

2024

THE UNIVERSITY *of* KANSAS
ANNUAL FINANCIAL REPORT



TABLE OF CONTENTS

Kansas Board of Regents and Officers	1
Reporting Structure	2
Management’s Discussion and Analysis	3
Consolidated Financial Statements	
Consolidated Statements of Net Position	24
Kansas University Endowment Association – Consolidated Statements of Financial Position	26
Consolidated Statements of Revenues, Expenses, and Changes in Net Position	28
Kansas University Endowment Association – Consolidated Statements of Activities	30
Consolidated Statements of Cash Flows	32
Notes to Consolidated Financial Statements	34
Supplementary Information	
Consolidating Statement of Net Position	68
Consolidating Statement of Revenues, Expenses and Changes in Net Position	70
Consolidating Statement of Cash Flows	72
Statistical Information	
Financial Trends	77
Debt Capacity	81
Operating Information	82
Demographic and Economic Information	85

KANSAS BOARD OF REGENTS

Blake Benson	Diana Mendoza
John Dicus	Neelima Parasker
Carl Ice	Jon Rolph
Alysia Jonston	Wint Winter

EXECUTIVE OFFICERS

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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

Katrina Yoakum
Controller, Lawrence Campus

Jeffrey Hunter
Director for Financial Reporting Services, Lawrence Campus

Medical Center Campus

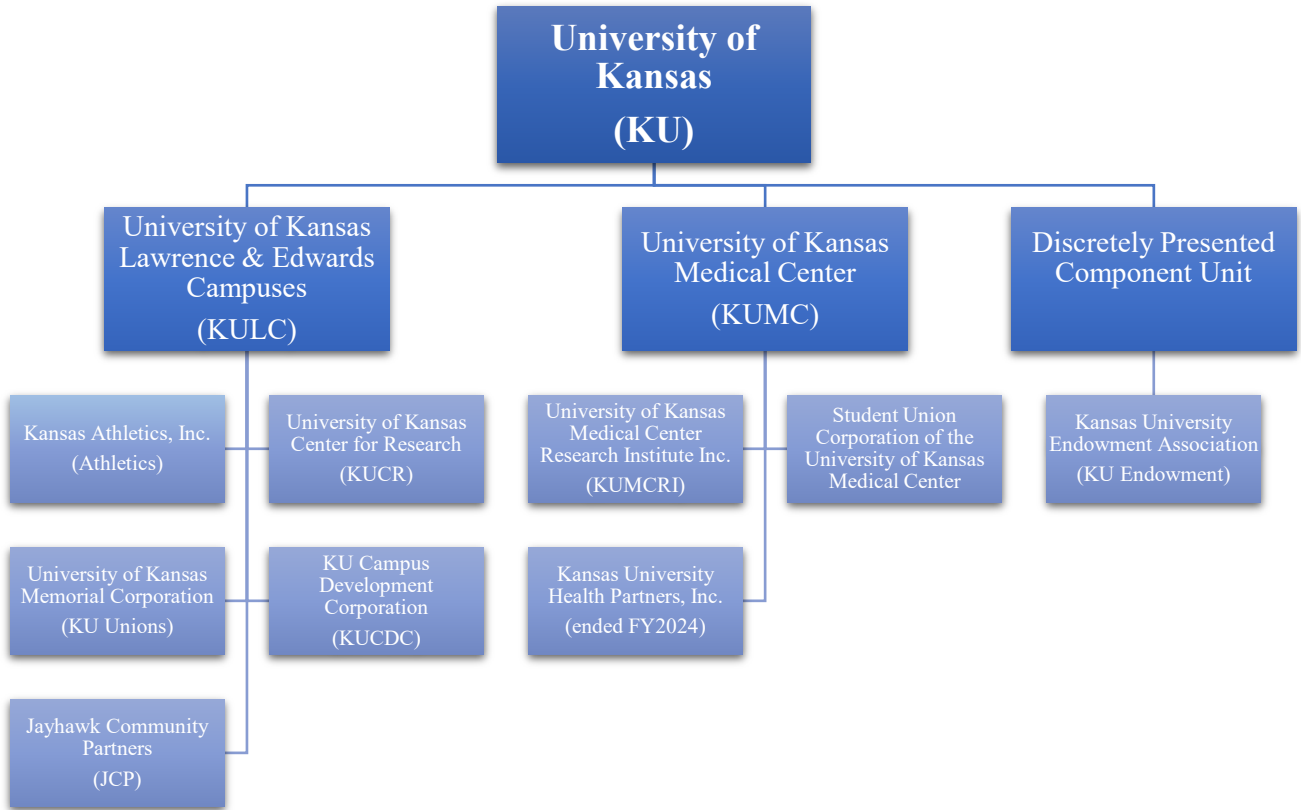
Dr. Robert D. Simari
Executive Vice Chancellor

David Vranicar
Vice Chancellor for Finance and Chief Financial Officer

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

Jennifer Patel
Director of Accounting and Financial Reporting, Medical Center

UNIVERSITY OF KANSAS CONSOLIDATED REPORTING STRUCTURE

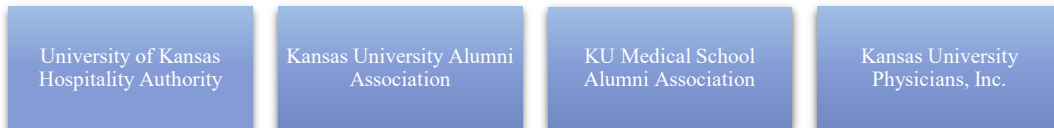


AUXILIARIES INCLUDED WITHIN KULC & KUMC



NON-CONSOLIDATED UNIVERSITY OF KANSAS AFFILIATES

* 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 consolidated financial report includes three financial statements: the Consolidated Statement of Net Position; the Consolidated Statement of Revenues, Expenses, and Changes in Net Position; and the Consolidated Statement of Cash Flows. KU's consolidated 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

KU had another year of significant achievements. The Lawrence Campus continued its focus on the implementation of its Jayhawks Rising strategic plan to shape the future of KU Lawrence Campus. The Jayhawks Rising strategic plan is organized around three institutional priorities: Student Success; Health & Vibrant Communities; and Research & Discovery. The Medical Center Campus also continued its focus on improving the lives and communities in Kansas and beyond through partnership and innovation in education, research, and health care.

Some of KU's key achievements during the fiscal year ended June 30, 2024 were:

- KU welcomed the largest freshman class in history and its highest overall enrollment in 14 years. This year's freshmen class was talented and diverse with an all-time high number of freshmen enrolled in the university's School of Business, School of Education & Human Sciences, School of Engineering, and School of Architecture & Design.
- The KU School of Business received a \$50 million commitment that will transform business education and research at the school. The gift will bolster student success priorities and advance key initiatives supporting undergraduate student success.
- KU was awarded \$11.3 million from the National Institutes of Health ("NIH") to establish a multidisciplinary biomedical center to research big data's potential to improve women's health.
- KU Medical Center received a \$11.4 million grant renewal from the NIH for Kansas Institute for Precision Medicine to continue its mission to improve health care training by training physicians and scientists in precision medicine.
- KU Medical Center received a \$11.5 million grant from the NIH to identify and develop ways to implement evidence-based practices into clinical care and ensure equitable care for rural, minority and underserved populations.
- KU Medical Center started construction on a new biomedical education campus in Wichita in conjunction with Wichita State University. This campus will train health care practitioners for Kansas communities. The State of Kansas and provided \$21.5 million in support for this project during the current fiscal year.
- KU started construction on its campus gateway and stadium renovation project. This project will be a transformational enhancement to the Lawrence campus at the intersection of 11th and Mississippi streets. This project will:
 - provide a new front door (Gateway) to welcome prospective students and guests,
 - construct a multiuse facility with a conference center allowing for year around use,
 - provide new stadium and athletic facilities for Kansas Football and gameday guests.

CONSOLIDATED STATEMENT OF NET POSITION

The Consolidated 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 Consolidated 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.

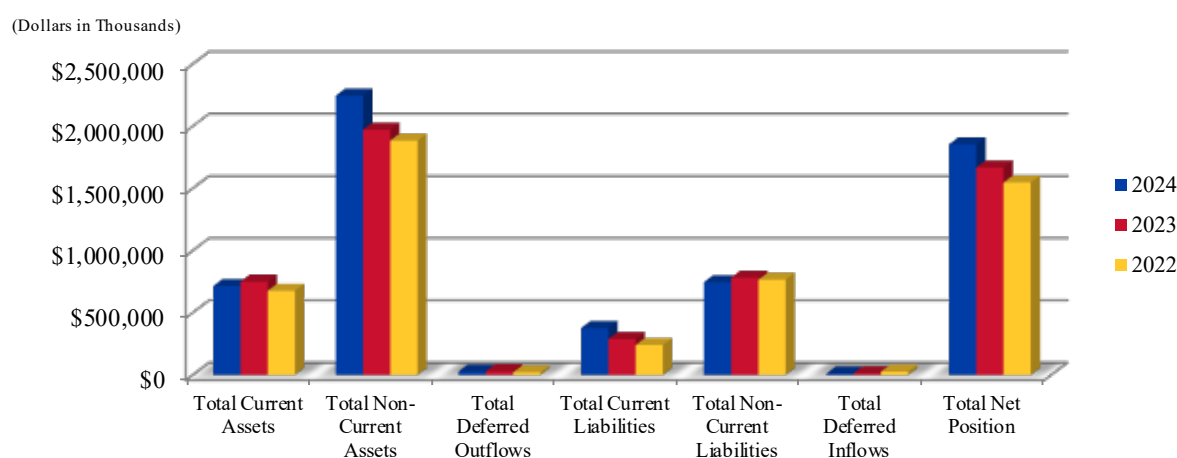
Within the Consolidated Statement of Net Position, assets and liabilities are further classified as current or non-current. The current classification distinguishes those assets which are highly liquid and available for immediate and unrestricted use by KU, and those liabilities likely to be settled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

MANAGEMENT'S DISCUSSION AND ANALYSIS

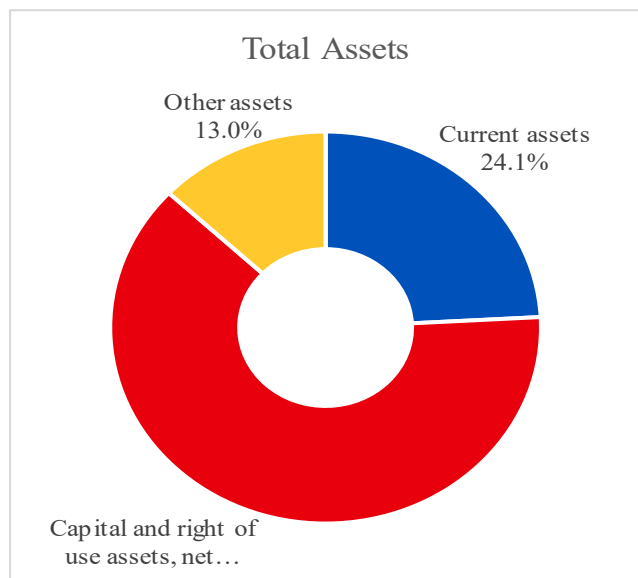
Condensed Consolidated Statement of Net Position As of June 30 (Dollars in Thousands)

	2024	2023	2022
Assets:			
Current assets	\$ 714,589	\$ 749,985	\$ 675,311
Capital and right of use assets, net	1,861,208	1,688,149	1,641,348
Other assets	383,422	283,561	242,733
Total assets	2,959,219	2,721,695	2,559,392
Deferred outflows of resources	26,734	29,691	19,404
Liabilities:			
Current liabilities	377,245	288,955	240,842
Long-term debt	611,419	642,141	627,244
Other liabilities	132,506	139,466	137,194
Total liabilities	1,121,170	1,070,562	1,005,280
Deferred inflows of resources	11,091	13,602	26,238
Net Position:			
Net investment in capital assets	1,101,882	955,331	927,397
Restricted	327,768	312,153	210,157
Unrestricted	424,042	399,738	409,724
Total net position	\$ 1,853,692	\$ 1,667,222	\$ 1,547,278

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, 2024, 2023, and 2022:



MANAGEMENT'S DISCUSSION AND ANALYSIS



Assets

On June 30, 2024, total assets were \$3.0 billion, an increase of \$237 million (8.7%) compared to 2023. On June 30, 2023, total assets were \$2.7 billion, an increase of \$162 million (6.3%) compared to 2022. 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, 2024, current assets decreased \$35.4 million (4.7%) compared to 2023. This change is attributed to:

- \$37.7 million (10.7%) decrease in current unrestricted and restricted cash and cash equivalents because of (1) \$22.9 million from an acceleration of amounts expended on capital related expenditures and a return to normal collections on receivables at the Medical Center, (2) \$12.8 million from the timing of grant expenditures exceeding grant cash receipts, and (3) \$11.7 million increase in athletic program expenditures, all of which is offset by an \$11.0 million increase of donations received and held at Kansas University Endowment Association ("KU Endowment").
- \$21.8 million (11.2%) decrease in liquid investments, of which \$30.5 million pertained to donations received by Kansas Athletics, Inc. ("Athletics") for construction projects initiated during fiscal year 2024.
- \$8.4 million (24.6%) decrease in the amount to be collected in the next fiscal year from pledges received by Athletics for general pledges, Allen Fieldhouse renovations, and the campus gateway and stadium renovation project.
- \$34.1 million (22.2%) increase in accounts receivable stemming from (1) \$14.6 million increase in receivables associated with sponsored research, (2) \$4.6 million increase in receivables from students for tuition and fees, and (3) \$15.0 million increase in operating receivables relating to a normalization of receivable collections from the prior year.

On June 30, 2023, current assets increased \$74.7 million (11.1%) compared to 2022. This change was attributed to:

- \$21.7 million (6.6%) increase in current unrestricted and restricted cash and cash equivalents because of (1) donations received and held at Kansas University Endowment Association ("KU Endowment") for the Medical Center and (2) increase in ticket sales at athletic events.
- \$38.4 million (24.7%) increase in liquid investments, of which \$36.4 million pertained to donations received by Kansas Athletics, Inc. ("Athletics").
- \$7.8 million (5.2%) increase in accounts receivable stemming from (1) \$4.0 million in receivables from students for tuition and fees, and (2) \$3.5 million in receivables associated with sponsored research.
- \$6.8 million (27.1%) increase in the amount to be collected in the next fiscal year from pledges received by Athletics for general pledges, Allen Fieldhouse renovations, and the campus gateway and stadium renovation project.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Noncurrent Assets

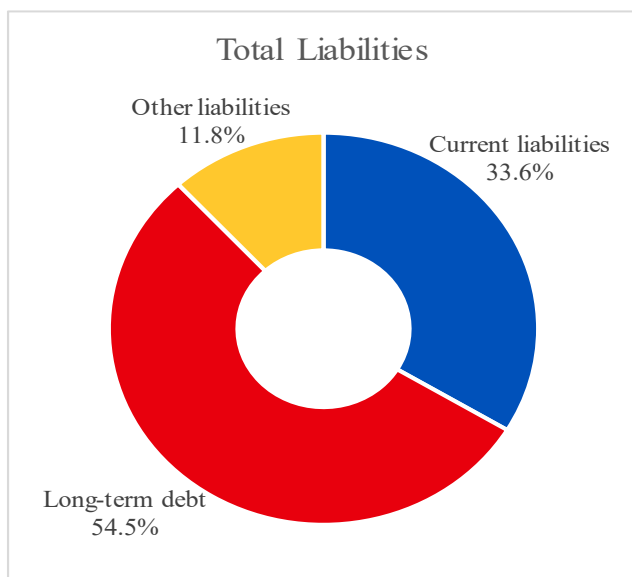
Noncurrent assets consist of capital assets, long-term endowment investments, cash restricted for capital projects, and accounts receivable not due to be collected in the next fiscal year.

On June 30, 2024, noncurrent assets increased \$272.9 million (13.8%) compared to 2023. This change is attributed to:

- \$173.1 million (10.3 %) increase in capital and right of use assets. Significant construction has proceeded during the current year on the campus and stadium renovation gateway project, and remodeling of the Allen Fieldhouse. See the Capital Asset section below for further discussion.
- \$54.3 million (242.7%) increase in pledges receivables received by Athletics for the Allen Fieldhouse renovations and the campus gateway and stadium renovation project expected to be collected in future years.
- \$16.9 million (1,098.0%) increase in long-term receivables for amounts to be received from the joint venture with Wichita State University on the new biomedical campus.
- \$9.4 million (58.3%) increase in restricted cash received which has been earmarked for capital project construction purposes.

On June 30, 2023, noncurrent assets increased \$87.6 million (4.7%) compared to 2022. This change was attributed to:

- \$46.8 million (2.9 %) increase in capital assets and right of use assets. KU recognized new right of use assets related to the adoption of Governmental Accounting Standards Board (“GASB”) subscription-based information technology arrangements (“SBITA”) (see New Accounting Standard section below).
- \$19.0 million (623.4%) increase in pledges receivables received by Athletics for the Allen Fieldhouse renovations and the campus gateway and stadium renovation project expected to be collected in future years.
- \$15.0 million (1,288%) increase in restricted cash received which has been earmarked for capital project construction purposes.
- \$8.3 million (4.0%) increase in long-term investments.



