61,595,331)	(70,841,462)	-	43,129,070	(229,772,870)
Payment to utilities	(15,616,628)	(555,224)	-	-	-	(8,368,896)	-	-	-	(24,540,748)
Compensation and benefits	(381,933,306)	(96,083,486)	-	-	-	(289,509,433)	(85,883,543)	-	-	(853,409,768)
Payment for scholarships and fellowships	(33,328,367)	(6,826,100)	-	-	-	(3,469,605)	-	-	-	(43,624,072)
Loans to students, net	1,239,726	-	-	-	-	(4,350,098)	-	-	-	(3,110,372)
Other receipts and payments	(1,970,054)	2,844,251	-	-	21,627,153	9,267,353	5,198,780	-	(30,088,914)	6,878,569
Net cash used in operating activities	(166,789,415)	5,545,288	6,571,479	2,351,936	21,546,983	(136,854,540)	13,753,206	19,101	(19,275,195)	(273,131,157)
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCIAL ACTIVITIES</u></b>										
State appropriations	145,755,048	-	-	-	-	113,831,213	-	-	-	259,586,261
Local appropriations	7,510,001	-	-	-	-	7,510,001	-	-	-	15,020,002
Gifts	31,550,303	-	-	-	-	5,968,796	-	-	(876,585)	36,642,514
Federal education loans, net	136,655	-	-	-	-	-	-	-	-	136,655
Non-operating grants and contracts	65,148,547	-	-	-	-	41,310,027	-	-	-	106,458,574
Other	(1,267,242)	(1,430,450)	-	-	-	5,179,673	-	-	164,334	2,646,315
Net cash provided by non-capital financing activities	248,833,312	(1,430,450)	-	-	-	173,799,710	-	-	(712,251)	420,490,321

<sup>(1)</sup> includes KU Campus Development Corporation and Jayhawk Community Partners

<sup>(2)</sup> includes Student Union Corporation of the University of Kansas Medical Center and Kansas University Health Partners

<sup>(3)</sup> reflects adjustment to remove balances and transactional activity between affiliated organizations as required by generally accepted accounting principles

# CONSOLIDATING STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED JUNE 30, 2022

(CONTINUED)

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities <sup>(1)</sup>	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities <sup>(2)</sup>	Eliminations <sup>(3)</sup>	Total
<b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u></b>										
Proceeds from capital debt	-	-	10,000,000	-	-	-	-	-	-	10,000,000
Capital appropriations	8,169,786	-	-	-	-	4,321,025	-	-	-	12,490,811
Capital grants and gifts	-	2,974,350	17,564,597	-	-	3,309,840	1,460,320	-	(1,460,320)	23,848,787
Purchase of capital assets	(15,856,328)	(5,560,362)	(1,925,935)	(318,928)	-	(12,532,092)	(636,483)	-	(32,758)	(36,862,886)
Proceeds from sale of capital assets	-	649,750	3,474	-	-	-	-	-	-	653,224
Principal paid on capital debt and leases	(26,359,317)	(5,218,548)	(11,901,013)	(3,063,625)	(5,990,000)	(7,627,806)	-	-	9,387,491	(50,772,818)
Interest paid on capital debt and leases	(20,905,387)	(392,158)	(1,124,874)	(217,794)	(15,488,750)	(5,168,618)	-	-	14,201,601	(29,095,980)
Other	-	323,084	1,748	-	-	-	-	-	-	324,832
Net cash used in capital financing activities	(54,951,246)	(7,223,884)	12,617,997	(3,600,347)	(21,478,750)	(17,697,651)	823,837	-	22,096,014	(69,414,030)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>										
Proceeds from sales and maturities of investments	16,562,702	2,146,489	28,678,066	-	-	23,157	31,293,151	-	(2,470,000)	76,233,565
Interest on investments	4,186,989	1,944,397	1,544,330	79,123	8,034	23,923	2,800,222	4,322	(426,428)	10,164,912
Purchase of investments	(10,686,160)	(10,265,851)	(47,824,812)	-	-	-	(53,426,744)	-	-	(122,203,567)
Net cash provided by (used in) investing activities	10,063,531	(6,174,965)	(17,602,416)	79,123	8,034	47,080	(19,333,371)	4,322	(2,896,428)	(35,805,090)
Net increase (decrease) in cash	37,156,182	(9,284,011)	1,587,060	(1,169,288)	76,267	19,294,599	(4,756,328)	23,423	(787,860)	42,140,044
Cash - beginning of the year	140,818,277	37,198,498	12,211,425	4,043,821	7,567,381	82,173,734	5,937,289	349,379	120,095	290,419,899
Cash - end of year	\$ 177,974,459	\$ 27,914,487	\$ 13,798,485	\$ 2,874,533	\$ 7,643,648	\$ 101,468,333	\$ 1,180,961	\$ 372,802	\$ (667,765)	\$ 332,559,943

<sup>(1)</sup> includes KU Campus Development Corporation and Jayhawk Community Partners

<sup>(2)</sup> includes Student Union Corporation of the University of Kansas Medical Center and Kansas University Health Partners

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*Statistical  
Section*

The following section provides additional information as a context for understanding what the information in financial statements and note disclosures says about KU's overall financial health.

<b>Contents</b>	<b>Page</b>
<b>Financial Trends</b>	<b>71</b>
These schedules contain trend information to help the reader understand how KU's financial performance and well-being have changed over time	
<b>Debt Capacity</b>	<b>75</b>
These schedule present information to help the reader assess the affordability of KU's current levels of outstanding debt and KU's ability to issue additional debt in the future.	
<b>Operating Information</b>	<b>76</b>
These schedules contain data to help the reader understand how the information in KU's financial report relates to the services KU provides and the activities it performs.	
<b>Demographic and Economic Information</b>	<b>79</b>
These schedules offer demographic and economic indicators to help the reader understand the environment which KU's financial activities take place	