Liabilities

On June 30, 2024, total liabilities were \$1.1 billion, increasing \$50.6 million (4.7%) compared to 2023. On June 30, 2023, total liabilities were \$1.1 billion, increasing \$65.3 million (6.5%) compared to 2022. See a further breakout and discussion of the changes of liabilities below.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 30, 2024, current liabilities increased \$88.3 million (30.6%) when compared to 2023. This change is attributed to:

- \$59.4 million (52.0%) increase in accounts payable and accrued expenses because of the timing of invoice payments to vendors for operating and capital related expenditures primarily from the campus gateway and stadium construction.
- \$15.5 million (20.9%) increase in unearned revenues because of (1) \$15.7 million increase in unspent State of Kansas Department of Commerce revenues for the campus gateway and stadium renovation project construction and other awarded American Rescue Plan Act (“ARPA”) funds, and (2) \$2.3 million received from certain granting authorities in advance of performing services, offset by \$2.7 million in reduced advanced ticket sales for Athletic events.
- \$10.0 million (23.3%) increase in the current portion of long-term debt items primarily stemming from KU entering new leases and software contracts during the current year, and the principal portion of existing revenue bonds continue to increase.

On June 30, 2023, current liabilities increased \$48.1 million (20.0%) when compared to 2022. This change was attributed to:

- \$21.2 million (22.8%) increase in accounts payable and accrued expenses because of the timing of invoice payments to vendors for operating and capital related expenditures as well as an increase in accrued payroll for one additional day.
- \$20.5 million (38.4%) increase in unearned revenues because of (1) \$15.7 million received from certain granting authorities in advance of performing services, and (2) \$4.8 million received by Athletics for future sporting events.
- \$6.2 million (16.9%) increase in the current portion of long-term debt items stemming from KU entering new leases during the current year, adopting the GASB SBITA standard, and the principal portion of existing revenue bonds continue to increase.

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, 2024, noncurrent liabilities decreased \$37.7 million (4.8%) when compared to 2023. This change is attributed to:

- \$32.1 million (5.9%) decrease in revenue bonds as KU has continued to pay on existing debt while limiting the issuance of new debt.
- \$6.1 million (6.7%) decrease in capital leases because of scheduled payments on lease agreements exceeding the execution of new capital leases.
- \$5.7 million (10.1%) decrease in other long-term liabilities resulting from the continued amortization of bond premiums and a continued reduction in Perkins loan liabilities because of payments and assignment of loans to the U.S. Department of Education.
- \$8.1 million (279.5%) increase in the SBITA liability principally from the renewal of the enterprise financial systems at both the Lawrence and Medical Center campuses.

On June 30, 2023, noncurrent liabilities increased \$17.2 million (2.2%) when compared to 2022. This change was attributed to:

- \$43.1 million (91.4%) increase in leases because KU Medical Center entered into a new lease agreement with University of Kansas Hospital Authority (\$45.5 million) which was offset by scheduled payments on other lease agreements.
- \$11.8 million (22.3%) increase in the net pension liability resulting from a decline in market investment results in 2022 which did not impact the liability until the 2023 actuarial calculation, as well as a decrease in the discount rate from 7.25% in June 2021 to 7.0% in June 2022.
- \$30.5 million (5.3%) decrease in revenue bonds as KU has continued to pay on existing debt while limiting the issuance of new debt.

MANAGEMENT'S DISCUSSION AND ANALYSIS

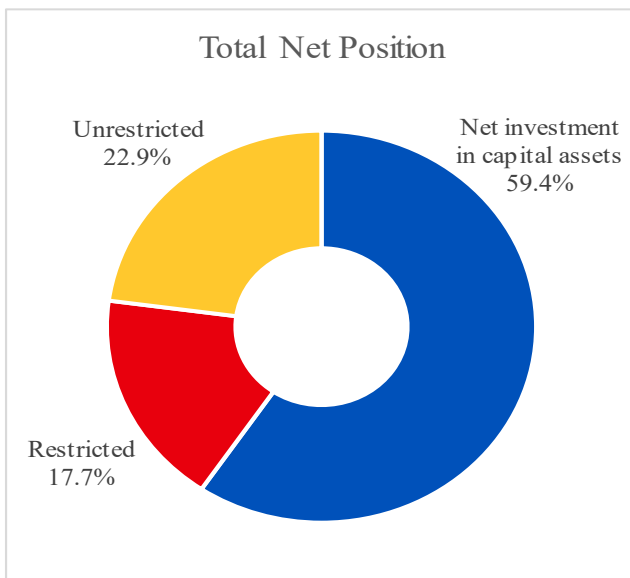
- \$9.2 million (13.9%) decrease in other long-term liabilities resulting from the continued amortization of bond premiums and a continued reduction in Perkins loan liabilities similar to 2024.

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 18), the other postemployment benefit liability (see note 20), deferred charges on the refunding of capital debt, and deferred lease resources.

On June 30, 2024, total deferred outflows were \$26.7 million, a decrease of \$3.0 million (10.0%) compared to 2023. This decrease is primarily because of changes in assumptions in the pension calculation and a decrease in the allocated proportion of the total deferred outflows from the State of Kansas to KU. On June 30, 2023, total deferred outflows were \$29.7 million, an increase of \$10.3 million (53.0%) compared to 2022. This increase is primarily attributed to actual pension investment earnings being below projected earnings as well as a change in assumptions in the pension calculation.

On June 30, 2024, total deferred inflows were \$11.1 million, a decrease of \$2.5 million (18.5%) compared to 2023. The decrease is primarily attributed to actual pension investment earnings being below projected earnings. On June 30, 2023, total deferred inflows were \$13.6 million, a decrease of \$12.6 million (48.2%) compared to 2022. The decrease is similar to 2024 as it is primarily the result of actual pension investment earnings being less than projected earnings.



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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On June 30, 2024, total net position was \$1.9 billion, an increase of \$186.5 million (11.2%) compared to 2023. On June 30, 2023, total net position was \$1.7 billion, an increase of \$119.9 million (7.8%) compared to 2022. The following breakout represents the composition of net position (in thousands) as of June 30:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net investment in capital assets	\$ 1,101,882	\$ 955,331	\$ 927,397
Restricted for:			
Nonexpendable	44,998	45,559	46,496
Expendable:			
Scholarships, research, instruction and other	88,996	91,126	77,960
Loans	25,892	25,840	24,061
Capital projects	160,967	142,661	55,354
Debt service	6,915	6,967	6,286
Unrestricted	424,042	399,738	409,724
Total net position	<u>\$ 1,853,692</u>	<u>\$ 1,667,222</u>	<u>\$ 1,547,278</u>

KU's increase of \$186.5 million (11.2%) in net position as of June 30, 2024, is attributed to the following:

- \$146.6 million (15.3%) increase in investment in capital assets is associated with construction on the campus gateway and stadium renovation project, remodeling of Allen Fieldhouse, construction on the new health education building, and addressing rehabilitation and repairs on existing buildings and infrastructure on campus, offset by depreciation taken during the current year.
- \$18.3 million (12.8%) increase in expendable net assets for capital projects stems from a growth of donations received by KU Athletics for the Allen Fieldhouse renovations and the campus gateway and stadium renovation project.
- \$24.3 million (6.1%) increase in unrestricted net position that is primarily the result of growth in the research enterprises of KU.

KU's increase of \$119.9 million (7.8%) in net position as of June 30, 2023, was attributed to the following:

- \$27.9 million (3.0%) increase in investment in capital assets is associated with KU investing more in capital projects to address rehabilitation and repairs on existing buildings and infrastructure on campus.
- \$13.2 million (16.9%) increase in expendable net assets for scholarships, research, instruction, and other purposes stems from a growth of donations received by Athletics designated for scholarships.
- \$87.3 million (157.7%) increase in expendable net assets for capital projects stems from a growth of donations received by KU Athletics renovation projects.
- \$10.0 million (2.4%) decrease in unrestricted net position is associated with the planned use of reserves to address the KU Lawrence campus' structural deficit while several financial initiatives are implemented.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

The Consolidated 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.

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

	2024	2023	2022
Operating revenues	\$ 1,208,475	\$ 1,123,141	\$ 1,062,655
Operating expenses	<u>(1,680,976)</u>	<u>(1,529,833)</u>	<u>(1,417,228)</u>
Total operating loss	(472,501)	(406,692)	(354,573)
Non-operating revenues	561,558	445,955	408,418
Non-operating expenses	<u>(38,798)</u>	<u>(23,092)</u>	<u>(26,678)</u>
Net non-operating revenues (expenses)	522,760	422,863	381,740
Income (loss) before other revenues, expenses, gains and losses	50,259	16,171	27,167
Other revenues, expenses, gains and losses	<u>136,211</u>	<u>103,550</u>	<u>36,284</u>
Increase (decrease) in net position	186,470	119,721	63,451
Net position, beginning of year	1,667,222	1,547,278	1,483,818
Restatement of net position - beginning of year ⁽¹⁾	-	223	9
Net position, end of year	<u>\$ 1,853,692</u>	<u>\$ 1,667,222</u>	<u>\$ 1,547,278</u>

¹ 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.

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

	2024	2023	2022
Tuition and fees	\$ 339,900	\$ 320,300	\$ 323,822
Grants and contracts	445,036	400,231	345,232
Sales and services	176,187	170,954	175,548
Auxiliary enterprises	236,745	224,695	205,576
Other operating revenues	<u>10,607</u>	<u>6,961</u>	<u>12,477</u>
Total operating revenues	<u>\$ 1,208,475</u>	<u>\$ 1,123,141</u>	<u>\$ 1,062,655</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2024, operating revenues at KU increased \$85.3 million (7.6%) compared to 2023. The change in operating revenues is primarily a result of:

- \$44.8 million (11.2%) increase in grants and contracts from the continued growth of research opportunities and initiatives on campus. KU has continued to experience a growth in the number and amount of sponsored grants and clinical trials compared to prior years.
- \$19.6 million (6.1%) increase in tuition and fees connected to a 5% increase in rate structure charged to students in conjunction with the university having the largest student population in 14 years.
- \$12.1 million (5.4%) increase in auxiliary enterprises primarily from (1) \$6.1 million in housing revenues from a growth in the number of students staying in student housing complexes across campus, and (2) \$2.2 million in KU Memorial Corporation (“KU Union”) revenues from increasing sales to students, faculty, and staff, and (3) \$2.2 million increases in parking revenues from an increase in parking rates and the number of individuals on campus.

For the year ended June 30, 2023, operating revenues at KU increased \$60.5 million (5.7%) compared to 2022. The change in operating revenues is primarily a result of:

- \$55.0 million (15.9%) increase in grants and contracts from the continued growth of research opportunities and initiatives on campus. KU has continued to experience a growth in the number and amount of sponsored grants and clinical trials compared to prior years.
- \$19.1 million (9.3%) increase in auxiliary enterprises primarily from (1) \$9.6 million associated with Athletics from a successful men’s football season and women’s WNIT basketball championship, and (2) \$5.7 million in KU Memorial Corporation (“KU Union”) revenues from increasing sales as physical presence of students, faculty, and staff returns on campus.

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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
State appropriations	\$ 305,434	\$ 301,271	\$ 259,586
Local appropriations	16,641	16,523	15,234
Gifts	108,239	90,901	71,324
Investment income (loss)	37,415	14,750	(17,387)
Nonoperating federal grants and contracts	90,653	19,725	72,298
Other non-operating revenues	3,176	2,785	7,363
Total non-operating revenues	<u>\$ 561,558</u>	<u>\$ 445,955</u>	<u>\$ 408,418</u>

For the year ended June 30, 2024, non-operating revenues increased \$115.6 million (25.9%) compared to 2023. This change is primarily a result of:

- \$70.9 million (359.6%) increase in nonoperating federal grants and contracts primarily from (1) \$66.2 million increase in grant revenues from the State of Kansas Department of Commerce GEER program and ARPA funds, and (2) \$4.2 million increase in Pell revenue because of an increase in the number of students attending KU.
- \$22.7 million (153.7%) increase in investment income because of improved market conditions experienced during the fiscal year.
- \$17.3 million (19.1%) increase in gift income stemming from additional funding provided by KU Endowment for faculty and staff compensation and other operating expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2023, non-operating revenues increased \$37.5 million (9.2%) compared to 2022. This change was primarily a result of:

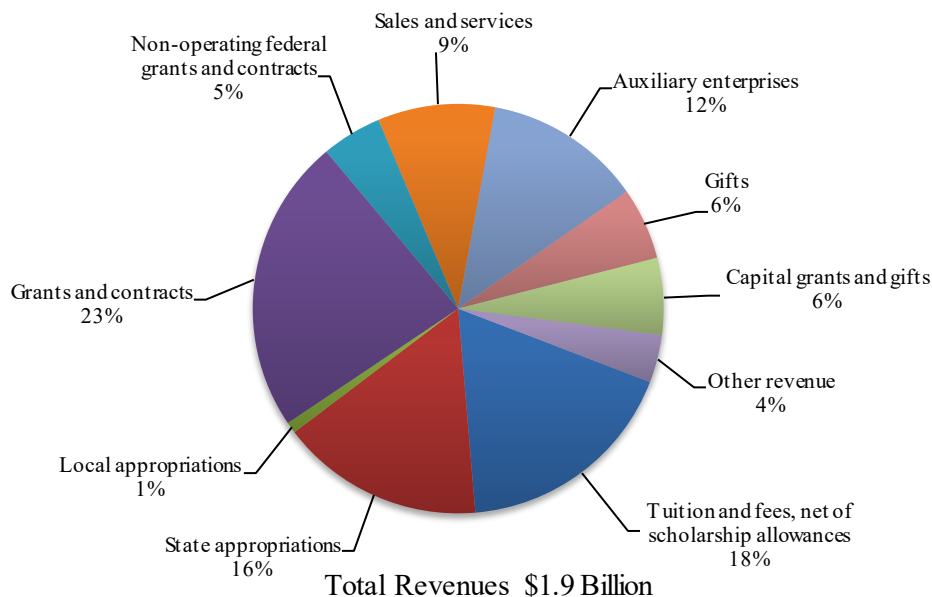
- \$41.7 million (16.1%) increase in state appropriations as the State of Kansas and the Kansas Board of Regents provided an increase in general appropriations and one-time appropriated funds for information technology, and facility deferred maintenance.
- \$32.1 million (184.8%) increase in investment income because of improved market conditions experienced during the fiscal year.
- \$19.6 million (27.4%) increase in gift income stemming from additional funding provided by KU Endowment for faculty and staff compensation and other operating expenditures.
- \$52.6 million (72.7%) decrease in non-operating federal grants and contracts as KU received federal pandemic funding in fiscal year 2022 that did not occur again in the current 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, 2024, capital grants and gifts increased \$27.5 million (31.2%) because KU initiated more privately funded construction projects on the Lawrence and Medical Center campuses. Additionally, Athletics continued to receive more contributions earmarked for the campus gateway and stadium renovation project during 2024 when compared to 2023.

For the year ended June 30, 2023, capital grants and gifts increased \$67.0 million (317.1%) because KU initiated more privately funded construction projects on the Lawrence and Medical Center campuses. Additionally, Athletics received more contributions earmarked for the campus gateway and stadium renovation project during 2023 when compared to 2022.

The composition of these revenues, including operating and non-operating, for the year ended June 30, 2024, 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>2024</u>	<u>2023</u>	<u>2022</u>
Instruction	\$ 501,072	\$ 460,508	\$ 425,266
Research	412,095	363,726	334,750
Public service	79,266	71,472	50,903
Academic support	85,934	81,703	67,780
Student services	51,270	46,344	43,465
Institutional support	101,906	91,337	93,570
Operations and maintenance of plant	101,076	104,767	96,857
Depreciation	112,199	105,893	98,282
Scholarships and fellowships	28,634	23,397	43,624
Auxiliary enterprises	207,144	180,320	162,674
Other operating expenses	380	366	57
Total operating expenses	<u>\$ 1,680,976</u>	<u>\$ 1,529,833</u>	<u>\$ 1,417,228</u>

For the year ended June 30, 2024, operating expenses were \$1.7 billion, an increase of \$151.1 million (9.9%), compared to 2023. This change is primarily a result of:

- The KU Lawrence Campus invested resources into its faculty and staff by providing a minimum 2.5% pay increase, while the Medical Center campus also continued to invest in its faculty and staff by maintaining market supported compensation.
- \$48.4 million (13.3%) and \$7.8 million (10.9%) increase in research and public service expenses, respectively, primarily a result of the continued growth in sponsored research opportunities and initiatives on both campuses.
- \$40.6 million (8.8%) increase in instruction expenses stemming from pay increases and other operating expenditures geared toward enhancing the student experience on campus and to serve higher student enrollment.
- \$10.6 million (11.6%) increase in institutional support primarily from (1) \$5.3 million in compensation from the pay increases and increase in headcounts, (2) \$3.2 million increase in security and software purchases, and (3) \$1.3 million increase in allocated pension costs for KU from a pension benefit in the prior year to a pension expense in the current year.
- \$26.8 million (14.9%) increase in auxiliary expenses primarily growth in athletic programs (1) \$6.8 million associated with basketball programs, (2) \$5.5 million for football program, and (3) \$4.6 million associated with other athletic programs.
- \$3.7 million (3.5%) decrease in operations and maintenance expenses primarily from (1) \$10.0 million of capital projects that were capitalized in fiscal year 2024 compared to smaller projects that were expensed in fiscal year 2023, and (2) \$6.0 million increase in allocated pension costs for KU from a pension benefit in the prior year to a pension expense in the current year.