# SCHEDULE OF REVENUES BY SOURCE

REVENUES	For the Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tuition and fees (net of scholarship allowances)	\$ 323,821,470	\$ 320,019,921	\$ 340,863,151	\$ 325,570,469	\$ 324,035,590	\$ 314,335,203	\$ 304,317,762	\$ 289,104,231	\$ 273,856,114	\$ 259,656,218
Federal grants and contracts	232,890,339	203,269,007	186,550,040	179,434,573	164,728,124	150,322,497	149,404,143	154,004,942	177,658,566	183,219,107
State and local grants and contracts	47,244,907	48,634,859	38,457,391	37,338,423	38,119,702	45,569,990	47,094,151	39,650,105	37,569,539	36,029,305
Nongovernmental grants and contracts	65,096,791	73,855,959	73,641,128	59,273,481	65,333,833	55,571,690	78,917,523	71,067,806	56,615,120	58,661,484
Sales and services of educational departments	85,929,382	82,426,559	78,924,030	98,216,459	98,050,487	66,291,142	63,181,734	68,415,723	66,204,076	64,929,015
Sales and services of medical and administrative activities	89,618,664	79,094,783	73,145,738	61,163,289	55,353,806	53,083,616	41,490,519	26,234,463	24,129,468	-
Sales and services of auxiliary enterprises	205,575,997	153,177,350	185,251,855	215,382,587	204,524,387	186,152,383	180,975,398	174,146,494	170,407,214	172,573,795
Other operating revenues	12,477,185	6,673,538	5,317,659	8,796,765	10,239,065	11,970,445	867,279	3,086,097	16,281,458	33,871,917
<b>Total operating revenues</b>	<b>1,062,654,735</b>	<b>967,151,976</b>	<b>982,150,992</b>	<b>985,176,046</b>	<b>960,384,994</b>	<b>883,296,966</b>	<b>866,248,509</b>	<b>825,709,861</b>	<b>822,721,555</b>	<b>808,940,841</b>
State appropriations	259,586,261	253,428,437	258,178,051	244,972,426	238,164,714	240,346,756	237,044,872	244,734,520	241,993,124	246,955,039
Local appropriations	15,234,002	14,058,578	12,311,350	11,988,800	11,020,800	11,637,600	11,306,000	10,954,000	10,615,600	9,983,800
Gifts	71,323,935	61,870,560	65,327,100	57,941,219	62,293,228	49,202,947	59,351,062	56,306,031	50,725,239	48,609,082
Investment income	(17,387,451)	43,540,353	6,834,587	14,248,669	15,012,827	16,006,459	3,411,376	884,599	15,460,092	11,759,451
Federal grants and contracts	72,298,326	67,888,748	30,063,486	19,253,695	19,123,509	18,068,316	17,885,744	18,372,039	17,545,875	17,143,188
Other non-operating revenues	7,362,659	9,627,061	3,769,022	2,535,638	6,512,182	14,375,078	8,278,455	12,890,353	5,511,900	5,951,695
<b>Total non-operating revenues</b>	<b>408,417,732</b>	<b>450,413,737</b>	<b>376,483,596</b>	<b>350,940,447</b>	<b>352,127,260</b>	<b>349,637,156</b>	<b>337,277,509</b>	<b>344,141,542</b>	<b>341,851,830</b>	<b>340,402,255</b>
Capital appropriations	15,132,640	14,139,702	32,135,852	16,221,689	13,483,042	36,965,371	12,539,597	13,342,000	16,947,615	11,043,818
Capital grants and gifts	21,139,760	6,408,637	12,795,434	13,845,739	84,648,875	73,399,573	70,094,397	79,233,423	18,652,963	11,999,117
Additions to permanent endowments	11,311	1,504	2,184	8,391	(3,868)	229,783	226,277	2,829,345	248,830	1,164,961
<b>Total other revenues, gains and losses</b>	<b>36,283,711</b>	<b>20,549,843</b>	<b>44,933,470</b>	<b>30,075,819</b>	<b>98,128,049</b>	<b>110,594,727</b>	<b>82,860,271</b>	<b>95,404,768</b>	<b>35,849,408</b>	<b>24,207,896</b>
<b>Total revenues</b>	<b>\$1,507,356,178</b>	<b>\$1,438,115,556</b>	<b>\$1,403,568,058</b>	<b>\$1,366,192,312</b>	<b>\$1,410,640,303</b>	<b>\$1,343,528,849</b>	<b>\$1,286,386,289</b>	<b>\$1,265,256,171</b>	<b>\$1,200,422,793</b>	<b>\$1,173,550,992</b>

REVENUES	For the Year Ended June 30, (percent of total revenues)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Tuition and fees (net of scholarship allowances)	21.5%	22.3%	24.3%	23.8%	23.0%	23.4%	23.7%	22.8%	22.8%	22.1%
Federal grants and contracts	15.5	14.1	13.3	13.1	11.7	11.2	11.6	12.2	14.8	15.6
State and local grants and contracts	3.1	3.4	2.7	2.7	2.7	3.4	3.7	3.1	3.1	3.1
Nongovernmental grants and contracts	4.3	5.1	5.2	4.4	4.6	4.1	6.1	5.6	4.7	5.0
Sales and services of educational departments	5.7	5.7	5.6	7.2	6.9	4.9	4.9	5.4	5.5	5.5
Sales and services of medical and administrative activities	5.9	5.5	5.2	4.5	3.9	4.0	3.2	2.1	2.0	0.0
Sales and services of auxiliary enterprises	13.7	10.7	13.2	15.8	14.5	13.8	14.1	13.8	14.2	14.7
Other operating revenues	0.8	0.5	0.4	0.6	0.7	0.9	0.1	0.2	1.4	2.9
<b>Total operating revenues</b>	<b>70.5</b>	<b>67.3</b>	<b>69.9</b>	<b>72.1</b>	<b>68.0</b>	<b>65.7</b>	<b>67.4</b>	<b>65.2</b>	<b>68.5</b>	<b>68.9</b>
State appropriations	17.2	17.6	18.4	17.9	16.9	17.9	18.4	19.3	20.2	21.0
Local appropriations	1.0	1.0	0.9	0.9	0.8	0.9	0.9	0.9	0.9	0.9
Gifts	4.7	4.3	4.7	4.2	4.4	3.6	4.6	4.5	4.2	4.1
Investment income	-1.1	3.0	0.5	1.1	1.0	1.2	0.3	0.1	1.3	1.0
Federal grants and contracts	4.8	4.7	2.1	1.4	1.4	1.3	1.4	1.4	1.5	1.5
Other non-operating revenues	0.5	0.7	0.3	0.2	0.5	1.1	0.6	1.0	0.4	0.5
<b>Total non-operating revenues</b>	<b>27.1</b>	<b>31.3</b>	<b>26.9</b>	<b>25.7</b>	<b>25.0</b>	<b>26.0</b>	<b>26.2</b>	<b>27.2</b>	<b>28.5</b>	<b>29.0</b>
Investment income	1.0	1.0	2.3	1.2	1.0	2.8	1.0	1.1	1.4	1.0
Federal grants and contracts	1.4	0.4	0.9	1.0	6.0	5.5	5.4	6.3	1.6	1.0
Other non-operating revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.1
<b>Total non-operating revenues</b>	<b>2.4</b>	<b>1.4</b>	<b>3.2</b>	<b>2.2</b>	<b>7.0</b>	<b>8.3</b>	<b>6.4</b>	<b>7.6</b>	<b>3.0</b>	<b>2.1</b>
<b>Total revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: University of Kansas Annual Financial Reports



## SCHEDULE OF EXPENSES BY USE

	For the Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>EXPENSES</b>										
Compensation and benefits	\$ 902,588,392	\$ 882,690,065	\$ 894,155,277	\$ 846,384,156	\$ 847,896,817	\$ 787,122,992	\$ 755,700,952	\$ 802,945,096	\$ 764,356,139	\$ 745,999,913
Supplies and other services	340,513,479	302,124,960	304,126,475	309,555,386	290,316,514	261,931,812	278,699,618	245,384,436	249,867,659	287,922,415
Utilities	32,220,471	28,087,745	26,753,653	28,591,591	31,734,415	29,163,868	28,531,275	30,510,841	30,018,641	27,499,222
Depreciation	98,281,589	100,643,356	74,398,078	113,663,073	104,229,330	86,790,577	84,107,598	74,803,755	80,342,652	69,887,048
Scholarships and fellowships	43,624,072	26,711,066	26,138,916	16,532,918	18,935,345	19,636,472	18,760,038	17,753,530	21,292,935	22,686,800
Total operating expenses	1,417,228,003	1,340,257,192	1,325,572,399	1,314,727,124	1,293,112,421	1,184,645,721	1,165,799,481	1,171,397,658	1,145,878,026	1,153,995,398
Interest expense	22,593,931	26,665,530	27,991,316	29,846,661	20,104,785	26,766,044	17,487,066	14,350,653	17,490,808	16,227,890
Other non-operating expenses	4,084,024	1,768,646	1,454,813	4,127,892	25,861,014	5,775,834	7,210,797	8,455,337	8,146,258	4,318,833
Total non-operating expenses	26,677,955	28,434,176	29,446,129	33,974,553	45,965,799	32,541,878	24,697,863	22,805,990	25,637,066	20,546,723
<b>Total expenses</b>	<b>\$1,443,905,958</b>	<b>\$1,368,691,368</b>	<b>\$1,355,018,528</b>	<b>\$1,348,701,677</b>	<b>\$1,339,078,220</b>	<b>\$1,217,187,599</b>	<b>\$1,190,497,344</b>	<b>\$1,194,203,648</b>	<b>\$1,171,515,092</b>	<b>\$1,174,542,121</b>

	For the Year Ended June 30, (percent of total revenues)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>EXPENSES</b>										
Compensation and benefits	62.5%	64.5%	66.0%	62.8%	63.3%	64.7%	63.5%	67.2%	65.2%	63.5%
Supplies and other services	23.6	22.1	22.4	23.0	21.8	21.5	23.3	20.5	21.3	24.5
Utilities	2.2	2.1	2.0	2.1	2.4	2.4	2.4	2.6	2.6	2.3
Depreciation	6.8	7.4	5.5	8.4	7.8	7.1	7.1	6.3	6.9	6.0
Scholarships and fellowships	3.0	2.0	1.9	1.2	1.4	1.6	1.6	1.5	1.8	1.9
Total operating expenses	98.1	98.1	97.8	97.5	96.7	97.3	97.9	98.1	97.8	98.2
Interest expense	1.6	1.9	2.1	2.2	1.5	2.2	1.5	1.2	1.5	1.4
Other non-operating expenses	0.3	0.1	0.1	0.3	1.9	0.5	0.6	0.7	0.7	0.4
Total non-operating expenses	1.9	2.0	2.2	2.5	3.4	2.7	2.1	1.9	2.2	1.8
<b>Total expenses</b>	<b>100.0%</b>	<b>100.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.1%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: University of Kansas Annual Financial Reports

# SCHEDULE OF EXPENSES BY FUNCTION

EXPENSES	For the Year Ended June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	\$ 425,266,109	\$ 416,557,473	\$ 440,237,070	\$ 428,445,063	\$ 425,903,941	\$ 391,754,992	\$ 376,435,591	\$ 381,687,122	\$ 370,203,356	\$ 366,384,086
Research	334,750,010	286,135,478	289,136,753	259,620,680	266,784,693	247,072,961	256,347,460	253,325,059	257,359,106	263,783,178
Public service	50,903,510	55,347,527	50,144,325	56,599,571	47,086,911	40,848,421	48,507,472	40,917,387	39,984,701	37,361,746
Academic support	67,780,575	76,639,656	66,475,360	65,298,599	65,777,017	65,049,670	65,296,701	68,899,079	64,323,942	66,210,937
Student services	43,464,595	46,895,540	40,801,016	41,149,695	38,172,391	35,235,629	33,817,723	35,066,271	32,788,216	28,881,864
Institutional support	93,570,170	86,330,227	74,995,751	63,894,686	63,592,652	65,314,920	58,885,484	61,706,992	63,095,155	66,814,647
Operations and maintenance of plant	96,856,766	100,404,051	90,743,195	88,015,434	90,870,614	74,875,296	71,765,052	72,222,245	72,685,628	80,796,508
Depreciation	98,281,589	100,643,356	74,398,078	113,663,073	104,229,330	86,790,577	84,107,598	74,803,755	72,857,091	69,887,048
Scholarships and fellowships	43,624,072	28,087,745	26,138,916	16,532,918	18,935,345	19,636,472	18,760,038	17,753,530	21,292,935	22,686,800
Auxiliary enterprises	162,674,027	142,453,283	171,901,276	180,784,729	169,108,342	155,863,703	150,750,775	160,686,231	145,373,071	143,010,764
Other operating expenses	56,580	762,856	600,659	722,676	2,651,185	2,203,080	1,125,587	4,329,987	5,914,825	5,254,427
Total operating expenses	1,417,228,003	1,340,257,192	1,325,572,399	1,314,727,124	1,293,112,421	1,184,645,721	1,165,799,481	1,171,397,658	1,145,878,026	1,151,072,005
Interest expense	22,593,931	26,665,530	27,991,316	29,846,661	20,104,785	26,766,044	17,487,066	14,350,653	17,490,808	15,833,890
Other non-operating expenses	4,084,024	1,768,646	1,454,813	4,127,892	25,861,014	5,775,834	7,210,797	8,455,337	8,146,258	7,636,226
Total non-operating expenses	26,677,955	28,434,176	29,446,129	33,974,553	45,965,799	32,541,878	24,697,863	22,805,990	25,637,066	23,470,116
<b>Total expenses</b>	<b>\$1,443,905,958</b>	<b>\$1,368,691,368</b>	<b>\$1,355,018,528</b>	<b>\$1,348,701,677</b>	<b>\$1,339,078,220</b>	<b>\$1,217,187,599</b>	<b>\$1,190,497,344</b>	<b>\$1,194,203,648</b>	<b>\$1,171,515,092</b>	<b>\$1,174,542,121</b>