For the year ended June 30, 2023, operating expenses were \$1.5 billion, an increase of \$112.6 million (7.9%), compared to 2022. This change was primarily a result of:

- The KU Lawrence Campus invested resources into its faculty and staff by providing a minimum 5% pay increase, while the Medical Center campus continued to invest in its faculty and staff by maintaining market supported compensation.
- \$29.0 million (8.7%) and \$20.6 million (40.4%) increase in research and public service expenses, respectively, primarily a result of the continued growth in research opportunities and initiatives on both campuses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- \$35.2 million (8.3%) increase in instruction expenses stemming from pay increases and other operating expenditures geared toward enhancing the student experience on campus.
- \$13.9 million (20.5%) increase in academic support expenses arising from a realignment of academic advising expenses to provide more focus and support for the students, and compensation increases experienced by academic administration areas on campus.
- \$20.2 million (46.4%) decrease in scholarships and fellowships driven by Higher Education Emergency Relief funding KU provided to students in the prior year not provided during the current year.
- \$17.6 million (10.8%) increase in auxiliary enterprises expenses primarily stemming from increases in compensation and grants provided to student athletes.

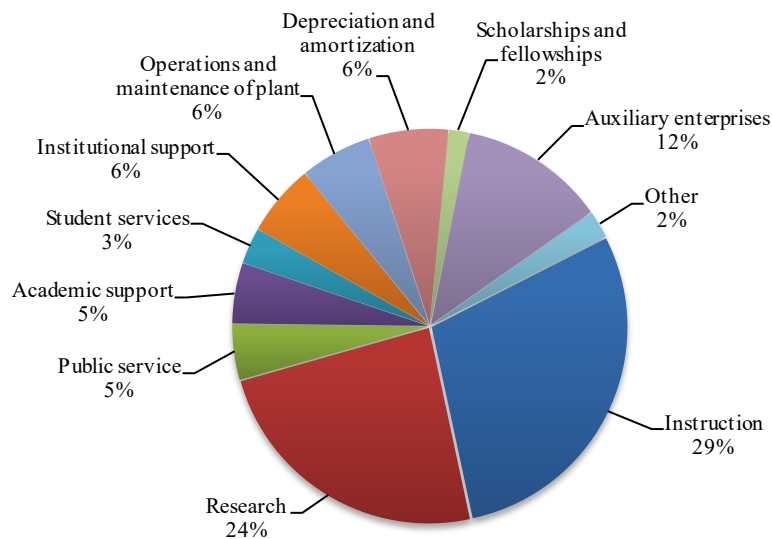
Non-operating Expenses

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, 2024, non-operating expenses increased \$15.7 million (68.0%) because of a \$16.7 million loss on disposal from the demolition of the football stadium to reconstruct a new one through the campus gateway and stadium renovation project, offset by a \$1.1 million decline in interest expense related to continued payment on outstanding debt.

For the year ended June 30, 2023, non-operating expenses decreased \$3.5 million (13.4%) because of a decline in interest expense related to continued payment on outstanding debt and a unique increase in 2022 expenses connected to an asset disposal loss associated with the razing of Oliver residence hall on Lawrence campus.

The composition of total expenses, including operating and non-operating, for the year ended June 30, 2024, is displayed in the following graph:



Total Expenses \$1.7 Billion

MANAGEMENT'S DISCUSSION AND ANALYSIS

CONSOLIDATED STATEMENT OF CASH FLOWS

The Consolidated 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 Consolidated 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.

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>2024</u>	<u>2023</u>	<u>2022</u>
Net cash provided by (used in):			
Operating activities	\$ (378,569)	\$ (280,285)	\$ (273,131)
Noncapital financing activities	535,308	435,660	420,490
Capital financing activities	(224,091)	(84,307)	(69,414)
Investing activities	<u>39,033</u>	<u>(34,341)</u>	<u>(35,805)</u>
Net increase (decrease) in cash and cash equivalents	(28,319)	36,727	42,140
Beginning cash and cash equivalents	<u>369,287</u>	332,560	290,420
Ending cash and cash equivalents	<u>\$ 340,968</u>	<u>\$ 369,287</u>	<u>\$ 332,560</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2024, the net increase (decrease) in cash and cash equivalents decreased \$65.0 million compared to 2023. This change was primarily a result of:

- \$139.8 million decrease in capital financing cash flows primarily from (1) \$132.0 million increase in funds spent towards athletic facilities including Allen Fieldhouse renovations and the campus gateway and stadium renovation project, and (2) \$17.2 million decrease in capital grant and gifts received during the current year for capital related projects.
- \$98.3 million decrease in operating cash flow primarily from (1) \$90.4 million increase in payments for compensation and benefits from increase in staff headcount and planned cost of living adjustments for both campuses, (2) \$30.5 million decrease cash associated with Athletics from a growth in the athletic programs, and (3) \$20.3 million increase in tuition and fees collected.
- \$99.6 million increase in non-capital financing cash flows primarily from (1) \$82.7 million in nonoperating federal grants and contract received from State of Kansas Department of Commerce GEER program and Pell revenues, and (2) \$14.8 million increase in gift income stemming from additional funding provided by KU Endowment.
- \$73.4 million increase in investing cash flows primarily from (1) \$55.1 million increase in proceeds from sales and maturities of investments which were used to pay for a significant portion of the capital asset purchases, (2) \$9.6 million increase in interest on investments from improvements in market rates earned, and (3) \$8.7 million decrease in purchases of new investments as fewer funds were available for investing purposes.

For the year ended June 30, 2023, the net increase (decrease) in cash and cash equivalents decreased \$5.4 million compared to 2022. This change was primarily a result of:

- \$7.2 million decrease in operating cash flow primarily from (1) \$80.1 million increase in payments for compensation and benefits from pay increases similar to fiscal year 2024, offset by (1) \$55.7 million in receipts from grants and contracts, and (2) \$20.2 million decrease in scholarships and fellowships from Higher Education Emergency Relief (“HEERF”) funding provided ended in 2022 that were not repeated in 2023.
- \$14.9 million decrease in capital financing cash flows primarily from (1) \$36.8 million increase in funds spent for Allen Fieldhouse renovations, and (2) \$10.0 million decrease in debt issued during the current year, offset by \$30.7 million increase in capital grants and gifts received during the current year for capital related projects.
- \$1.4 million increase in investing cash flows primarily from (1) \$4.4 million increase in proceeds from sales and maturities of investment which were used to pay for a significant portion of the capital asset purchases, and (2) \$8.7 million increase in interest on investments from improvements in market rates earned, offset by (1) \$11.6 million increase in purchases of new investments.
- \$15.2 million increase in non-capital financing cash flows primarily from (1) \$56.8 million increase in gift income stemming from additional funding provided by KU Endowment, and (2) \$41.7 million in state appropriations received from the State of Kansas and the Kansas Board of Regents in in general appropriations and one-time appropriated funds for information technology, and facility deferred maintenance, offset by \$82.7 million decrease in HEERF funding.

EXTRAORDINARY ITEMS

KU did not have any special and/or extraordinary items in 2024, 2023, and 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NEW ACCOUNTING STANDARDS

During 2023, KU implemented the Governmental Accounting Standards Board (“GASB”) Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”), effective July 1, 2022. This standard established a single model for subscription-based information technology arrangements (“SBITA”) accounting based on the principle that SBITAs are arrangements of the right to use another entity’s tangible capital asset. This adoption resulted in the following impacts:

<u>Financial statement line item</u>	<u>Increase</u>
Right of use asset	\$ 2,640,592
SBITA liability	2,417,379
Net position	223,213

During 2022, KU implemented the 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
Lease liability	1,131,941
Deferred inflow – lease	1,682,032
Net position	9,412

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. Expenses paid by KU Endowment on behalf of KU include expenses such as scholarships and fellowships, compensation, construction, equipment, library acquisitions, works of art, and travel. Total university support provided by KU Endowment for Lawrence and Medical Center campuses equaled approximately \$260.0 million, \$194.4 million, and \$152.2 million for the years ended June 30, 2024, 2023, and 2022, respectively.

The following support items totaling \$188.8 million are reflected in KU’s consolidated financial statements for 2024:

- **Capital Projects.** KU Endowment sponsored multiple capital projects throughout 2024 at a cost of \$58.6 million, an increase of \$29.9 million from 2023. Various other building upgrades and remodeling, as well as various equipment purchases benefited from KU Endowment’s fundraising efforts.
- **Compensation and other operating expenses.** KU Endowment reimbursed KU approximately \$60.8 million in compensation support for various faculty and staff members, including KU’s distinguished professors, an increase of \$8.1 million from 2023. Additionally, KU Endowment reimbursed KU approximately \$69.4 million, an increase of \$13.2 million from 2023, for various other operating expenses. Compensation and other operating expenses are reflected in KU’s consolidated financial statements in their appropriate function to represent a more accurate reflection of KU’s operating expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Non-depreciable capital assets			
Land and land improvements	\$ 34,775	\$ 34,104	\$ 34,104
Construction in progress	268,290	50,069	19,743
Software	5,164	5,164	5,164
Works of Art	25,665	25,502	25,537
Total non-depreciable capital assets	<u>333,894</u>	<u>114,839</u>	<u>84,548</u>
Capital assets, net of accumulated depreciation			
Buildings and leasehold improvements	1,209,715	1,272,561	1,321,385
Infrastructure	114,319	115,915	119,150
Equipment	70,943	70,647	56,142
Vehicles	13,912	14,263	12,964
Right of use - leased assets	101,681	94,743	47,159
Right of use - software	16,744	5,181	-
Total capital assets, net of accumulated depreciation	<u>1,527,314</u>	<u>1,573,310</u>	<u>1,556,800</u>
Total capital assets	<u>\$ 1,861,208</u>	<u>\$ 1,688,149</u>	<u>\$ 1,641,348</u>

KU made significant investments in capital during the 2024 fiscal year. Additional information regarding capital asset additions, retirements, and depreciation is available in Note 9 to the financial statements.

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:

- *Applegate Energy Center Boiler Plant System* – Project includes the replacement of three boilers, associated control systems, and exterior curtain at the Applegate Energy Center at the Medical Center. The project is budgeted at \$11.7 million and will be funded by state support and university resources. Construction is estimated to be completed in fiscal year 2025.
- *Wahl Hall East Morgue Renovation* – Renovation will better utilize existing space within current morgue area. Donor storage will have increased capacity to serve the growing needs of campus and the hospital. Prep areas will also have increased capacity so that workflows are more efficient. The project is budgeted at \$2.1 million and will be funded by university resources and federal research grants. Construction is estimated to be completed in fiscal year 2025.
- *Reflection Center Construction* – The Medical Center is building a 4,819 square foot Reflection Center on the ground floor of the Orr Major building. This project follows the demolition of Spencer Chapel in 2020, making way for the Proton Therapy Treatment Center. The new space, located in the former University bookstore, will offer a contemplative environment for personal reflection and meditation, fostering inclusivity and serving the entire campus community. The project is budgeted at \$3.0 million and will be funded from private gifts. Construction is estimated to be completed in fiscal year 2025.
- *Delp Pavilion Remodeling* – Project involves remodeling the fourth floor of Delp Pavilion for the Internal Medicine department. Internal Medicine is a rapidly growing department, and this renovation is to support that growth over the coming years. The project is budgeted at \$1.6 million and will be funded by state support and university resources. Construction is estimated to be completed in fiscal year 2025.
- *Chilled Water District* – Project involves the installation of 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 sizable portion of the peak load cooling for multiple buildings. The project is budgeted for \$14.1 million and will be funded by state capital appropriation and university resources. Construction is estimated to be completed in fiscal year 2025.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- *Robinson Center Renovation* – Project will provide better space utilization by moving Reserve Officers' Training Corps ("ROTC") to Robinson. This project will reduce deferred maintenance needs on campus and provide the ability to raze the Military Science Building. The project is budgeted at \$15.0 million and will be funded by state capital appropriations, university funds, student fees, and private gifts. Construction is estimated to be completed in fiscal year 2025.
- *Strong Hall tuckpointing, and clean and seal* – Project includes tuckpointing the terra cotta, replacing damaged terra cotta, applying a fluid applied flashing system to the horizontal eyebrows, replacing sealant at all windows, replacing sealant joints on all parapet caps, parapet repairs and glazing repairs. The project is budgeted at \$2.3 million and will be funded by state capital appropriations and university funds. Construction is estimated to be completed in fiscal year 2025.
- *Parking lot reconstruction* – Transportation Services has initiated the full renovation of a couple of parking lots. The projects will include removing the existing pavement, providing a curb and gutter system, storm water management (with a detention basin), new LED lighting and asphalt paving with subgrade improvements. The projects are budgeted at \$3.3 million and will be funded by parking fees. Construction is estimated to be completed in fiscal year 2025.
- *Lindley Hall Rooftop HVAC Units Replacement* – Lindley Hall has four cooling-only central station air handling units (AHU). This project's intent is to replace the AHUs with modern AHUs and add chilled water cooling to the building from the chilled water district project. The project is budgeted at \$3.5 million and will be funded by state capital appropriations. Construction is estimated to be completed in fiscal year 2025.
- *Strong Hall West Wing Chilled Water Distribution and Conversion* – Strong Hall's west wing has an old, air-cooled DX units and window AC units for cooling the spaces. Chilled water piping was previously run to Strong Hall as part of the north district chilled water project. The project scope involves running chilled water piping throughout the west wing and replacing the old DX cooling units with new chilled water-cooling units and providing modern digital controls. The project is budgeted at \$6.5 million and will be funded by state capital appropriations and university funds. Construction is estimated to be completed in fiscal year 2025.
- *Kansas Geological Survey Renovations* – This project will provide needed additional geological core library and research space as an addition to the Geological Core Library on the Lawrence campus. The project is budgeted at \$3.0 million and will be funded by ARPA funds awarded to KU via the State of Kansas. Construction is estimated to be completed in fiscal year 2025.
- *Allen Fieldhouse Renovations* – Athletics has developed expansion plans for the home of KU basketball programs, one of the most iconic campus buildings. This proposed expansion includes new suite areas, concessions, and improvements for a universally accessible facility with a requirement to address energy conservation and sustainability. In addition to updates to fan amenities and restrooms, areas for press/media and visitor locker rooms, the project addresses the need to replace several existing stairways to improve building circulation and safety. The project is budgeted at \$49.3 million and will be funded by Athletic funds and private gifts. Construction is estimated to be completed in fiscal year 2025.
- *Campus Gateway and Stadium Renovation Project* – This is a multiple phase project geared towards the corner of 11th and Mississippi becoming the north gateway to KU with direct access to the new Jayhawk Welcome Center, the Kansas Memorial Union, Dyche Hall, Spencer Museum of Art, and David Booth Kansas Memorial Stadium. As the north gateway to campus, KU plans to develop a multi-purpose venue with year-round use, that includes a conference center with plans to include entertainment capabilities, retail, dining, hospitality, health care services, or other facilities that support economic development and KU's academic mission. The new venue will be designed to drive economic development, provide services that help to recruit and retain students, and make the KU experience even greater. Phase one of the project is budgeted at \$448.0 million and includes replacement of majority of the football stadium and construction of a multi-purpose venue. Phase one will be funded by State of Kansas grants, Athletic funds (including bonds), and private gifts. Construction on this phase is estimated to be completed in fiscal year 2026.
- *Chalmers Hall Metalsmithing Shop Improvements* – Project is a renovation of the Fowler shop area on the third floor of Chalmers Hall. The scope of work for this project is to evaluate program options and then develop renovation/expansion plans for approximately 3,900 square feet of contiguous space, which will be divided into about a dozen rooms housing a variety of design and metalsmithing activities and equipment. More studio space will give program majors dedicated workbenches and provide graduate students with more space to work. Additionally, more studio space will enable the expansion of hollowware, casting, welding, and enameling workspaces. More graduate studio space will also allow KU to expand the graduate program and offer more space for students to create large-scale

MANAGEMENT'S DISCUSSION AND ANALYSIS

sculpture, furniture, and/or installations. The project is budgeted at \$1.5 million and will be funded by private gifts. Construction is estimated to be completed in fiscal year 2026.