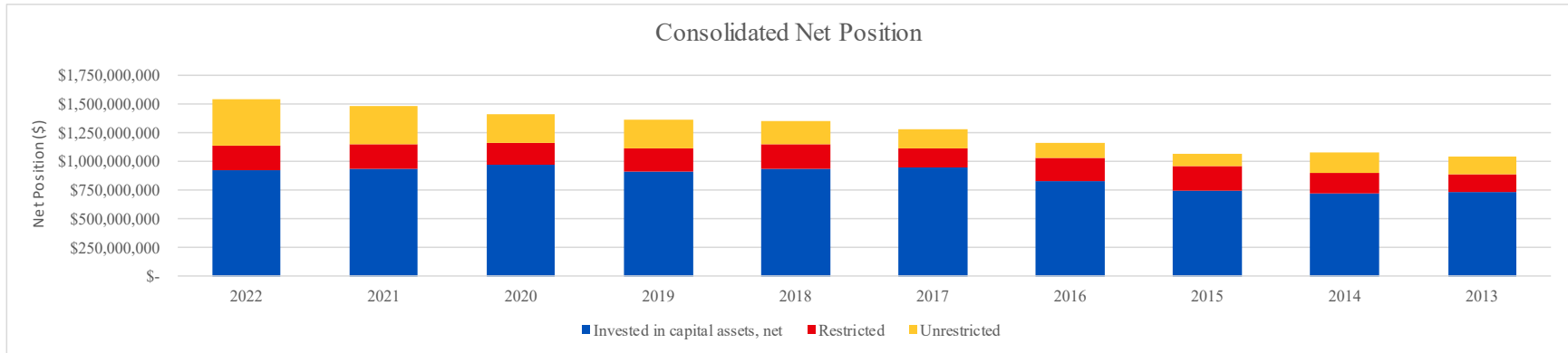
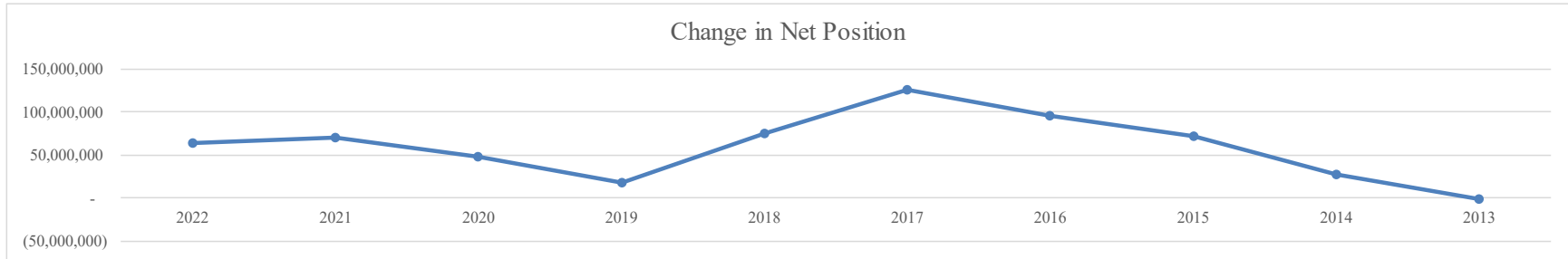
EXPENSES	For the Year Ended June 30, (percent of total revenues)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Instruction	29.4%	30.4%	32.5%	31.8%	31.8%	32.2%	31.6%	32.0%	31.6%	31.2%
Research	23.2	20.9	21.3	19.2	19.9	20.3	21.5	21.2	22.0	22.4
Public service	3.5	4.0	3.7	4.2	3.5	3.4	4.1	3.4	3.4	3.2
Academic support	4.7	5.6	4.9	4.9	4.9	5.3	5.5	5.8	5.5	5.6
Student services	3.0	3.4	3.0	3.1	2.9	2.9	2.8	2.9	2.8	2.5
Institutional support	6.5	6.3	5.5	4.7	4.7	5.4	4.9	5.2	5.4	5.7
Operations and maintenance of plant	6.7	7.4	6.7	6.5	6.8	6.1	6.0	6.0	6.2	6.9
Depreciation	6.8	7.4	5.5	8.4	7.8	7.1	7.1	6.3	6.2	6.0
Scholarships and fellowships	3.0	2.0	1.9	1.2	1.4	1.6	1.6	1.5	1.8	1.9
Auxiliary enterprises:	11.3	10.4	12.7	13.4	12.6	12.8	12.7	13.5	12.4	12.2
Other operating expenses	0.0	0.1	0.1	0.1	0.3	0.2	0.1	0.3	0.5	0.4
Total operating expenses	98.1	97.9	97.8	97.5	96.6	97.3	97.9	98.1	97.8	98.0
Interest expense	1.6	2.0	2.1	2.2	1.5	2.2	1.5	1.2	1.5	1.3
Other non-operating expenses	0.3	0.1	0.1	0.3	1.9	0.5	0.6	0.7	0.7	0.7
Total non-operating expenses	1.9	2.1	2.2	2.5	3.4	2.7	2.1	1.9	2.2	2.0
<b>Total expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: University of Kansas Annual Financial Reports