- *Budig Hall/Hoch Auditoria Masonry Restoration, Tuckpoint, Clean and Seal* – This project will include tuckpointing the limestone, replacing and repairing damaged areas of stone, replacing sealant at all windows, replacing sealant joints on all parapet and gable stone caps, glazing repairs, stone cleaning and sealing. The project is budgeted at \$3.5 million and will be funded by state capital appropriations and university funds. Construction is estimated to be completed in fiscal year 2026.
- *Cancer Research Building* – In collaboration with the University of Kansas Health System, the Medical Center is constructing a state-of-the-art Cancer Research Building, which will play a key role in advancing cancer research and patient care. The project is budgeted at \$500 million with each entity contributing \$250 million and will be funded through state support, private gifts, and federal research grants. Construction is expected to be completed in fiscal year 2027.

DEBT ADMINISTRATION

On June 30, 2024, KU and its affiliated corporation had \$547.9 million in outstanding revenue bond debt, and \$116.6 million in leases, SBITA and notes payable. During fiscal year 2024, KU did not issue any new revenue bond debt, while the increase in the leases and SBITA liabilities is a result of \$30.6 million in new lease and software agreements offset by scheduled payments.

On June 30, 2023, KU and its affiliated corporation had \$578.4 million in outstanding revenue bond debt, and \$106.8 million in leases, SBITA, and notes payable. During fiscal year 2023, KU did not issue any new revenue bond debt. New debt consisted of \$67.5 million in new lease and software agreements.

KU and its affiliated corporations paid \$75.5 million, \$74.6 million, and \$79.9 million in principal and interest payments related to all outstanding revenue bond debt, notes payable, leases and SBITA liabilities in 2024, 2023, and 2022, respectively.

On May 10, 2023, Moody's Investor Service reaffirmed KU's overall rating of Aa2 with a stable outlook. On August 18, 2023, Standard and Poor's reaffirmed KU's rating to AA-, with a stable outlook. More detailed information about KU's revenue bonds is available in Notes 13 and 14 to the consolidated financial statements. More detailed information about KU's lease and SBITA liabilities is available in Notes 15 and 16 to the consolidated financial statements.

ECONOMIC OUTLOOK

For the Fall 2024 semester, KU continued its increase in the headcount of students attending the university. KU enrollment increased by 1,415 students (4.8%), bringing KU's total enrollment to 30,770 across all campuses. KU welcomed the largest freshman class and its highest overall enrollment ever in KU history. Additionally, the university was able to maintain an 86% retention rate of the first-time freshmen class from the prior year. For fiscal year 2025, tuition and campus fees were increased by 3.5% to cover current and future needs of KU.

As a state supported higher education institution, KU's economic position is impacted by the State of Kansas. Fiscal year 2025, state appropriations are currently budgeted to be \$399.4 million, an increase of \$93.9 million more than fiscal year 2024. This increase is primarily attributed to a one-time \$75 million appropriation to the Medical Center for its new Cancer Research Building, and a \$12 million appropriation for the Kansas Law Enforcement Training Center campus as its funding is being shifted from court docket fees to an annual state appropriation.

KU's Medical Center remains well-positioned for growth and continued success, driven by its strategic investments in research, education, and healthcare infrastructure. The designation of the University of Kansas Cancer Center (KUCC) as a Comprehensive Cancer Center by the National Cancer Institute (NCI) in July 2022 continues to be a significant milestone for the Medical Center. This prestigious recognition is expected to help the Medical Center attract top faculty and researchers, while also encouraging more donations to support its growth.

To accommodate this growth, the Medical Center is investing in several major projects. A new Cancer Research Building is being constructed on the Kansas City campus, with an estimated cost of \$250 million, and is set to be completed in fiscal year 2027. When combined with the University of Kansas Health System's joint investment in the cancer clinical facility, this facility will strengthen the Medical Center's position in cancer research and patient care. The project budget for the

MANAGEMENT'S DISCUSSION AND ANALYSIS

combined Cancer Research Center is \$500 million. The Medical Center is also continuing its partnership with Wichita State University to build a new biomedical campus in Wichita to replace its aging School of Medicine facilities. This new campus initiated in fiscal year 2024 will help improve healthcare education and services in the region and has been funded primarily through State of Kansas legislative funding including an additional \$75 million in fiscal year 2025.

The Medical Center expects to see modest growth in faculty and staff to support its research and academic programs in the coming year. Financially, the Medical Center has remained stable, with cash revenues exceeding cash expenditures in recent years. This stability allows for continued investments in its core missions of education, research, and healthcare.

KU's Lawrence Campus remains well-positioned for growth and continued success, driven by its strategic investments in research, education, and campus infrastructure. The Lawrence Campus' key focus has been implementing its Jayhawks Rising Strategic Plan ("Jayhawks Rising") which is the culmination of a multi-year strategic planning process involving many groups and individuals who proposed hundreds of ideas for how to advance us toward our vision to be an exceptional learning community that lifts each member and advances society. 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. Strategies are revisited and revised every fiscal year, thus, to maintain Jayhawks Rising as an evolving tool for guiding our activities and leading us to the fulfillment of KU's mission.

Like the Medical Center, the Lawrence Campus expects to remain financially stable resulting from its focus over the past couple of years to eliminate its general funds structural budget deficit through a variety of investments including enrollment management resulting in record freshmen enrollments, a focus to improve student retention, an all-funds budget model, as well as the implementation of a continuous improvement initiative.

KU's other primary focus is the successful completion of its north campus gateway and stadium renovation project. As noted earlier, phase one of the north gateway to campus includes replacement of majority of football stadium, and the development of a multi-purpose venue with year-round use that includes a 55,000 gross square foot conference center. Phase two of the project has proceeded to review developer proposals and exploring funding options. The project is expected to include a hotel to support the conference center; retail, restaurant and office space; apartment style student housing; private condominiums; additional parking; and open space or a plaza for additional programming of the multi-use stadium to support economic development, KU athletics, and KU's academic mission.

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.

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*Consolidated
Financial
Statements*

THE UNIVERSITY OF KANSAS
CONSOLIDATED STATEMENTS OF NET POSITION
AS OF JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 253,208,713	\$ 302,004,070
Restricted cash and cash equivalents	62,207,515	51,145,286
Investments	172,206,310	194,032,661
Accounts receivable, net	187,786,761	153,701,410
Pledges receivable, net	25,659,956	34,054,123
Loans to students, net	2,580,060	3,083,125
Inventories	6,460,930	7,471,484
Other assets	4,478,264	4,492,499
Total current assets	<u>714,588,509</u>	<u>749,984,658</u>
Non-current assets:		
Restricted cash and cash equivalents	25,552,190	16,138,011
Accounts receivable, net	18,406,613	1,536,418
Pledges receivable, net	76,734,978	22,393,498
Investments	237,580,625	217,340,662
Loans to students, net	25,147,792	26,152,951
Capital and right of use assets, net	1,861,208,132	1,688,148,645
Total non-current assets	<u>2,244,630,330</u>	<u>1,971,710,185</u>
Total assets	<u>2,959,218,839</u>	<u>2,721,694,843</u>
<u>DEFERRED OUTFLOWS</u>		
Deferred OPEB expense	3,658,694	2,489,404
Asset retirement obligations	448,552	511,885
Deferred pension expense	22,626,711	26,689,983
Total deferred outflows	<u>26,733,957</u>	<u>29,691,272</u>

THE UNIVERSITY OF KANSAS
CONSOLIDATED STATEMENTS OF NET POSITION
AS OF JUNE 30, 2024 AND 2023

(CONTINUED)

	<u>2024</u>	<u>2023</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 173,548,258	\$ 114,139,508
Unearned revenue	89,294,517	73,842,302
Assets held in custody for others	8,453,496	9,072,963
Accrued compensated absences	45,328,692	40,421,828
Leases payable	15,228,110	10,098,956
SBITA liabilities	5,201,736	1,874,809
Notes payable	512,703	511,256
Revenue bonds payable	32,099,371	30,531,655
Other liabilities	7,578,292	8,461,739
Total current liabilities	<u>377,245,175</u>	<u>288,955,016</u>
Non-current liabilities:		
Accrued compensated absences	11,532,671	13,363,079
Accrued other post-employment benefits	5,279,088	4,802,498
Accrued pension liability	64,864,671	64,730,774
Leases payable	84,207,767	90,301,473
SBITA liabilities	10,961,292	2,888,711
Notes payable	487,297	1,088,744
Revenue bonds payable	515,762,566	547,861,936
Other long-term liabilities	50,828,887	56,569,865
Total non-current liabilities	<u>743,924,239</u>	<u>781,607,080</u>
Total liabilities	<u>1,121,169,414</u>	<u>1,070,562,096</u>
<u>DEFERRED INFLOWS</u>		
Unamortized gain on bond refunding	1,565,769	1,866,341
Deferred pension expense	7,028,025	9,626,299
Deferred OPEB expense	738,629	820,027
Deferred lease inflows	1,758,781	1,289,277
Total deferred inflows	<u>11,091,204</u>	<u>13,601,944</u>
<u>NET POSITION</u>		
Net investment in capital assets	1,101,882,516	955,331,376
Restricted for:		
Nonexpendable	44,998,111	45,558,377
Expendable:		
Scholarships, research, instruction and other	88,995,872	91,126,309
Loans	25,891,901	25,839,683
Capital projects	160,967,326	142,660,916
Debt service	6,914,943	6,967,311
Unrestricted	424,041,509	399,738,103
Total net position	<u>\$ 1,853,692,178</u>	<u>\$ 1,667,222,075</u>

See accompanying notes to financial statements.

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

	2024	2023
	<i>(In Thousands)</i>	
Assets		
Cash and cash equivalents	\$ 6,599	\$ 6,785
Receivables:		
Receivables from investing activities	3,230	10,837
Other receivables	2,608	3,455
Student loans receivable, less allowance of \$980 and \$953 in 2024 and 2023, respectively	20,701	20,561
Contributions pledged, less allowance of \$1,750 and \$2,150 in 2024 and 2023, respectively	258,264	119,804
Real estate loans receivable	7,151	516
Total receivables	291,954	155,173
Investments:		
Securities	2,751,498	2,583,555
Trust held by others	52,999	49,671
Interest in other KU Endowment entities	3,222	3,140
Real estate	21,436	21,756
Total investments	2,829,155	2,658,122
Property and facilities:		
Land	19,679	16,864
Buildings	78,439	40,448
Equipment and furnishings	5,373	5,058
	103,491	62,370
Less accumulated depreciation	(21,989)	(20,316)
Net property and facilities	81,502	42,054
Deposits and other assets	4,146	4,007
Total assets	\$ 3,213,356	\$ 2,866,141

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

(CONTINUED)

	<u>2024</u>	<u>2023</u>
	<i>(In Thousands)</i>	
Liabilities and net assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 24,557	\$ 21,422
Payables from investment activities	220	54
Trust payable	276	263
Life income gifts payable	18,002	17,987
Long-term debt	32,158	-
Agency funds	100,027	95,109
Total liabilities	<u>175,240</u>	134,835
Net assets:		
Without donor restrictions	296,882	282,080
With donor restrictions	2,741,234	2,449,226
Total net assets	<u>3,038,116</u>	2,731,306

Total liabilities and net assets	<u>\$ 3,213,356</u>	<u>\$ 2,866,141</u>
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See accompanying notes

THE UNIVERSITY OF KANSAS

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>OPERATING REVENUES</u>		
Tuition and fees (net of scholarship allowances of \$47,874,454 in 2024 and \$36,576,945 in 2023)	\$ 339,900,344	\$ 320,300,681
Federal grants and contracts	289,905,792	256,336,979
State and local grants and contracts	68,491,355	66,631,483
Nongovernmental grants and contracts	86,639,361	77,262,361
Sales and services of educational departments	77,738,693	80,735,449
Sales and services of medical and administrative activities	98,448,168	90,218,537
Auxiliary enterprises:		
Housing	41,834,284	35,780,363
Athletics	121,730,822	121,001,599
Parking and transit	23,822,048	21,657,889
Student unions	37,732,919	35,522,936
University health services	8,635,455	8,137,853
Other auxiliary enterprises	2,989,029	2,594,144
Other operating revenues	10,606,771	6,961,125
Total operating revenues	<u>1,208,475,041</u>	<u>1,123,141,399</u>
<u>OPERATING EXPENSES</u>		
Instruction	501,071,681	460,508,152
Research	412,095,063	363,726,476
Public service	79,266,165	71,471,869
Academic support	85,933,775	81,702,628
Student services	51,270,221	46,344,475
Institutional support	101,905,893	91,336,969
Operations and maintenance of plant	101,075,961	104,766,569
Depreciation and amortization	112,199,452	105,893,118
Scholarships and fellowships	28,633,349	23,396,940
Auxiliary enterprises:		
Housing	18,062,501	16,208,183
Athletics	135,360,408	114,234,428
Parking and transit	9,253,557	7,686,297
Student unions	32,313,181	30,508,021
University health services	8,021,455	7,497,476
Other auxiliary enterprises	4,133,103	4,185,910
Other operating expenses	380,230	365,841
Total operating expenses	<u>1,680,975,995</u>	<u>1,529,833,352</u>
Total operating income (loss)	<u>(472,500,954)</u>	<u>(406,691,953)</u>

THE UNIVERSITY OF KANSAS

CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

(CONTINUED)

	<u>2024</u>	<u>2023</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State appropriations	\$ 305,434,379	\$ 301,270,848
Local appropriations	16,640,600	16,523,274
Gifts	108,239,239	90,900,731
Investment income	37,414,863	14,750,055
Federal grants and contracts	90,652,552	19,724,920
Other non-operating revenues	3,176,070	2,785,322
Interest expense	(20,888,619)	(21,947,079)
Other non-operating expenses	(17,909,606)	(1,144,608)
Net non-operating revenues (expenses)	<u>522,759,478</u>	<u>422,863,463</u>
Income (loss) before other revenues, expenses, gains or losses	50,258,524	16,171,510
<u>OTHER REVENUES, EXPENSES, GAINS AND LOSSES</u>		
Capital appropriations	20,540,622	15,353,140
Capital grants and gifts	115,666,708	88,169,226
Additions to permanent endowments	4,249	27,326
Total other revenues, expenses, gains or losses	<u>136,211,579</u>	<u>103,549,692</u>
Increase (decrease) in net position	186,470,103	119,721,202
<u>NET POSITION</u>		
Net position - beginning of year	1,667,222,075	1,547,277,660
Restatement of net position - beginning of year	-	223,213
Net position - end of year	<u>\$ 1,853,692,178</u>	<u>\$ 1,667,222,075</u>

See accompanying notes to financial statements.

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	Year Ended June 30, 2024			Summarized Financial Information for the Year Ended June 30, 2023
	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	\$ 1,339	\$ 342,635	\$ 343,974	\$ 179,183
Bequests	514	15,684	16,198	36,139
Life income gifts	-	1,476	1,476	538
Change in value of life income gifts	(61)	1,856	1,795	99
Change in net interest in KU Endowment entities	-	82	82	(73)
Total fundraising	1,792	361,733	363,525	215,886
Income (loss) from asset holdings:				
Investment income	13,888	29,275	43,163	52,573
Realized and unrealized gain (loss) on investments and trusts held by others	53,369	141,790	195,159	46,958
Loan interest income	871	907	1,778	1,086
Agricultural and mineral income	1,102	1,113	2,215	3,655
Rental, gain on sale of assets, and other income	902	510	1,412	5,756
Total income (loss) from asset holdings	70,132	173,595	243,727	110,028
Other receipts	101	1,995	2,096	2,092
Net assets released from restrictions:				
Satisfaction of program restrictions	249,086	(249,086)	-	-
Total revenues, gains and other support	\$ 321,111	\$ 288,237	\$ 609,348	\$ 328,006

KANSAS UNIVERSITY ENDOWMENT ASSOCIATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

(CONTINUED)

	Year Ended June 30, 2024			Summarized Financial Information for the Year Ended June 30, 2023
	Without Donor Restrictions	With Donor Restrictions	Total Current Year	
	<i>(In Thousands)</i>			
Expenses:				
University support:				
Student support	\$ 53,064	\$ -	\$ 53,064	\$ 47,764
Faculty support and contractual services	65,500	-	65,500	56,954
Construction, furnishings, equipment and supplies	65,102	-	65,102	36,053
Program and other educational support	92,166	-	92,166	66,302
Total University support	275,832	-	275,832	207,073
Supporting services:				
Administrative and fundraising support	26,993	-	26,993	23,547
Asset management expense	1,025	-	1,025	985
Depreciation	1,612	-	1,612	991
Total supporting services	29,630	-	29,630	25,523
Total expenses	305,462	-	305,462	232,596
Excess (deficit) of revenues over expenses	15,649	288,237	303,886	95,410
Net interfund transfers	(3,771)	3,771	-	-
Change in net assets before amortization of pension adjustments	11,878	292,008	303,886	95,410
Amortization of unrecognized actuarial adjustments	2,924	-	2,924	3,334
Change in net assets	14,802	292,008	306,810	98,744
Net assets at beginning of year	282,080	2,449,226	2,731,306	2,632,562
Net assets at end of year	\$ 296,882	\$ 2,741,234	\$ 3,038,116	\$ 2,731,306