# SCHEDULE OF NET POSITION

	As of June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Lawrence &amp; Edwards Campus ONLY</b>										
Invested in capital assets, net	\$ 755,530,004	\$ 780,745,943	\$ 816,418,343	\$ 807,896,668	\$ 797,513,556	\$ 818,870,906	\$ 756,601,301	\$ 683,861,823	\$ 670,516,996	\$ 633,084,257
Restricted	64,260,572	64,189,135	50,812,146	56,222,256	57,870,425	67,956,969	67,916,049	74,250,775	65,994,788	60,490,869
Unrestricted	124,495,768	79,654,277	59,862,944	55,707,607	54,490,013	44,656,205	19,737,848	26,084,773	88,236,460	124,731,684
<b>Total Lawrence &amp; Edwards Campus net position</b>	<b>\$ 944,286,344</b>	<b>\$ 924,589,355</b>	<b>\$ 927,093,433</b>	<b>\$ 919,826,531</b>	<b>\$ 909,873,994</b>	<b>\$ 931,484,080</b>	<b>\$ 844,255,198</b>	<b>\$ 784,197,371</b>	<b>\$ 824,748,244</b>	<b>\$ 818,306,810</b>
<b>Medical Center ONLY</b>										
Invested in capital assets, net	\$ 176,574,962	\$ 176,009,747	\$ 173,341,101	\$ 155,595,764	\$ 173,309,864	\$ 167,313,884	\$ 122,273,287	\$ 129,641,820	\$ 129,585,334	\$ 143,015,941
Restricted	31,474,734	31,918,211	28,257,900	27,971,624	32,027,413	31,953,989	62,869,846	47,188,602	21,313,197	18,199,398
Unrestricted	51,985,655	28,364,398	28,604,782	31,600,304	15,134,122	16,983,044	5,514,882	806,076	8,582,461	6,020,815
<b>Total Medical Center net position</b>	<b>\$ 260,035,351</b>	<b>\$ 236,292,356</b>	<b>\$ 230,203,783</b>	<b>\$ 215,167,692</b>	<b>\$ 220,471,399</b>	<b>\$ 216,250,917</b>	<b>\$ 190,658,015</b>	<b>\$ 177,636,498</b>	<b>\$ 159,480,992</b>	<b>\$ 167,236,154</b>
<b>Consolidated</b>										
Invested in capital assets, net	\$ 922,333,707	\$ 940,965,017	\$ 972,771,345	\$ 916,224,657	\$ 937,265,888	\$ 947,005,063	\$ 828,779,659	\$ 749,549,853	\$ 722,844,933	\$ 733,982,188
Restricted	210,157,231	205,371,481	187,194,266	202,839,663	210,231,053	171,437,030	200,902,398	204,685,269	178,639,184	151,020,589
Unrestricted	414,786,722	337,481,800	254,639,325	246,991,086	200,531,284	164,970,914	127,389,700	106,947,690	181,662,526	163,264,355
<b>Total consolidated net position</b>	<b>\$1,547,277,660</b>	<b>\$1,483,818,298</b>	<b>\$1,414,604,936</b>	<b>\$1,366,055,406</b>	<b>\$1,348,028,225</b>	<b>\$1,283,413,007</b>	<b>\$1,157,071,757</b>	<b>\$1,061,182,812</b>	<b>\$1,083,146,643</b>	<b>\$1,048,267,132</b>
<b>Change in net position</b>	<b>63,450,220</b>	<b>69,424,188</b>	<b>48,549,530</b>	<b>17,490,635</b>	<b>75,337,226</b>	<b>126,341,250</b>	<b>95,888,945</b>	<b>71,052,523</b>	<b>27,013,814</b>	<b>(991,129)</b>

<sup>(1)</sup> In fiscal year 2015, KU adopted GASB 68, *Pensions*.



Source: University of Kansas Annual Financial Reports

## SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	As of June 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenue Bonds Payable										
Lawrence & Edwards Campus	\$ 166,790,000	\$ 179,970,000	\$ 200,380,000	\$ 223,305,000	\$ 237,360,000	\$ 250,490,000	\$ 251,195,000	\$ 265,050,000	\$ 282,870,000	\$ 174,625,000
Medical Center	99,475,000	106,615,000	114,005,000	114,767,135	121,310,936	127,639,286	111,640,959	70,878,194	70,218,400	72,240,000
Component Units	341,200,000	348,080,000	352,780,000	386,757,865	397,383,503	407,087,157	414,145,065	94,220,000	98,840,000	106,180,000
Total Revenue Bonds Payable	607,465,000	634,665,000	667,165,000	724,830,000	756,054,439	785,216,443	776,981,024	430,148,194	451,928,400	353,045,000
Notes Payable										
Lawrence & Edwards Campus	-	-	-	-	-	-	-	-	-	-
Medical Center	752,008	-	-	-	-	-	-	-	-	3,800,000
Component Units	3,456,901	7,053,723	15,199,647	23,521,778	8,005,938	407,556	2,679,565	3,882,628	9,307,017	8,459,955
Total Notes Payable	4,208,909	7,053,723	15,199,647	23,521,778	8,005,938	407,556	2,679,565	3,882,628	9,307,017	12,259,955
Lease Obligation Payable										
Lawrence & Edwards Campus	8,993,719	7,283,516	9,476,767	13,689,147	16,673,556	7,709,747	9,011,223	9,611,316	9,721,316	10,871,758
Medical Center	381,261	604,862	1,476,413	1,426,859	1,900,028	1,203,126	2,405,056	1,789,823	2,533,301	658,243
Component Units	42,978,545	41,480,457	4,065,033	5,170,716	6,098,774	3,552,275	923,955	1,451,946	1,662,340	1,971,836
Total Lease Obligation Payable	52,353,525	49,368,835	15,018,213	20,286,722	24,672,358	12,465,148	12,340,234	12,853,085	13,916,957	13,501,837
Total Debt	\$ 664,027,434	\$ 691,087,558	\$ 697,382,860	\$ 768,638,500	\$ 756,054,439	\$ 785,216,443	\$ 776,981,024	\$ 430,148,194	\$ 451,928,400	\$ 353,045,000

Debt Burden Ratio <sup>(1)</sup>	5.72%	5.83%	6.10%	5.91%	5.22%	5.47%	4.61%	3.69%	3.81%	3.42%
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Debt Service Coverage Ratio <sup>(2)</sup>	1.85x	2.30x	1.31x	1.73x	1.48x	2.04x	2.18x	1.53x	1.90x	1.57x
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Source: University of Kansas Annual Financial Reports

<sup>(1)</sup> The debt burden ratio is calculated by taking the principal and interest payments for all debt for the year divided by total expenses, excluding depreciation, plus principal payments. KU's policy states this ratio cannot exceed 7%.

<sup>(2)</sup> The debt service coverage ratio is calculated by taking the income (loss) before other revenues, expenses, gains or losses (excluding depreciation and interest expense) divided by principal and interest payments for all debt. KU's policy states this ratio cannot fall below 1.15x.

## SCHEDULE OF SPACE AND PARKING INFORMATION

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>SPACE INFORMATION:</b>										
Lawrence & Edwards Campus										
Total number of buildings	242	245	245	243	240	235	226	223	217	214
Total gross square feet (GSF)	11,369,946	11,591,721	11,591,721	11,589,361	11,466,621	10,717,344	10,139,008	9,920,617	9,678,217	9,531,993
Medical Center Campus										
Total number of buildings	58	58	58	59	59	58	58	56	57	56
Total gross square feet (GSF)	4,391,924	4,353,131	4,351,209	4,353,251	4,353,251	4,187,155	4,187,155	3,446,735	3,309,470	3,280,245
<b>PARKING INFORMATION:</b>										
Lawrence & Edwards Campus Parking:										
Faculty and staff <sup>(1)</sup>	2,791	2,918	2,918	2,918	2,839	2,837	2,760	2,955	2,643	2,665
Park and ride	839	839	839	839	839	839	839	-	-	1,385
Student	4,602	4,661	4,661	4,661	4,466	4,432	4,572	6,279	6,238	5,214
Residence halls	3,120	3,346	3,346	3,373	2,511	2,511	2,381	1,988	2,591	2,831
Metered	22	107	107	107	109	143	149	229	259	277
Handicap	533	541	541	511	484	481	393	464	469	437
Loading stalls	65	34	34	34	34	68	23	63	49	51
Parking facility	2,092	2,099	2,099	2,099	2,099	2,102	1,524	1,525	1,526	1,536
Other	421	412	412	416	640	658	683	752	682	637
Total	14,485	14,957	14,957	14,958	14,021	14,071	13,324	14,255	14,457	15,033
Medical Center Campus Parking:										
Faculty/staff/student	6,457	6,487	6,487	6,487	6,487	4,793	4,787	4,507	4,287	4,287
Faculty/staff/Student ADA	155	155	155	155	155	125	125	117	117	117
Visitor	1,540	1,542	1,542	1,633	1,633	1,353	1,353	1,353	1,353	1,353
Patient/Visitor ADA	176	171	171	141	141	131	131	131	131	131
Total	8,328	8,355	8,355	8,416	8,416	6,402	6,396	6,108	5,888	5,888

<sup>(1)</sup> includes gold, blue and red parking spots

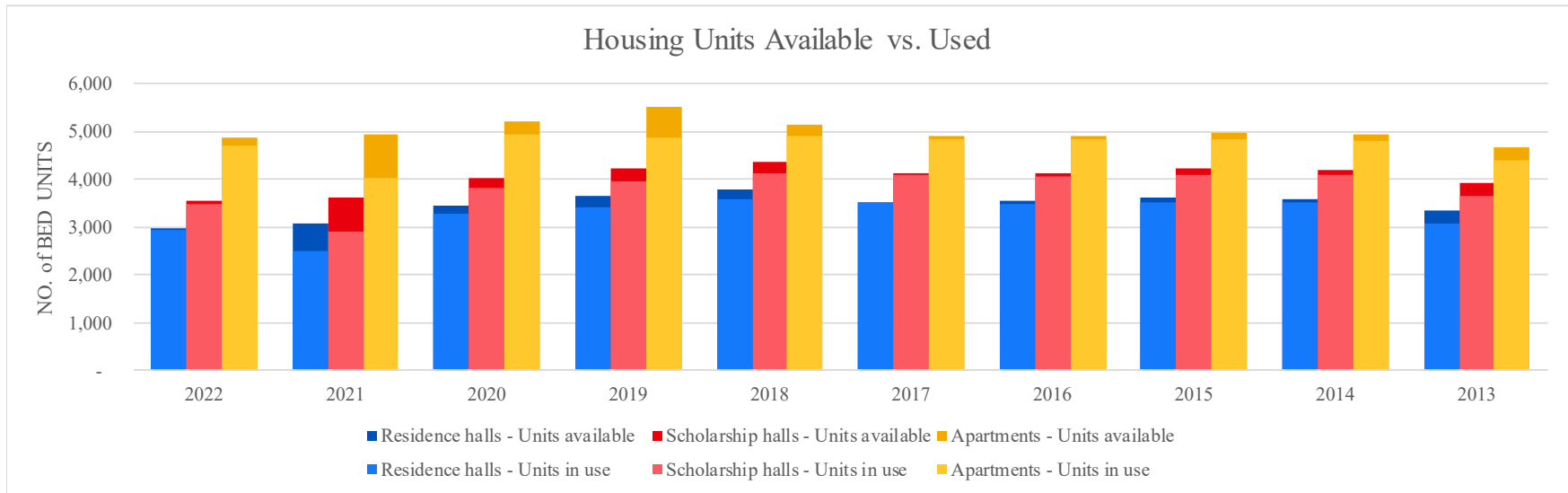
Source: Space Information - KU Space Management and KUMC Facility Department

Source: Parking Information - KU Parking Department and KUMC Parking Department

# HOUSING FACILITIES

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Residence halls</b>										
Total capacity	3,142	3,456	3,456	4,077	3,797	3,543	3,543	3,662	3,626	3,391
Units available	2,989	3,061	3,436	3,647	3,785	3,528	3,533	3,628	3,596	3,335
Units in use	2,930	2,485	3,266	3,406	3,581	3,500	3,489	3,519	3,508	3,071
<b>Scholarship halls</b>										
Total capacity	583	583	583	583	585	585	585	585	585	585
Units available	558	560	583	579	583	584	585	585	585	585
Units in use	534	420	564	540	552	581	580	581	583	578
<b>Apartments</b>										
Total capacity	1,510	1,534	1,490	1,486	782	782	784	747	747	757
Units available	1,304	1,307	1,199	1,282	780	780	782	745	744	752
Units in use	1,232	1,108	1,091	936	753	759	750	726	719	732
<b>Total units available</b>	4,851	4,928	5,218	5,508	5,148	4,892	4,900	4,958	4,925	4,672
<b>Total units in use</b>	4,696	4,013	4,921	4,882	4,886	4,840	4,819	4,826	4,810	4,381
Percent occupancy	96.8%	81.4%	94.3%	88.6%	94.9%	98.9%	98.3%	97.3%	97.7%	93.8%