See accompanying notes

THE UNIVERSITY OF KANSAS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Tuition and fees	\$ 342,213,819	\$ 321,871,277
Sales and services of educational activities	68,392,250	92,162,060
Sales and services of medical and administrative activities	98,448,168	90,218,537
Auxiliary enterprises:		
Housing	23,897,660	19,330,225
Athletics	(15,592,270)	14,908,861
Parking and transit	18,892,697	19,250,596
Student unions	3,318,695	7,031,700
University health services	430,390	563,060
Other auxiliary enterprises	(1,195,853)	(831,438)
Grants and contracts	432,930,753	403,434,084
Payments to suppliers	(280,693,547)	(269,813,772)
Payments to utilities	(23,364,550)	(26,873,220)
Compensation and benefits	(1,023,916,136)	(933,469,589)
Payments for scholarships and fellowships	(28,593,733)	(23,427,990)
Loans issued to students	(7,490,253)	(7,331,193)
Collection of loans to students	2,365,588	2,561,964
Other receipts (payments)	11,387,758	10,129,297
Net cash used in operating activities	<u>(378,568,564)</u>	<u>(280,285,541)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
State appropriations	304,668,487	301,270,848
Local appropriations	16,685,934	16,603,940
Gifts	108,243,488	93,475,326
Federal education loan receipts	147,139,841	140,789,940
Federal education loan disbursements	(147,366,124)	(140,550,192)
Non-operating grants and contracts	106,417,283	23,713,761
Other	(481,187)	356,860
Net cash provided by non-capital financing activities	<u>535,307,722</u>	<u>435,660,483</u>
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u>		
Capital appropriations	20,501,754	10,147,504
Capital grants and gifts	37,349,441	54,589,530
Purchases of capital assets	(205,660,127)	(73,657,241)
Proceeds from sale of capital assets	535,934	238,717
Principal paid on capital debt and leases	(49,719,509)	(46,354,932)
Interest paid on capital debt and leases	(25,753,072)	(28,218,375)
Other	(1,345,832)	(1,052,216)
Net cash used in capital financing activities	<u>(224,091,411)</u>	<u>(84,307,013)</u>

THE UNIVERSITY OF KANSAS
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

(CONTINUED)

	<u>2024</u>	<u>2023</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Proceeds from sales and maturities of investments	135,671,538	80,586,600
Interest on investments	28,473,726	18,853,991
Purchase of investments	<u>(125,111,960)</u>	<u>(133,781,096)</u>
Net cash provided by (used in) investing activities	<u>39,033,304</u>	<u>(34,340,505)</u>
Net increase (decrease) in cash	(28,318,949)	36,727,424
Cash - beginning of the year	<u>369,287,367</u>	<u>332,559,943</u>
Cash - end of year	<u>\$ 340,968,418</u>	<u>\$ 369,287,367</u>
<u>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES:</u>		
Operating loss	\$ (472,500,954)	\$ (406,691,953)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Non-cash expense	2,448,642	(368,189)
Depreciation and amortization expense	112,199,452	105,893,118
Changes in assets and liabilities:		
Accounts receivables, net	(31,430,655)	2,131,519
Pledges receivable, net	3,371,928	14,271
Loans to students, net	1,101,562	534,272
Inventories	1,010,554	1,363,831
Prepaid expenses and other assets	11,651	(1,526,737)
Accounts payable and accrued liabilities	1,881,117	16,967,721
Unearned revenue	(274,506)	11,819,442
Accrued compensated absences	2,787,848	1,204,974
Accrued other post-employment benefits	(774,098)	(1,384,717)
Accrued pension liability	<u>1,598,895</u>	<u>(10,243,093)</u>
Net cash provided used in operating activities:	<u>\$ (378,568,564)</u>	<u>\$ (280,285,541)</u>
Non-cash Investing, Capital and Financing Activities:		
Net change in unrealized gains and losses	\$ 10,157,762	\$ (5,657,053)
Purchases of capital assets in accounts payable and accrued expenses	65,012,211	2,357,235

See accompanying notes to financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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 2023, the Lawrence, Edwards and Leavenworth campuses had an undergraduate enrollment of 20,163 and a graduate and professional enrollment of 5,306. The Medical Center had an undergraduate enrollment of 533 and a graduate and professional (including medical residents, fellows, and trainees) enrollment of 3,353. Enrollment at all campuses was 29,355 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. Kansas University Health Partners, Inc. ceased operations in fiscal year 2024.

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 discreetly 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 24.

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 Consolidated Statement of Revenues, Expenses, and Changes in Net Position, and 2) balances on the Consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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.

Cash Equivalents. For the purposes of the Consolidated 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, KU and some of its component units maintain cash balances more than FDIC limits. KU has a letter of credit for \$30 million that expires in July 2024 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, (4) any unspent bond proceeds for which the bonds were issued, and (4) funds held for capital construction projects.

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 Consolidated 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 receivable 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 (1) tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period, (2) summer school tuition not earned during the current year and (3) 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 Consolidated Statement of Net Position, and as an expense in the Consolidated Statement of Revenues, Expenses, and Changes in Net Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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 23).

Non-current Liabilities. Non-current liabilities include principal amounts and issuance premiums of notes and revenue bonds payable; lease obligations with contractual maturities greater than one year; subscription based information technology arrangements 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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.

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 Consolidated 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.

NOTE 2 – DEPOSITS

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

	<u>2024</u>	<u>2023</u>
Carrying value:		
Deposits	\$ 315,908,336	\$ 347,914,054
Investments	<u>434,847,017</u>	<u>432,746,636</u>
	<u>\$ 750,755,353</u>	<u>\$ 780,660,690</u>

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

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 253,208,713	\$ 302,004,070
Restricted cash and cash equivalents	62,207,515	51,145,286
Investments	172,206,310	194,032,661
Restricted cash and cash equivalents (non-current)	25,552,190	16,138,011
Investments (non-current)	<u>237,580,625</u>	<u>217,340,662</u>
	<u>\$ 750,755,353</u>	<u>\$ 780,660,690</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

KU carried the following deposits as of June 30:

Deposit Type	2024	2023
Cash deposits with State Treasury	\$ 223,242,849	\$ 252,988,830
Cash deposits with financial institutions	92,565,487	94,644,975
Certificates of deposit	100,000	280,249
	\$ 315,908,336	\$ 347,914,054

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

	2024	2023
KU Lawrence and Edwards Campuses	\$ 184,889,626	\$ 173,392,622
Kansas Athletics, Inc.	11,625,516	23,338,105
KU Campus Development Corporation*	-	-
KU Center for Research, Inc.	14,740,217	27,542,122
KU Memorial Corporation*	5,201,190	2,951,188
Jayhawk Community Partners	45,411	64,158
KU Medical Center	87,462,131	114,459,477
KU Medical Center Research Institute	11,766,285	5,982,383
Student Union Corporation of KUMC	177,960	180,249
Kansas University Health Partners, Inc.	-	3,750
	\$ 315,908,336	\$ 347,914,054

* The KU Memorial Corporation and KU Campus Development Corporation utilize overnight repurchase agreements for their bank deposits to maximize investment return. On June 30, 2024 and 2023, the overnight repurchase agreement amounted to \$9,835,209 and \$9,068,640, respectively, and the carrying value is included in investments. The repurchase agreement balance is included in "cash and cash equivalents" on the Consolidated 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 most 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

NOTE 3 - INVESTMENTS

KU carried the following investments as of June 30:

Investment Type	2024 Fair Value	2023 Fair Value
US Treasury obligations	\$ 7,589,560	\$ 209,429
US Agency obligations	22,428,729	4,029,558
Municipal bonds	4,108,070	4,069,607
Corporate bonds	1,239,828	1,550,700
Foreign bonds	196,415	193,280
Collateralized mortgage obligations	93,773,412	103,340,229
Domestic stock	4,392,919	5,184,343
Foreign stock	174,950	260,259
Mutual funds	105,036,552	97,606,448
Limited liability companies	-	114,821
Repurchase agreements	9,835,209	9,068,640
Other	13,807,726	13,433,901
External investment pools		
KUEA Short-term Investment Program	89,527,929	116,171,183
KUEA Long-term Investment Program	82,735,718	77,514,238
	\$ 434,847,017	\$ 432,746,636

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

	2024	2023
KU Lawrence and Edwards Campuses	\$ 73,367,920	\$ 72,575,155
Kansas Athletics, Inc.	104,307,687	131,426,421
KU Campus Development Corporation	8,425,406	8,094,789
KU Center for Research, Inc.	102,631,182	94,653,106
KU Memorial Corporation	1,669,859	1,217,262
Jayhawk Community Partners	149,265	309,728
KU Medical Center	6,662,551	6,321,871
KU Medical Center Research Institute	137,633,147	118,148,304
	\$ 434,847,017	\$ 432,746,636

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

- 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

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 30th 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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. The Finance and Audit Committee reviews asset allocation targets semi-annually.

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 oversees 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. The Board of Directors select financial advisors. 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.

For revenue bond investments managed by KDFA, because of the tax-exempt status of the bonds, it is the practice of KDFA 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, KDFA invests to maximize the interest rate and sets a term of investment based on estimated expenditures, which is generally 3 to 5 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

KU had the following investments and maturities as of June 30, 2024:

Investment Type	Fair Value	<i>Investment Maturities (in years)</i>			
		Less than 1	1-5	6-10	More than 10
Investments with Maturity Date:					
US Treasury obligations	\$ 7,589,560	\$ 6,876,343	\$ 656,448	\$ 6,388	\$ 50,381
US Agency obligations	22,428,729	7,701,952	14,692,179	-	34,598
Municipal bonds	4,108,070	-	885,119	3,222,951	-
Corporate bonds	1,239,828	427,507	777,183	-	35,138
Foreign bonds	196,415	196,415	-	-	-
Collateralized mortgage obligations	93,773,412	3,685	296,855	7,617,613	85,855,259
Repurchase agreements	9,835,209	9,835,209	-	-	-
Other	9,300,556	5,369,521	3,931,035	-	-
External investment pools					
KUEA Short-term Investment Program	89,527,929	89,527,929	-	-	-
	<u>237,999,708</u>	<u>119,938,561</u>	<u>21,238,819</u>	<u>10,846,952</u>	<u>85,975,376</u>
Investments not subject to maturity dates:					
Domestic stock	4,392,919				
Foreign Stock	174,950				
Mutual funds	105,036,552				
Other	4,507,170				
External investment pools					
KUEA Long-term Investment Program*	82,735,718				
	<u>196,847,309</u>				
	<u>\$ 434,847,017</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, 2023:

Investment Type	Fair Value	<i>Investment Maturities (in years)</i>			
		Less than 1	1-5	6-10	More than 10
Investments with Maturity Date:					
US Treasury obligations	\$ 209,429	\$ 67,078	\$ 81,753	\$ 6,568	\$ 54,030
US Agency obligations	4,029,558	1,097,912	2,892,504	-	39,142
Municipal bonds	4,069,607	-	454,630	3,614,977	-
Corporate bonds	1,550,700	328,891	1,184,966	-	36,843
Foreign bonds	193,280	-	193,280	-	-
Collateralized mortgage obligations	103,340,229	19,779	450,900	6,429,344	96,440,206
Repurchase agreements	9,068,640	9,068,640	-	-	-
Other	5,568,864	243,764	5,325,100	-	-
External investment pools					
KUEA Short-term Investment Program	116,171,183	116,171,183	-	-	-
	<u>244,201,490</u>	<u>126,997,247</u>	<u>10,583,133</u>	<u>10,050,889</u>	<u>96,570,221</u>
Investments not subject to maturity dates:					
Domestic stock	5,184,343				
Foreign Stock	260,259				
Mutual funds	97,606,448				
Limited liability companies	114,821				
Other	7,865,037				
External investment pools					
KUEA Long-term Investment Program*	77,514,238				
	<u>188,545,146</u>				
	<u>\$ 432,746,636</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 CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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, 2024, KU held the following investments as rated by Standard and Poor's and/or Moody's:

<u>S&P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Fair Value</u>	<u>% of Total</u>
AAA	Aaa	\$ 30,004,808	6.9%
AA+/AA/AA-	Aa1/Aa2/Aa3	499,425	0.1%
A+/A/A-	A1/A2/A3	1,628,574	0.4%
BBB+/BBB/BBB-	Baa1/Baa2/Baa3	486,127	0.1%
BB+/BB/BB-	Ba1/Ba2/Ba3	4,474	0.0%
B+/B/B-	B1/B2/B3	1,836,786	0.5%
C+/C/C-	Caa	59,034	0.0%
Not Rated		400,327,789	92.0%
		<u>\$ 434,847,017</u>	<u>100.0%</u>

As of June 30, 2023, KU held the following investments as rated by Standard and Poor's and/or Moody's:

<u>S&P Credit Rating</u>	<u>Moody's Credit Rating</u>	<u>Fair Value</u>	<u>% of Total</u>
AAA	Aaa	\$ 4,222,227	1.0%
AA+/AA/AA-	Aa1/Aa2/Aa3	494,195	0.1%
A+/A/A-	A1/A2/A3	2,728,335	0.6%
BBB+/BBB/BBB-	Baa1/Baa2/Baa3	378,953	0.1%
BB+/BB/BB-	Ba1/Ba2/Ba3	11,020	0.0%
B+/B/B-	B1/B2/B3	2,379,018	0.6%
C+/C/C-	Caa	57,597	0.0%
Not Rated		422,475,291	97.6%
		<u>\$ 432,746,636</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, 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-entry transfers and pledges between the DTC participants' accounts. This eliminates the need for physical movement of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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. As of June 30, 2024, KUMCRI did not have any investments in limited partnerships. The balance of these investments as of June 30, 2023 was \$114,821.

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 \$434,847,017 and \$432,746,636 as of June 30, 2024 and 2023, respectively, KU Endowment administers \$172,263,647 and \$193,685,421, respectively.

KU investments also include \$15,161,119 and \$19,853,521 of investments administered by Frost Wealth Advisors as of June 30, 2024 and 2023, respectively, and \$6,441,733 and \$5,983,234 of investments administered by U.S. Trust Bank of America Private Wealth Management as of June 30, 2024 and 2023, 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 \$15,161,119 and \$19,853,521 on June 30, 2024 and 2023, respectively.

The Elizabeth M. Watkins Trust for Watkins and Miller Scholarship Halls had a reported market value of \$4,139,234 and \$3,846,684 on June 30, 2024 and 2023, respectively.

The Elizabeth M. Watkins Trust for Watkins Hospital had a reported market value of \$2,302,499 and \$2,136,550 on June 30, 2024 and 2023, respectively.

KU did not have any other investments which exceeded 5 percent of the investment portfolio on June 30, 2024 and 2023.

The remaining investments as of June 30, 2024 and 2023 of \$240,980,518 and \$213,224,460, respectively, are invested in a combination of short-term and long-term investments, primarily U.S. Agency obligations, corporate obligations, or collateralized mortgage obligations of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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 can access as of the measurement date.

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 various 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 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 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 consist of commercial paper, bank notes and certificates of deposits.