Source: KU Housing Department



## DINING FACILITIES AND OPERATIONS

	Fiscal Year				
	2022	2021	2020	2019	2018
Number of Dining Plans					
Fall semester	4,875	2,975	3,985	3,930	3,962
Spring semester	4,824	2,812	4,089	3,835	3,766
Total dining plan sales	\$ 12,341,625	\$ 9,760,750	\$ 8,235,408	\$ 14,625,067	\$ 14,613,557
Retail/non-dining plan sales	2,417,605	1,543,177	1,824,583	5,870,514	7,151,310
Catering sales	1,516,423	238,820	1,812,874	2,809,434	2,479,230
<b>Total Dining Sales</b>	<b>\$ 16,275,653</b>	<b>\$ 11,542,747</b>	<b>\$ 11,872,864</b>	<b>\$ 23,305,015</b>	<b>\$ 24,244,097</b>
<b>Total KU Bookstore Sales</b>	<b>\$ 10,180,778</b>	<b>\$ 11,214,567</b>	<b>\$ 11,746,964</b>	<b>\$ 14,179,268</b>	<b>\$ 15,397,918</b>
Building Foot Traffic					
Kansas Union	702,812	506,889	795,376	1,024,304	1,140,981
Burge Union	135,561	63,263	152,208	190,936	25,324
DeBruce	240,803	114,809	246,660	291,041	333,148

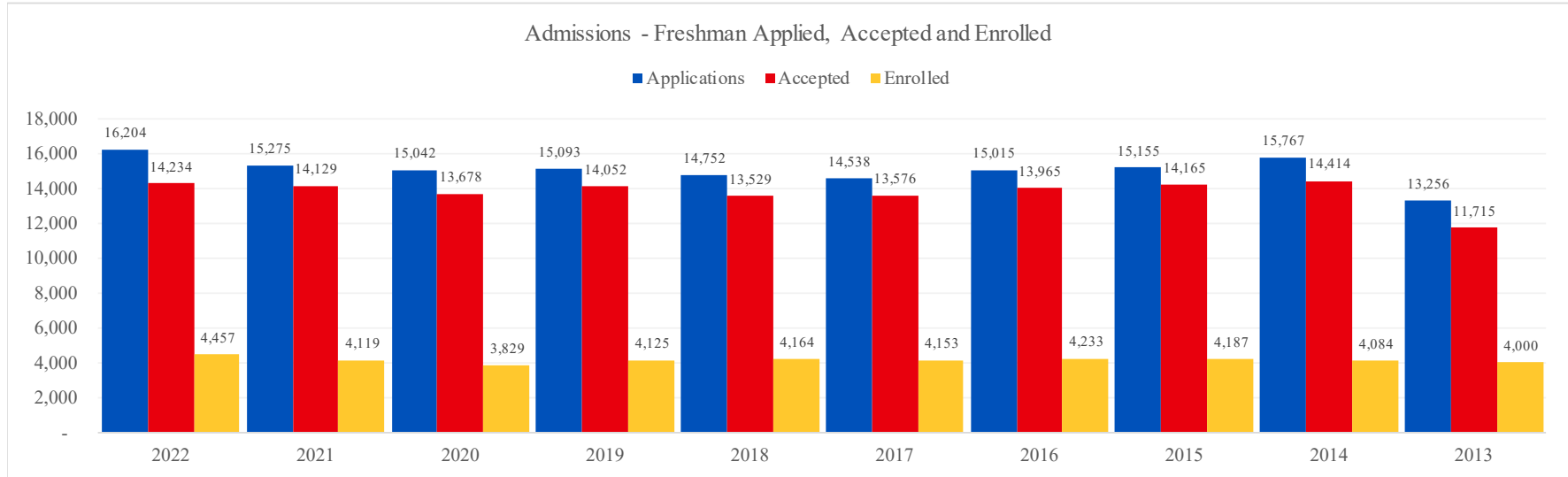
Source: KU Memorial Unions

# ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

	Fall Semester									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013

## Admissions-Freshman

Accepted as a percentage of applications	88%	92%	91%	93%	92%	93%	93%	93%	91%	88%
Enrolled as a percentage of accepted	31%	29%	28%	29%	31%	31%	30%	30%	28%	34%



## Enrollment

Undergraduate and graduate headcount	27,638	27,685	27,619	28,423	28,510	28,447	28,401	28,091	27,983	27,784
Undergraduate and graduate FTE <sup>(1)</sup>	25,032	24,897	24,887	25,760	25,889	25,939	25,917	22,647	22,532	22,327
Resident	16,193	16,444	16,771	17,248	17,456	17,515	17,586	17,807	17,816	17,886
Nonresident	11,445	11,241	10,848	11,175	11,054	10,932	10,815	10,284	10,167	9,898
Female	14,980	14,905	14,727	14,837	14,974	14,851	14,844	14,469	14,281	14,187
Male	12,612	12,733	12,814	13,062	13,461	13,543	13,532	13,622	13,702	13,597
Not reported	46	47	78	524	75	53	25	-	-	-

<sup>(1)</sup> FTE was being calculated for the KU Medical center starting in fiscal year 2017.