Level 3 other investments consist 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 CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

As of June 30, 2024, 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	\$ 7,589,560	\$ 763,935	\$ 6,825,625	\$ -
US agency obligations	22,428,729	-	22,428,729	-
Municipal bonds	4,108,070	-	4,108,070	-
Corporate bonds	1,239,828	-	1,239,828	-
Foreign bonds	196,415	-	196,415	-
Collateralized mortgage obligations	93,773,412	-	93,773,412	-
Total fixed maturity securities	129,336,014	763,935	128,572,079	-
Equity Securities:				
Consumer discretionary	1,754,884	1,754,884	-	-
Energy	169,836	169,836	-	-
Financials	421,564	421,564	-	-
Healthcare	424,471	424,471	-	-
Industrials	259,930	259,930	-	-
Information technology	1,102,843	1,102,843	-	-
Materials	53,842	53,842	-	-
Telecommunications services	166,897	166,897	-	-
Utilities	13,249	13,249	-	-
Other	200,353	45,388	154,965	-
Total equity securities	4,567,869	4,412,904	154,965	-
Repurchase agreements	9,835,209	9,835,209	-	-
Mutual funds	105,036,552	105,036,552	-	-
Other	13,807,726	1,864,583	9,350,342	2,592,801
External investment pools:				
KUEA Short-term Investment Program	89,527,929	-	89,527,929	-
KUEA Long-term Investment Program	82,735,718	-	82,735,718	-
Total investments by fair value level	\$ 434,847,017	\$ 121,913,183	\$ 310,341,033	\$ 2,592,801
Investments with no determinable fair value:				
Limited liability company	\$ -	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

As of June 30, 2023, KU had the following investments by fair value hierarchy levels:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Fixed Maturity Securities:				
US treasury obligations	\$ 209,429	\$ 209,429	\$ -	\$ -
US agency obligations	4,029,558	-	4,029,558	-
Municipal bonds	4,069,607	-	4,069,607	-
Corporate bonds	1,550,700	-	1,550,700	-
Foreign bonds	193,280	-	193,280	-
Collateralized mortgage obligations	103,340,229	-	103,340,229	-
Total fixed maturity securities	<u>113,392,803</u>	<u>209,429</u>	<u>113,183,374</u>	<u>-</u>
Equity Securities:				
Consumer discretionary	1,850,562	1,850,562	-	-
Energy	177,076	177,076	-	-
Financials	533,340	533,340	-	-
Healthcare	581,008	581,008	-	-
Industrials	462,882	462,882	-	-
Information technology	1,588,088	1,588,088	-	-
Materials	104,467	104,467	-	-
Telecommunications services	134,465	134,465	-	-
Utilities	12,714	12,714	-	-
Total equity securities	<u>5,444,602</u>	<u>5,444,602</u>	<u>-</u>	<u>-</u>
Repurchase agreements	9,068,640	9,068,640	-	-
Mutual funds	97,606,448	97,606,448	-	-
Other	13,433,901	2,929,357	5,768,371	4,736,173
External investment pools:				
KUEA Short-term Investment Program	116,171,183	-	116,171,183	-
KUEA Long-term Investment Program	77,514,238	-	77,514,238	-
Total investments by fair value level	<u>\$ 432,631,815</u>	<u>\$ 115,258,476</u>	<u>\$ 312,637,166</u>	<u>\$ 4,736,173</u>
Investments with no determinable fair value:				
Limited liability company	\$ 114,821			

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, 2024 and 2023. As of June 30, 2024, there were no investments in limited partnerships. As of June 30, 2023, limited partnership investments totaled \$114,821.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

NOTE 5 – ACCOUNTS RECEIVABLE

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

	2024	2023
Tuition and Fees	\$ 42,516,473	\$ 37,940,646
Charges for Services	40,516,083	34,861,554
Grants and Contracts	76,081,108	61,518,450
Construction	34,501,629	17,996,169
Leases	1,811,100	1,328,144
Other	16,746,944	7,402,847
	212,173,337	161,047,810
Less:		
Allowance for uncollectible amounts	(5,979,963)	(5,809,982)
	\$ 206,193,374	\$ 155,237,828

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

	2024	2023
Accounts receivable - current	\$ 187,786,761	\$ 153,701,410
Accounts receivable - non-current	18,406,613	1,536,418
	\$ 206,193,374	\$ 155,237,828

NOTE 6 – PLEDGES RECEIVABLE

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

	2024	2023
Due in less than one year	\$ 29,506,015	\$ 36,367,744
Due in one to five years	69,345,429	21,301,793
Due in greater than five years	13,660,000	3,050,000
	112,511,444	60,719,537
Less		
Unamortized discount	6,270,451	1,958,295
Allowance for uncollectible amounts	3,846,059	2,313,621
	\$ 102,394,934	\$ 56,447,621

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

	2024	2023
Pledges receivable - current	\$ 25,659,956	\$ 34,054,123
Pledges receivable - non-current	76,734,978	22,393,498
	\$ 102,394,934	\$ 56,447,621

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

NOTE 7 – INVENTORIES

Inventories consisted of the following as of June 30:

	2024	2023
Bookstore	\$ 1,885,066	\$ 1,970,308
Food service	216,628	233,655
Physical plant	2,284,797	2,352,789
Professional and scientific supplies	423,207	407,592
Other	1,651,232	2,507,140
	\$ 6,460,930	\$ 7,471,484

NOTE 8 – LOANS TO STUDENTS

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

	2024	2023
Federal Perkins Loan Program	\$ 4,088,979	\$ 6,071,787
Kansas Medical Scholarships	17,884,720	18,258,185
Other	6,438,471	5,736,759
	28,412,170	30,066,731
Less:		
Allowance for uncollectible amounts	(684,318)	(830,655)
	\$ 27,727,852	\$ 29,236,076

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 after graduation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

NOTE 9 – CAPITAL AND RIGHT OF USE ASSETS

Capital and Right of Use asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Restatement	Additions	Retirements	Ending Balance
<u>Non-depreciable capital assets</u>					
Land	\$ 33,937,936	\$ -	\$ 671,450	\$ -	\$ 34,609,386
Land improvements	165,607	-	-	-	165,607
Construction in progress	50,069,433	-	246,639,308	(28,418,407)	268,290,334
Software	5,163,758	-	-	-	5,163,758
Works of Art	25,501,809	-	190,474	(27,174)	25,665,109
Total non-depreciable capital assets	<u>114,838,543</u>	<u>-</u>	<u>247,501,232</u>	<u>(28,445,581)</u>	<u>333,894,194</u>
<u>Depreciable capital and right of use assets</u>					
Buildings	2,430,152,928	-	22,206,418	(47,998,623)	2,404,360,723
Leasehold Improvements	6,003,966	-	1,415,370	(285,060)	7,134,276
Infrastructure	201,929,876	-	4,695,446	-	206,625,322
Equipment	358,692,833	-	21,890,908	(21,608,897)	358,974,844
Vehicles	35,285,588	-	2,105,903	(566,385)	36,825,106
Leased buildings	103,363,372	71,151	17,170,139	(5,254,664)	115,349,998
Leased equipment	9,982,181	-	4,548,989	-	14,531,170
Leased vehicles	64,155	-	398,421	-	462,576
Leased software	10,429,703	-	16,296,176	(4,462,651)	22,263,228
Total depreciable capital assets	<u>3,145,474,899</u>	<u>71,151</u>	<u>90,727,770</u>	<u>(80,176,280)</u>	<u>3,166,527,243</u>
Total capital asset cost	<u>3,260,313,442</u>	<u>71,151</u>	<u>338,229,002</u>	<u>(108,621,861)</u>	<u>3,500,421,437</u>
<u>Accumulated depreciation</u>					
Buildings	1,161,872,781	-	70,245,058	(32,273,240)	1,199,844,599
Leasehold Improvements	1,722,997	-	390,879	(178,927)	1,934,949
Infrastructure	86,015,159	-	6,291,646	-	92,306,805
Equipment	288,045,437	-	16,856,585	(16,870,257)	288,031,765
Vehicles	21,022,706	-	2,456,576	(566,105)	22,913,177
Leased buildings	15,476,332	71,151	8,026,306	(1,371,408)	22,202,381
Leased equipment	3,162,986	-	3,173,680	-	6,336,666
Leased vehicles	27,579	-	95,799	-	123,378
Leased software	5,248,523	-	4,662,923	(4,391,861)	5,519,585
Total accumulated depreciation	<u>1,577,345,977</u>	<u>71,151</u>	<u>112,199,452</u>	<u>(55,651,798)</u>	<u>1,639,213,305</u>
Capital and right of use assets, net	<u>\$ 1,682,967,465</u>	<u>\$ -</u>	<u>\$ 226,029,550</u>	<u>\$ (52,970,063)</u>	<u>\$ 1,861,208,132</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

Capital and Right of Use asset activity for the year ended June 30, 2023 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	19,742,633	-	69,987,117	(39,660,317)	50,069,433
Software	5,163,758	-	-	-	5,163,758
Works of Art	25,536,978	-	-	(35,169)	25,501,809
Total non-depreciable capital assets	<u>84,546,912</u>	<u>-</u>	<u>69,987,117</u>	<u>(39,695,486)</u>	<u>114,838,543</u>
<u>Depreciable capital and right of use assets</u>					
Buildings	2,412,244,647	-	21,159,202	(3,250,921)	2,430,152,928
Leasehold Improvements	5,694,938	-	309,028	-	6,003,966
Infrastructure	198,854,766	-	3,089,610	(14,500)	201,929,876
Equipment	335,612,050	-	31,712,211	(8,631,428)	358,692,833
Vehicles	33,028,309	-	3,476,347	(1,219,068)	35,285,588
Leased buildings	49,337,456	-	54,025,916	-	103,363,372
Leased equipment	8,188,610	-	2,427,461	(633,890)	9,982,181
Leased vehicles	197,581	-	17,735	(151,161)	64,155
Leased software	-	5,896,585	4,533,118	-	10,429,703
Total depreciable capital assets	<u>3,043,158,357</u>	<u>5,896,585</u>	<u>120,750,628</u>	<u>(13,900,968)</u>	<u>3,155,904,602</u>
Total capital asset cost	<u>3,127,705,269</u>	<u>5,896,585</u>	<u>190,737,745</u>	<u>(53,596,454)</u>	<u>3,270,743,145</u>
<u>Accumulated depreciation</u>					
Buildings	1,095,150,263	-	69,910,946	(3,188,428)	1,161,872,781
Leasehold Improvements	1,404,084	-	318,913	-	1,722,997
Infrastructure	79,704,333	-	6,310,879	(53)	86,015,159
Equipment	279,469,582	-	16,338,418	(7,762,563)	288,045,437
Vehicles	20,064,257	-	2,133,901	(1,175,452)	21,022,706
Leased buildings	8,056,415	-	7,419,917	-	15,476,332
Leased equipment	2,356,346	-	1,440,530	(633,890)	3,162,986
Leased vehicles	151,656	-	27,084	(151,161)	27,579
Leased software	-	3,255,993	1,992,530	-	5,248,523
Total accumulated depreciation	<u>1,486,356,936</u>	<u>3,255,993</u>	<u>105,893,118</u>	<u>(12,911,547)</u>	<u>1,582,594,500</u>
Capital and right of use assets, net	<u>\$ 1,641,348,333</u>	<u>\$ 2,640,592</u>	<u>\$ 84,844,627</u>	<u>\$ (40,684,907)</u>	<u>\$ 1,688,148,645</u>

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 CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

The following summary provides a general description of the major AROs reported on June 30, 2024, 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	6.20	\$ 237,000
Decontamination of fume hoods	Biosafety practices & guidelines	3.83	1,420,500
Disposal and fill-in of storage tanks	EPA & KDHE UST Regulations	1.00	275,000
Disposal of x-ray & radiation devices	EPA RoHS rules	0.79	50,000
Total asset retirement obligation			<u>\$ 1,982,500</u>

The following summary provides a general description of the major AROs reported on June 30, 2023, 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	6.75	\$ 235,500
Decontamination of fume hoods	Biosafety practices & guidelines	4.38	1,420,500
Disposal and fill-in of storage tanks	EPA & KDHE UST Regulations	1.09	275,000
Disposal of x-ray & radiation devices	EPA RoHS rules	1.06	52,000
Total asset retirement obligation			<u>\$ 1,983,000</u>

Deferred outflows of resources related to AROs on June 30, 2024 and 2023 totaled \$448,552 and \$511,885, 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
2025	\$ 56,545
2026	55,770
2027	55,270
2028	54,345
2029	51,170
Thereafter	175,452
	<u>\$ 448,552</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

NOTE 11 - CHANGES IN NON-CURRENT LIABILITIES

Non-current liability activity for the year ended June 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 53,784,907	\$ 35,055,958	\$ (31,979,502)	\$ 56,861,363	\$ 45,328,692
Accrued other post-employment benefits	4,802,498	1,536,835	(1,060,245)	5,279,088	-
Accrued pension liability	64,730,774	6,211,496	(6,077,599)	64,864,671	-
Leases payable	100,400,429	14,279,942	(15,244,494)	99,435,877	15,228,110
SBITA liability	4,763,520	16,296,177	(4,896,669)	16,163,028	5,201,736
Notes payable	1,600,000	-	(600,000)	1,000,000	512,703
Revenue bonds payable	578,393,591	-	(30,531,654)	547,861,937	32,099,371
Other long-term liabilities	65,031,604	1,500	(6,625,925)	58,407,179	7,578,292
Total	<u>\$ 873,507,323</u>	<u>\$ 73,381,908</u>	<u>\$ (97,016,088)</u>	<u>\$ 849,873,143</u>	<u>\$ 105,948,904</u>

Non-current liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued compensated absences	\$ 52,579,933	\$ 34,868,072	\$ (33,663,098)	\$ 53,784,907	\$ 40,421,828
Accrued other post-employment benefits	6,033,306	322,995	(1,553,803)	4,802,498	-
Accrued pension liability	52,932,100	16,006,954	(4,208,280)	64,730,774	-
Leases payable	53,105,533	60,599,136	(13,304,240)	100,400,429	10,098,956
SBITA liability	-	6,885,903	(2,122,383)	4,763,520	1,874,809
Notes payable	3,456,901	-	(1,856,901)	1,600,000	511,256
Revenue bonds payable	607,465,000	-	(29,071,409)	578,393,591	30,531,655
Other long-term liabilities	74,296,199	724,585	(9,989,180)	65,031,604	8,461,739
Total	<u>\$ 849,868,972</u>	<u>\$ 119,407,645</u>	<u>\$ (95,769,294)</u>	<u>\$ 873,507,323</u>	<u>\$ 91,900,243</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, 2024 and 2023, KU has a liability to the US Department of Education of \$5,587,289 and \$6,912,923, respectively, 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 Consolidated Statement of Net Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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, 2024	Principal Outstanding June 30, 2023
KU Lawrence and Edwards Campuses						
2021D - Refunding revenue bonds	4/30/21	\$ 63,795,000	2.00-5.00	5/1/38	\$ 55,525,000	\$ 58,420,000
2020B - Refunding revenue bonds	3/3/20	33,250,000	2.00-5.00	5/1/30	11,140,000	16,930,000
2020A - Sales tax refunding: University of Kansas Edwards Campus Building No. 4	1/14/20	8,440,000	2.02	9/1/25	2,105,000	3,735,000
2017A - EEEEC, Corbin Hall, Refunding 2006B and 2007E Series	1/18/17	47,085,000	3.00-5.00	5/1/42	32,185,000	33,735,000
2014C - McCollum Residence Hall replacement and refunding portion of the 2005E-1 Series	6/19/14	55,310,000	3.50-5.00	5/1/39	38,035,000	40,160,000
KU Medical Center						
2020W - University of Kansas Medical Clinical Research Center Project	12/29/20	8,410,000	1.38	9/1/30	6,010,000	6,820,000
2020B - Refunding revenue bonds	3/3/20	43,275,000	2.00-5.00	5/1/35	26,095,000	30,690,000
2017A - Health Education Building	1/18/17	20,425,000	3.00-5.00	5/1/42	16,605,000	17,235,000
2016C - University of Kansas Medical Center Parking Garage 5	3/3/16	45,330,000	2.00-4.00	5/1/41	35,530,000	37,075,000
2014C - Refunding portion of the 2005E-2 Series Medical Center Parking Garage 3	6/19/14	1,345,000	5.00	5/1/24	-	195,000
Kansas Athletics, Inc.						
Series 2020 - Kansas Athletics Refund 2014F Series	10/27/20	31,500,000	3.50	10/27/45	30,121,937	31,048,591
KU Center for Research, Inc.						
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	4,045,000	4,995,000
KU Campus Development Corporation						
Series 2016 - Central District Development Project	1/7/16	326,945,000	4.00-5.00	3/1/46	290,465,000	297,355,000
					<u>\$ 547,861,937</u>	<u>\$ 578,393,591</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
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	25,290,000	18,960,306	44,250,306
2029	26,440,000	17,802,706	44,242,706
2030-2034	112,850,000	74,150,031	187,000,031
2035-2039	125,650,000	50,114,706	175,764,706
2040-2044	101,085,000	24,230,118	125,315,118
2045-2046	39,910,000	3,017,750	42,927,750
		<u>\$ 509,625,000</u>	<u>\$ 761,969,694</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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

Year Ending June 30:	Principal	Interest	Total
2025	\$ 3,444,371	\$ 1,149,084	\$ 4,593,455
2026	2,273,243	1,082,396	3,355,639
2027	1,873,311	1,031,207	2,904,518
2028	1,924,617	983,136	2,907,753
2029	1,972,204	933,611	2,905,815
2030-2034	7,897,958	3,928,228	11,826,186
2035-2039	7,282,918	2,743,668	10,026,586
2040-2044	8,662,627	1,363,960	10,026,587
2045-2046	2,905,688	102,287	3,007,975
	<u>\$ 38,236,937</u>	<u>\$ 13,317,577</u>	<u>\$ 51,554,514</u>

As of June 30, 2024 and 2023, KU had no outstanding amount of defeased issuances held in irrevocable trusts.

NOTE 15 - LEASE OBLIGATIONS

LESSEE ARRANGEMENTS

KU leases 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.

Future commitments for leases having remaining terms more than one year as of June 30, 2024 are as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 15,228,110	\$ 1,542,362	\$ 16,770,472
2026	12,750,568	1,400,578	14,151,146
2027	6,631,973	1,491,240	8,123,213
2028	4,943,467	1,642,963	6,586,430
2029	4,424,606	1,806,107	6,230,713
2030-2034	20,964,801	10,123,026	31,087,827
2035-2039	20,170,258	11,610,846	31,781,104
2040-2044	14,136,710	7,719,174	21,855,884
2045	185,384	508	185,892
	<u>\$ 99,435,877</u>	<u>\$ 37,336,804</u>	<u>\$ 136,772,681</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

Lease payables consist of the following:

	Lease Payable at June 30, 2024
Agreements between KU and third-party vendors for real estate space with fixed and implicit interest rates ranging from 0.85% to 4.57%. The agreements expire in various fiscal years from 2024 to 2045.	\$ 88,757,786
Agreements between KU and third-party vendors for equipment with fixed and implicit interest rates ranging from 0.00% to 4.67%. The agreements expire in various fiscal years from 2024 to 2036.	10,338,730
Agreements between KU and third-party vendors for vehicles with fixed and implicit interest rates ranging from 0.45% to 4.13%. The agreements expire in various fiscal years from 2025 to 2028.	339,361
	<u>\$ 99,435,877</u>

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 2033. 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 years ended June 30, 2024 and 2023, KU recognized revenues related to these lease agreements in sales and services of educational activities, totaling \$210,383 and \$251,735, respectively.

Future minimum lease payment to be received under lessor agreements as of June 30, 2024 are as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 207,033	\$ 39,083	\$ 246,116
2026	194,746	36,183	230,929
2027	195,134	33,236	228,370
2028	195,565	30,279	225,844
2029	201,033	27,240	228,273
2030-2034	424,583	100,143	524,726
2035-2039	187,467	62,533	250,000
2040-2044	205,539	19,461	225,000
	<u>\$ 1,811,100</u>	<u>\$ 348,158</u>	<u>\$ 2,159,258</u>

NOTE 16 – SUBSCRIPTION OBLIGATIONS

KU has software subscriptions from external parties for various terms under long-term, noncancelable subscription agreements. The subscriptions expire at various dates from 2025 through 2030. Some of the subscriptions provide for renewal periods ranging from one year to three years. In accordance with GASB 96, KU records right-of-use assets and subscription liabilities based on the present value of the expected payments over the subscription term, including any reasonably certain exercised renewal periods, of the respective subscriptions. The expected payments are discounted using an estimated incremental borrowing rate ranging from 2.45% to 4.34%. KU used guidance from the State Department of Administration and the Kansas Development Finance Authority in determining the interest rate at which expected payments should be discounted. See Note 9 for information on subscription assets and associated accumulated amortization.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

Future commitments for software subscriptions having remaining terms more than one year as of June 30, 2024 were as follows:

Year Ending June 30:	Principal	Interest	Total
2025	\$ 5,201,736	\$ 284,863	\$ 5,486,599
2026	3,861,963	220,314	4,082,277
2027	2,429,112	204,372	2,633,484
2028	1,987,130	219,680	2,206,810
2029	1,699,869	241,660	1,941,529
2030	983,218	285,470	1,268,688
	\$ 16,163,028	\$ 1,456,359	\$ 17,619,387

NOTE 17 – NOTES PAYABLE

In January 2021, KU Unions entered into a note agreement with KU Endowment in the amount of \$2,500,000. As of June 30, 2024 and 2023, the outstanding balance on the note was \$1,000,000 and \$1,600,000, respectively. The loan requires semi-annual principal and interest payments of \$300,000 beginning in February 2022 and maturing in February 2026. The note has an interest rate of prime rate plus one percent which was 9.25% and 5.75% as of June 30, 2024 and 2023, respectively.

KU Unions has a \$2,500,000 line of credit. As of June 30, 2024 and 2023, there was \$0 borrowed against the line. The line is secured by accounts receivable, inventory and equipment available for cash flow needs. During 2024, the line was amended to extend the maturity date to December 2024, and the variable interest rate was 8.5% and 8.25% as of June 30, 2024 and 2023, respectively.

Athletics has a \$20,000,000 revolving bank line of credit which expires in November 2024 related to athletic facilities construction and renovation. As of June 30, 2024 and 2023, there was \$0 borrowed against the line. The line is secured by contributions receivable and cash held at KU Endowment associated with the project. The line accrued interest on outstanding balances payable monthly at the secured overnight financing rate (SOFR) plus 1%, which was 6.32% and 6.45% as of June 30, 2024 and 2023, respectively.

Athletics has an additional \$20,000,000 revolving line of credit which expires in November 2026 related to general operations. As of June 30, 2024 and 2023, there was \$0 borrowed against this line. The line is unsecured. Interest on outstanding balances is payable monthly at the SOFR rate plus an applicable margin. During 2024, the line was amended to change the applicable margin to 1.23% which was an interest rate of 6.55% as of June 30, 2024. As of June 30, 2023, the applicable margin was 1.29%, which was an interest rate of 6.45% as of June 30, 2023.

Future maturities of the notes payable are as follows:

Year Ending June 30:	Total
2025	\$ 512,703
2026	487,297
	\$ 1,000,000

NOTE 18– 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, article 49. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

information. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at 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 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. Member contribution rates are established by state law and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates be determined based on the results of an annual actuarial valuation for each of the three statewide pension groups. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. Each of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year's contribution rate is 1.2% of total payroll.

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, 2023 are as follows:

	Actuarial employer rate	Statutory employer capped rate
State employees	10.08%	13.11%
Police and fire fighters	22.86	22.86

Contributions to the pension plan from KU were \$6,303,285 and \$8,535,196 for the years ended June 30, 2024 and 2023, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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

On June 30, 2024 and 2023, KU reported a liability of \$64,864,671 and \$64,730,774, respectively, for its proportionate share of the net pension liability. The net pension liability as of June 30, 2024 was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30 2023. The net pension liability as of June 30, 2023 was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30 2022. 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 and Police and Fire subgroups within KPERS for the fiscal year ended June 30, 2023. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments.

At the June 30, 2023 measurement date, KU's proportion made to the State/School subgroup was 0.74%, which was a decrease of 0.03% from its proportion measured as of June 30, 2022. At the June 30, 2022 measurement date, KU's proportion made to the State/School subgroup was 0.72%, which was a decrease of 0.08% from its proportion measured as of June 30, 2021.

At the June 30, 2023 measurement date, KU's proportion made to the Police and Fire subgroup was 0.83%, which was a decrease of 0.11% from its proportion measured as of June 30, 2021. At the June 30, 2022 measurement date, KU's proportion made to the Police and Fire subgroup was 0.94%, which was an increase of 0.12% from its proportion measured as of June 30, 2021.

For the years ended June 30, 2024 and 2023, KU recognized pension expense of \$5,148,736 and \$(5,781,429), respectively. On June 30, 2024 and 2023, KU reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,098,353	\$ -	\$ 1,710,294	\$ 22,217
Net difference between projected and actual earnings on pension plan investments	4,109,168	-	5,239,623	-
Change in proportion	2,264,053	7,028,025	1,597,231	9,604,082
Change of assumptions	6,775,450	-	9,607,639	-
Contributions subsequent to measurement date	6,379,687	-	8,535,196	-
	<u>\$ 22,626,711</u>	<u>\$ 7,028,025</u>	<u>\$ 26,689,983</u>	<u>\$ 9,626,299</u>

KU reported \$6,379,687 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, 2024.

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

Year Ending June 30:	Total
2025	\$ 2,643,516
2026	976,200
2027	4,952,324
2028	631,045
2029	15,914
	<u>\$ 9,218,999</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Actual Cost Method	Entry age normal
Price Inflation	2.75%
Salary Increase	3.50% to 12.00%, including price inflation
Investment Rate of Return	7.00% 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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, 2023 and 2022 was 7.0%. 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 CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 92,106,074	\$ 64,864,671	\$ 35,683,808

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 19 - 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 \$31,149,310 and \$29,560,498 during the years ended June 30, 2024 and 2023, respectively.

Employees of Kansas Athletics, Inc. and the University of Kansas Memorial Corporation participate in defined contribution programs like the "Board of Regents 403(b) Retirement Program". The Corporations contributed \$2,272,148 and \$1,954,050 to their individual plans during the years ended June 30, 2024 and 2023, respectively.

NOTE 20 – 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 CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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, 2024, the following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	75
Active employees	797
	872

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

KU's fiscal year 2024 total OPEB liability of \$5,279,088 was measured as of June 30, 2023, and was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023. KU's fiscal year 2023 total OPEB liability of \$4,802,498 was measured as of June 30, 2022, and was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022.

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price Inflation	2.75%
Payroll Growth	3.00%
Salary Increase	3.50% to 11.50%, including price inflation
Discount Rate	3.65%
Health care cost trend rates	Not applicable for the coverage in this plan
Retirees share of benefit cost	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-2021.

The actuarial assumptions used in the June 30, 2022 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 CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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

	<u>2024</u>	<u>2023</u>
Balance at beginning of year	\$ 4,802,498	\$ 6,033,306
Changes for the year:		
Service cost	112,145	196,580
Interest	155,840	126,415
Differences between expected and actual experience	1,268,850	(315,961)
Effect of assumption changes or inputs	(26,534)	(479,238)
Benefit payments	(1,033,711)	(758,604)
Net changes	<u>476,590</u>	<u>(1,230,808)</u>
Balance at end of year	<u>\$ 5,279,088</u>	<u>\$ 4,802,498</u>

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate increased from 3.54% on June 30, 2022 to 3.65% on June 30, 2023.

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 3.65%, 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 (2.65%) or 1-percentage-point higher (4.65%) than the current rate:

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Proportionate share of the net OPEB liability	\$ 5,530,046	\$ 5,279,088	\$ 5,049,096

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 years ended June 30, 2024 and 2023, KU recognized OPEB expense of \$169,250 and \$554,696, respectively. On June 30, 2024 and 2023, KU reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>2024</u>		<u>2023</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	\$ 2,391,499	\$ 253,147	\$ 1,456,298	\$ 284,554
Change of assumptions	233,484	485,482	274,502	535,473
Contributions subsequent to measurement date	1,033,711	-	758,604	-
	<u>\$ 3,658,694</u>	<u>\$ 738,629</u>	<u>\$ 2,489,404</u>	<u>\$ 820,027</u>

The deferred outflow of resources related to the benefit payments after the measurement date totaling \$1,033,711 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, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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
2025	\$ 266,735
2026	266,735
2027	272,862
2028	278,456
2029	250,173
Thereafter	551,393
	<u>\$ 1,886,354</u>

NOTE 21 - COMMITMENTS AND CONTINGENT LIABILITIES

On June 30, 2024 and 2023, KU had outstanding commitments under construction contracts totaling \$606,836,579 and \$540,917,951, 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, 2024.

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 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 22 – NATURAL CLASSIFICATIONS WITH FUNCTIONAL CLASSIFICATIONS

KU's operating expenses by functional and natural classification for the year ended June 30, 2024 are as follows:

Functional Classification	Natural Classification					Total
	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	
Instruction	\$ 454,641,766	\$ -	\$ 408,114	\$ 46,021,801	\$ -	\$ 501,071,681
Research	291,818,281	-	9,766	120,267,016	-	412,095,063
Public service	40,677,780	-	4,335	38,584,050	-	79,266,165
Academic support	63,773,224	-	-	22,160,551	-	85,933,775
Student services	39,693,071	-	413,351	11,163,799	-	51,270,221
Institutional support	81,004,652	-	-	20,901,241	-	101,905,893
Operations and maintenance of plant	55,767,719	-	22,836,098	22,472,144	-	101,075,961
Depreciation and amortization	-	-	-	-	112,199,452	112,199,452
Scholarships and fellowships	-	28,633,349	-	-	-	28,633,349
Auxiliary enterprises:						
Housing	4,592,014	-	3,808,710	9,661,777	-	18,062,501
Athletics	57,169,960	-	1,789,404	76,401,044	-	135,360,408
Parking	4,379,186	-	372,952	4,501,419	-	9,253,557
Student unions	11,940,237	-	1,190,522	19,182,422	-	32,313,181
University health services	598,646	-	-	7,422,809	-	8,021,455
Other auxiliary enterprises	2,136,718	-	-	1,996,385	-	4,133,103
Other	-	-	-	380,230	-	380,230
Total	\$ 1,108,193,254	\$ 28,633,349	\$ 30,833,252	\$ 401,116,688	\$ 112,199,452	\$ 1,680,975,995

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

KU's operating expenses by functional and natural classification for the year ended June 30, 2023 are as follows:

Functional Classification	Natural Classification					Total
	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	
Instruction	\$ 419,357,415	\$ -	\$ 437,511	\$ 40,713,226	\$ -	\$ 460,508,152
Research	257,962,469	-	8,905	105,755,102	-	363,726,476
Public service	37,076,889	-	11,409	34,383,571	-	71,471,869
Academic support	57,334,810	-	-	24,367,818	-	81,702,628
Student services	35,437,982	-	898,409	10,008,084	-	46,344,475
Institutional support	72,813,950	-	-	18,523,019	-	91,336,969
Operations and maintenance of plant	47,878,758	-	25,105,458	31,782,353	-	104,766,569
Depreciation and amortization	-	-	-	-	105,893,118	105,893,118
Scholarships and fellowships	-	23,396,940	-	-	-	23,396,940
Auxiliary enterprises:						
Housing	3,805,215	-	3,799,271	8,603,697	-	16,208,183
Athletics	46,495,920	-	1,691,385	66,047,123	-	114,234,428
Parking	3,784,358	-	345,822	3,556,117	-	7,686,297
Student unions	10,459,553	-	1,217,781	18,830,687	-	30,508,021
University health services	625,935	-	-	6,871,541	-	7,497,476
Other auxiliary enterprises	1,439,275	-	-	2,746,635	-	4,185,910
Other	-	-	-	365,841	-	365,841
Total	\$ 994,472,529	\$ 23,396,940	\$ 33,515,951	\$ 372,554,814	\$ 105,893,118	\$ 1,529,833,352

NOTE 23 – ASSETS HELD FOR OTHERS

KUCR has an agreement with a community-based organization to administer the Assistive Technology for Kansans program (the Program). In association with this agreement, KUCR maintains 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, 2024 and 2023, these amounts totaled \$7,709,505 and \$8,418,287, respectively.

KU holds funds on 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, 2024 and 2023, KU held \$743,991 and \$654,676, respectively, on behalf of the student organizations.

NOTE 24 – 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 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,

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended June 30, 2024 and 2023

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: kuendowment.org/home/resources/reports-financials/

NOTE 25 – RESTATEMENTS

NEW ACCOUNTING STANDARDS

KU implemented the Governmental Accounting Standards Board (“GASB”) Statement No. 96, *Subscription-Based Information Technology Arrangements* (“GASB 96”), effective July 1, 2022. This standard established a single model for subscription-based information technology arrangements (“SBITA”) accounting based on the principle that SBITAs are arrangements of the right to use another entity’s tangible capital asset. This adoption resulted in the following impacts:

<u>Financial statement line item</u>	<u>Increase</u>
Right of use asset	\$ 2,640,592
SBITA liability	2,417,379
Net position	223,213

NOTE 26 – SUBSEQUENT EVENT

Management has performed an analysis of the activities and transactions after June 30, 2024, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2024. Management has performed their analysis through December 18, 2024, the date the financial statements were issued.