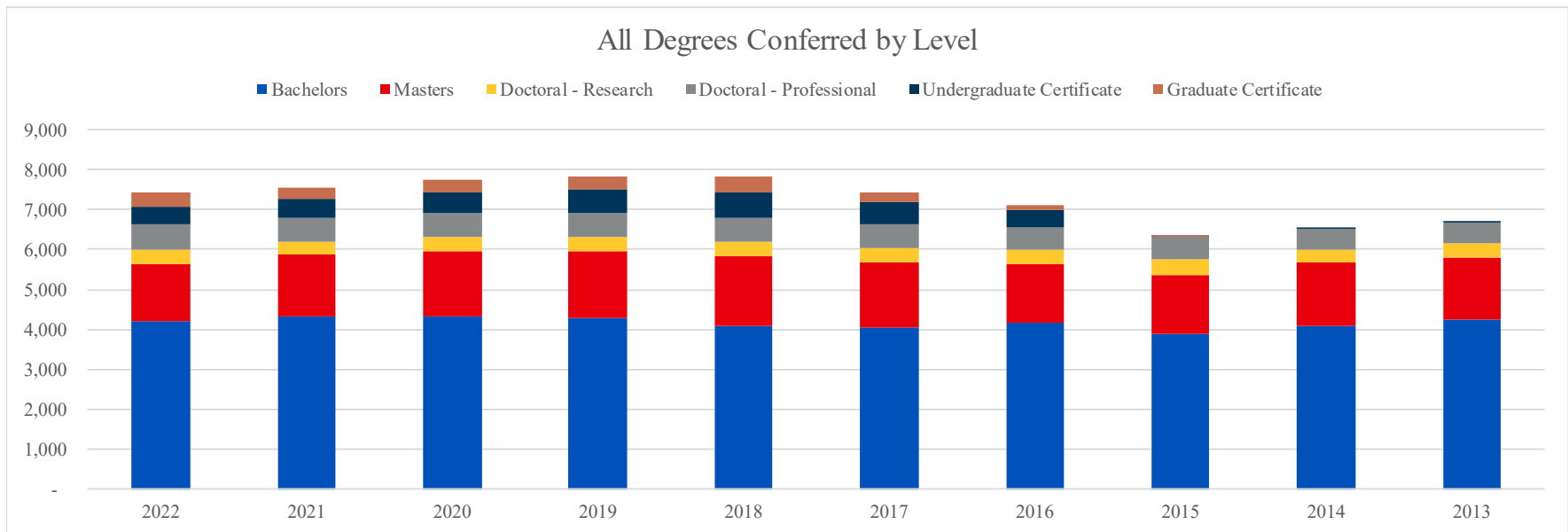
Source: KU Fact Book - [aire.ku.edu/enrollment](http://aire.ku.edu/enrollment)



## ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS (continued)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Bachelors	4,201	4,312	4,332	4,269	4,079	4,046	4,158	3,899	4,090	4,265
Masters	1,452	1,560	1,637	1,697	1,759	1,643	1,492	1,465	1,589	1,541
Doctoral - Research	346	308	346	356	366	349	335	384	326	362
Doctoral - Professional	620	608	583	572	596	585	553	563	519	501
Undergraduate Certificate	456	489	535	603	649	560	440	9	10	8
Graduate Certificate	366	273	302	350	374	241	137	38	-	-
<b>Total</b>	<b>7,441</b>	<b>7,550</b>	<b>7,735</b>	<b>7,847</b>	<b>7,823</b>	<b>7,424</b>	<b>7,115</b>	<b>6,358</b>	<b>6,534</b>	<b>6,677</b>

Source: KU Fact Book - [aire.ku.edu/degrees](http://aire.ku.edu/degrees)



## FACULTY AND STAFF

	Fall Semester									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Lawrence & Edwards Campus Headcount:										
Faculty	1,289	1,251	1,287	1,341	1,379	1,411	1,515	1,545	1,547	1,508
Faculty Administrator	50	48	47	48	52	49	51	49	45	46
Graduate Student Employee	1,606	1,601	1,692	1,780	1,807	1,758	1,775	1,795	1,799	1,895
Librarian	40	37	41	43	46	50	38	42	49	54
Student Hourly Employee	2,548	2,205	2,079	3,306	3,403	3,308	3,014	3,041	2,971	2,887
Unclassified Academic Staff	142	142	137	139	148	146	154	159	153	151
Unclassified Professional Staff	2,805	2,700	2,835	2,855	2,871	2,800	2,841	2,785	2,748	2,090
University Support Staff	365	372	446	460	498	543	559	626	670	1,206
<b>Total</b>	<b>8,845</b>	<b>8,356</b>	<b>8,564</b>	<b>9,972</b>	<b>10,204</b>	<b>10,065</b>	<b>9,947</b>	<b>10,042</b>	<b>9,982</b>	<b>9,837</b>
Medical Center Headcount:										
Faculty	1,642	1,535	1,503	1,457	1,411	1,293	1,224	1,168	1,157	1,055
Faculty Administrator <sup>(1)</sup>	33	39	36	-	-	-	-	-	-	-
Graduate Student Employee	276	265	250	244	228	232	237	247	243	261
Medical Residents	595	581	565	552	544	546	544	531	513	504
Student Hourly Employee	113	114	117	202	201	177	193	165	148	158
Unclassified Professional Staff	1,967	1,837	1,760	1,729	1,586	1,534	1,481	1,403	1,397	1,456
University Support Staff	292	281	284	293	285	271	251	259	268	260
<b>Total</b>	<b>4,918</b>	<b>4,652</b>	<b>4,515</b>	<b>4,477</b>	<b>4,255</b>	<b>4,053</b>	<b>3,930</b>	<b>3,773</b>	<b>3,726</b>	<b>3,694</b>
Total Headcount:										
Faculty	2,931	2,786	2,790	2,798	2,790	2,704	2,739	2,713	2,704	2,636
Faculty Administrator	83	87	83	48	52	49	51	49	45	46
Graduate Student Employee	1,882	1,866	1,942	2,024	2,035	1,990	2,012	2,042	2,042	2,149
Librarian	40	37	41	43	46	50	38	42	49	54
Medical Residents	595	581	565	552	544	546	544	531	513	504
Student Hourly Employee	2,661	2,319	2,196	3,508	3,604	3,485	3,207	3,206	3,119	3,127
Unclassified Academic Staff	142	142	137	139	148	146	154	159	153	152
Unclassified Professional Staff	4,772	4,537	4,595	4,584	4,457	4,334	4,322	4,188	4,145	3,650
University Support Staff	657	653	730	753	783	814	810	885	938	1,379
<b>Total</b>	<b>13,763</b>	<b>13,008</b>	<b>13,079</b>	<b>14,449</b>	<b>14,459</b>	<b>14,118</b>	<b>13,877</b>	<b>13,815</b>	<b>13,708</b>	<b>13,697</b>

<sup>(1)</sup> Faculty administrators were reported for the first time at the Medical Center in Fall 2020.

Source: KU Fact Book - [aire.ku.edu/faculty-and-staff](http://aire.ku.edu/faculty-and-staff)

**July 1, 2021  
–June 30, 2022**



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2022. KU Marketing. COMP05669