*Supplementary
Information*

CONSOLIDATING STATEMENT OF NET POSITION

AS OF JUNE 30, 2024

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities ⁽¹⁾	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities ⁽²⁾	Eliminations ⁽³⁾	Total
ASSETS										
Current assets:										
Cash and cash equivalents	\$ 160,720,800	\$ 14,740,217	\$ 11,625,516	\$ 4,106,150	\$ 217,596	\$ 49,854,189	\$ 11,766,285	\$ 177,960	\$ -	\$ 253,208,713
Restricted cash and cash equivalents	16,254,621	-	-	2,504,843	8,402,486	37,550,409	-	-	(2,504,844)	62,207,515
Investments	20,286,069	93,357,197	53,756,931	260,056	-	4,546,057	-	-	-	172,206,310
Accounts receivable, net	79,681,722	38,921,088	7,937,364	4,768,670	9,390,578	35,333,837	44,348,583	13,730	(32,608,811)	187,786,761
Pledges receivable, net	-	-	24,186,878	-	-	-	1,473,078	-	-	25,659,956
Loans to students, net	1,674,875	-	-	-	-	905,185	-	-	-	2,580,060
Inventories	3,331,772	-	239,406	2,578,712	-	311,040	-	-	-	6,460,930
Other assets	749,335	305,781	1,386,771	318,539	5,550	45,000	1,666,465	823	-	4,478,264
Total current assets	282,699,194	147,324,283	99,132,866	14,536,970	18,016,210	128,545,717	59,254,411	192,513	(35,113,655)	714,588,509
Non-current assets:										
Restricted cash and cash equivalents	25,494,657	-	-	-	-	57,533	-	-	-	25,552,190
Accounts receivable, net	957,897	335,954	-	-	307,382,352	16,466,592	-	-	(306,736,182)	18,406,613
Pledges receivable, net	-	-	76,673,397	-	-	-	61,581	-	-	76,734,978
Investments	38,006,243	9,273,985	50,550,756	-	-	2,116,494	137,633,147	-	-	237,580,625
Loans to students, net	3,479,285	-	-	-	-	21,668,507	-	-	-	25,147,792
Other assets	165,958	-	-	-	-	-	-	-	(165,958)	-
Capital assets, net	1,391,079,035	19,125,624	204,080,461	9,185,727	4,252,500	308,525,641	1,455,861	-	(194,921,679)	1,742,783,170
Right of use assets, net	25,354,636	4,746,749	34,598,972	10,775,199	-	53,460,055	-	-	(10,510,649)	118,424,962
Total non-current assets	1,484,537,711	33,482,312	365,903,586	19,960,926	311,634,852	402,294,822	139,150,589	-	(512,334,468)	2,244,630,330
Total assets	1,767,236,905	180,806,595	465,036,452	34,497,896	329,651,062	530,840,539	198,405,000	192,513	(547,448,123)	2,959,218,839
DEFERRED OUTFLOWS										
Deferred OPEB expense	2,356,606	-	-	-	-	1,302,088	-	-	-	3,658,694
Asset retirement obligations	448,552	-	-	-	-	-	-	-	-	448,552
Deferred pension expense	11,477,909	-	-	-	-	11,148,802	-	-	-	22,626,711
Total deferred outflows	14,283,067	-	-	-	-	12,450,890	-	-	-	26,733,957

⁽¹⁾ includes KU Campus Development Corporation and Jayhawk Community Partners

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

⁽³⁾ 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, 2024

(CONTINUED)

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities ⁽¹⁾	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities ⁽²⁾	Eliminations ⁽³⁾	Total
LIABILITIES										
Current liabilities:										
Accounts payable and accrued expenses	\$ 65,831,086	\$ 12,324,658	\$ 59,832,451	\$ 5,671,860	\$ 5,017,873	\$ 30,995,070	\$ 19,781,735	\$ 10,414	\$ (25,916,889)	\$ 173,548,258
Unearned revenue	39,466,872	11,523,683	21,305,833	176,986	34,815	-	16,821,143	-	(34,815)	89,294,517
Assets held in custody for others	451,926	7,709,505	-	-	-	292,065	-	-	-	8,453,496
Accrued compensated absences	21,617,315	-	900,000	288,608	-	22,522,769	-	-	-	45,328,692
Leases payable	17,340,644	422,925	1,757,223	1,006,273	-	4,413,142	-	-	(9,712,097)	15,228,110
SBITA liability	4,156,012	-	-	-	-	1,045,724	-	-	-	5,201,736
Notes payable	-	-	-	512,703	-	-	-	-	-	512,703
Revenue bonds payable	11,790,000	4,045,000	959,371	-	7,385,000	7,920,000	-	-	-	32,099,371
Other liabilities	4,150,779	21,835	-	-	2,512,846	892,832	-	-	-	7,578,292
Total current liabilities	164,804,634	36,047,606	84,754,878	7,656,430	14,950,534	68,081,602	36,602,878	10,414	(35,663,801)	377,245,175
Non-current liabilities:										
Accrued compensated absences	4,366,396	-	2,616,990	-	-	4,549,285	-	-	-	11,532,671
Accrued other post-employment benefits	3,174,793	-	-	-	-	2,104,295	-	-	-	5,279,088
Accrued pension liability	36,062,348	-	-	-	-	28,802,323	-	-	-	64,864,671
Leases payable	314,650,692	1,713,712	32,714,074	10,124,993	-	41,745,335	-	-	(316,741,039)	84,207,767
SBITA liability	6,080,823	-	-	-	-	4,880,469	-	-	-	10,961,292
Notes payable	-	-	-	487,297	-	-	-	-	-	487,297
Revenue bonds payable	127,200,000	-	29,162,566	-	283,080,000	76,320,000	-	-	-	515,762,566
Other long-term liabilities	12,678,541	-	2,754,710	-	30,747,689	4,779,090	-	-	(131,143)	50,828,887
Total non-current liabilities	504,213,593	1,713,712	67,248,340	10,612,290	313,827,689	163,180,797	-	-	(316,872,182)	743,924,239
Total liabilities	669,018,227	37,761,318	152,003,218	18,268,720	328,778,223	231,262,399	36,602,878	10,414	(352,535,983)	1,121,169,414
DEFERRED INFLOWS										
Unamortized gain on bond refunding	830,829	(37,621)	-	-	-	772,561	-	-	-	1,565,769
Deferred pension expense	5,803,723	-	-	-	-	1,224,302	-	-	-	7,028,025
Deferred OPEB expense	350,009	-	-	-	-	388,620	-	-	-	738,629
Deferred lease inflows	1,095,890	-	-	-	662,891	-	-	-	-	1,758,781
Total deferred inflows	8,080,451	(37,621)	-	-	662,891	2,385,483	-	-	-	11,091,204
NET POSITION										
Net investment in capital assets	912,466,024	17,706,522	126,776,811	8,829,660	4,252,500	225,342,795	1,455,861	-	(194,947,657)	1,101,882,516
Restricted for:										
Nonexpendable	16,403,391	5,996,006	21,420,459	-	-	1,178,255	-	-	-	44,998,111
Expendable:										
Scholarships, research, instruction and other	21,602,852	2,918,463	41,209,195	-	-	18,630,424	4,634,938	-	-	88,995,872
Loans	3,518,268	-	-	-	-	22,373,633	-	-	-	25,891,901
Capital projects	27,636,471	-	130,505,684	-	-	2,825,171	-	-	-	160,967,326
Debt service	2,342,575	-	-	-	-	4,572,368	-	-	-	6,914,943
Unrestricted	120,451,713	116,461,907	(6,878,915)	7,399,516	(4,042,552)	34,720,901	155,711,323	182,099	35,517	424,041,509
Total net position	\$1,104,421,294	\$ 143,082,898	\$ 313,033,234	\$ 16,229,176	\$ 209,948	\$ 309,643,547	\$ 161,802,122	\$ 182,099	\$ (194,912,140)	\$1,853,692,178

⁽¹⁾ includes KU Campus Development Corporation and Jayhawk Community Partners

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

FOR THE YEAR ENDED JUNE 30, 2024

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities ⁽¹⁾	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities ⁽²⁾	Eliminations ⁽³⁾	Total
OPERATING REVENUES										
Tuition and fees (net of scholarship allowance of \$47,874,454)	\$ 293,518,075	\$ -	\$ -	\$ -	\$ -	\$ 59,620,989	\$ -	\$ -	\$ (13,238,720)	\$ 339,900,344
Federal grants and contracts	7,313,783	145,154,895	-	-	-	64,129	140,547,281	-	(3,174,296)	289,905,792
State and local grants and contracts	22,001,277	28,565,066	-	-	-	10,000,000	8,108,137	-	(183,125)	68,491,355
Nongovernmental grants and contracts	5,440,442	17,763,856	-	-	-	-	64,900,866	-	(1,465,803)	86,639,361
Sales and services of educational departments	39,230,478	16,241,022	-	-	-	56,560,832	-	-	(34,293,639)	77,738,693
Sales and services of medical and administrative activities	-	-	-	-	-	98,448,168	-	-	-	98,448,168
Sales and services of auxiliary enterprises	72,010,016	-	123,494,587	41,385,506	2,512,565	11,575,496	-	121,051	(14,354,664)	236,744,557
Other operating revenues	3,410,395	1,354,670	-	-	12,779,635	4,224,012	5,723,477	-	(16,885,418)	10,606,771
Total operating revenues	442,924,466	209,079,509	123,494,587	41,385,506	15,292,200	240,493,626	219,279,761	121,051	(83,595,665)	1,208,475,041
OPERATING EXPENSES										
Compensation and benefits	457,640,442	121,596,874	57,169,960	11,863,856	595,995	347,291,664	112,212,305	12,495	(190,337)	1,108,193,254
Supplies and other services	144,967,238	75,565,217	76,767,466	23,777,841	2,156,089	63,052,824	91,112,181	109,543	(76,391,711)	401,116,688
Utilities	19,850,735	585,278	1,789,404	1,196,132	-	7,411,703	-	-	-	30,833,252
Depreciation and amortization	77,622,265	4,701,493	16,313,997	1,893,037	405,000	24,865,699	276,565	-	(13,878,604)	112,199,452
Scholarships and fellowships	17,355,756	7,465,615	-	-	-	3,814,986	-	-	(3,008)	28,633,349
Total operating expenses	717,436,436	209,914,477	152,040,827	38,730,866	3,157,084	446,436,876	203,601,051	122,038	(90,463,660)	1,680,975,995
Operating income (loss)	(274,511,970)	(834,968)	(28,546,240)	2,654,640	12,135,116	(205,943,250)	15,678,710	(987)	6,867,995	(472,500,954)

⁽¹⁾ includes KU Campus Development Corporation and Jayhawk Community Partners

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

⁽³⁾ 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, 2024

(CONTINUED)

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc.	University of Kansas Memorial Corporation	Other KULC Entities ⁽¹⁾	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities ⁽²⁾	Eliminations ⁽³⁾	Total
NON-OPERATING REVENUES (EXPENSES)										
State appropriations	178,210,055	-	-	-	-	127,224,324	-	-	-	305,434,379
Local appropriations	8,320,300	-	-	-	-	8,320,300	-	-	-	16,640,600
Gifts	49,314,982	-	-	-	-	60,301,183	-	-	(1,376,926)	108,239,239
Investment income	11,811,048	8,250,451	5,235,357	178,816	692,020	6,134,333	5,126,639	-	(13,801)	37,414,863
Federal grants and contracts	89,248,527	-	-	-	-	1,404,025	-	-	-	90,652,552
Other non-operating revenues	1,180,799	269,857	-	-	-	2,555,834	-	-	(830,420)	3,176,070
Interest expense	(16,982,161)	(184,031)	(1,073,500)	(200,704)	(12,179,006)	(3,347,433)	-	-	13,078,216	(20,888,619)
Other non-operating expenses	(17,932,865)	(1,240,495)	-	-	-	(7,246)	-	-	1,271,000	(17,909,606)
Net non-operating revenues (expenses)	303,170,685	7,095,782	4,161,857	(21,888)	(11,486,986)	202,585,320	5,126,639	-	12,128,069	522,759,478
Income (loss) before other revenues, expenses, gains or losses	28,658,715	6,260,814	(24,384,383)	2,632,752	648,130	(3,357,930)	20,805,349	(987)	18,996,064	50,258,524
Capital appropriations	13,435,000	-	-	-	-	7,105,622	-	-	-	20,540,622
Capital grants and gifts	110,313,923	6,858,373	83,283,654	-	-	26,653,787	-	-	(111,443,029)	115,666,708
Intra-entity contributions	-	(1,539,763)	-	-	(18,377)	-	-	-	1,558,140	-
Additions to permanent endowments	4,249	-	-	-	-	-	-	-	-	4,249
Increase (decrease) in net position	152,411,887	11,579,424	58,899,271	2,632,752	629,753	30,401,479	20,805,349	(987)	(90,888,825)	186,470,103
NET POSITION										
Net position - beginning of year	952,009,407	131,503,474	254,133,963	13,596,424	(419,805)	279,242,068	140,996,773	183,086	(104,023,315)	1,667,222,075
Restatement of net position - beginning of year	-	-	-	-	-	-	-	-	-	-
Net position - end of year	\$ 1,104,421,294	\$ 143,082,898	\$ 313,033,234	\$ 16,229,176	\$ 209,948	\$ 309,643,547	\$ 161,802,122	\$ 182,099	\$ (194,912,140)	\$ 1,853,692,178

⁽¹⁾ includes KU Campus Development Corporation and Jayhawk Community Partners

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

⁽³⁾ 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, 2024

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities ⁽¹⁾	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities ⁽²⁾	Eliminations ⁽³⁾	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>										
Tuition and fees	\$ 293,327,627	\$ -	\$ -	\$ -	\$ -	\$ 62,208,686	\$ -	\$ -	\$ (13,322,494)	\$ 342,213,819
Sales and services	39,161,863	16,241,022	-	-	-	145,814,541	-	-	(34,377,008)	166,840,418
Auxiliary enterprises	29,570,530	-	(16,463,846)	4,771,799	(172,510)	11,575,496	-	121,051	348,799	29,751,319
Grant and contracts	30,133,160	183,432,891	-	-	-	6,772,137	217,415,789	-	(4,823,224)	432,930,753
Payment to suppliers	(110,895,023)	(75,898,347)	-	-	(83,938)	(44,487,980)	(112,604,090)	(111,505)	63,387,336	(280,693,547)
Payment to utilities	(15,367,568)	(585,279)	-	-	-	(7,411,703)	-	-	-	(23,364,550)
Compensation and benefits	(445,930,627)	(120,199,028)	-	-	-	(366,339,965)	(90,127,176)	(12,495)	(1,306,845)	(1,023,916,136)
Payment for scholarships and fellowships	(17,316,140)	(7,465,615)	-	-	-	(3,814,986)	-	-	3,008	(28,593,733)
Loans to students, net	1,131,589	-	-	-	-	(6,256,254)	-	-	-	(5,124,665)
Other receipts and payments	4,329,045	(447,259)	-	-	21,494,280	4,872,102	5,723,477	(3,090)	(24,580,797)	11,387,758
Net cash used in operating activities	(191,855,544)	(4,921,615)	(16,463,846)	4,771,799	21,237,832	(197,067,926)	20,408,000	(6,039)	(14,671,225)	(378,568,564)
<u>CASH FLOWS FROM NON-CAPITAL FINANCIAL ACTIVITIES</u>										
State appropriations	177,444,163	-	-	-	-	127,224,324	-	-	-	304,668,487
Local appropriations	8,342,967	-	-	-	-	8,342,967	-	-	-	16,685,934
Gifts	49,319,231	-	-	-	-	60,301,183	-	-	(1,376,926)	108,243,488
Federal education loans, net	(226,283)	-	-	-	-	-	-	-	-	(226,283)
Non-operating grants and contracts	105,013,258	-	-	-	-	1,404,025	-	-	-	106,417,283
Other	(1,853,371)	(1,904,520)	-	-	-	2,005,704	-	-	1,271,000	(481,187)
Net cash provided by non-capital financing activities	338,039,965	(1,904,520)	-	-	-	199,278,203	-	-	(105,926)	535,307,722

⁽¹⁾ includes KU Campus Development Corporation and Jayhawk Community Partners

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

⁽³⁾ 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, 2024

(CONTINUED)

	University of Kansas Lawrence & Edwards	University of Kansas Center for Research, Inc.	Kansas Athletics, Inc	University of Kansas Memorial Corporation	Other KULC Entities ⁽¹⁾	University of Kansas Medical Center	University of Kansas Medical Center Research Institute, Inc.	Other KUMC Entities ⁽²⁾	Eliminations ⁽³⁾	Total
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u>										
Capital appropriations	13,396,132	-	-	-	-	7,105,622	-	-	-	20,501,754
Capital grants and gifts	-	4,202,943	33,146,498	-	-	-	-	-	-	37,349,441
Purchase of capital assets	(111,958,989)	(4,683,265)	(56,807,392)	(202,662)	-	(24,181,499)	(265,894)	-	(7,560,426)	(205,660,127)
Proceeds from sale of capital assets	535,934	-	-	-	-	-	-	-	-	535,934
Principal paid on capital debt and leases	(30,564,358)	(4,281,058)	(2,868,440)	(1,844,650)	(6,890,000)	(14,345,523)	-	-	11,074,520	(49,719,509)
Interest paid on capital debt and leases	(19,035,781)	(184,092)	(1,079,189)	(200,704)	(14,867,750)	(3,579,876)	-	-	13,194,320	(25,753,072)
Other	13,724	(1,358,545)	5,689	-	(6,700)	-	-	-	-	(1,345,832)
Net cash used in capital financing activities	(147,613,338)	(6,304,017)	(27,602,834)	(2,248,016)	(21,764,450)	(35,001,276)	(265,894)	-	16,708,414	(224,091,411)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>										
Proceeds from sales and maturities of investments	17,781,879	836,078	97,846,989	-	-	-	21,931,592	-	(2,725,000)	135,671,538
Interest on investments	12,099,574	2,397,029	1,298,692	162,171	678,025	5,793,653	6,180,833	-	(136,251)	28,473,726
Purchase of investments	(12,944,881)	(2,904,860)	(66,791,590)	-	-	-	(42,470,629)	-	-	(125,111,960)
Net cash provided by (used in) investing activities	16,936,572	328,247	32,354,091	162,171	678,025	5,793,653	(14,358,204)	-	(2,861,251)	39,033,304
Net increase (decrease) in cash	15,507,655	(12,801,905)	(11,712,589)	2,685,954	151,407	(26,997,346)	5,783,902	(6,039)	(929,988)	(28,318,949)
Cash - beginning of the year	186,962,423	27,542,122	23,338,105	3,925,039	8,468,675	114,459,477	5,982,383	183,999	(1,574,856)	369,287,367
Cash - end of year	<u>\$ 202,470,078</u>	<u>\$ 14,740,217</u>	<u>\$ 11,625,516</u>	<u>\$ 6,610,993</u>	<u>\$ 8,620,082</u>	<u>\$ 87,462,131</u>	<u>\$ 11,766,285</u>	<u>\$ 177,960</u>	<u>\$ (2,504,844)</u>	<u>\$ 340,968,418</u>

⁽¹⁾ includes KU Campus Development Corporation and Jayhawk Community Partners

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

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

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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.

Contents	Page
Financial Trends	75
These schedules contain trend information to help the reader understand how KU's financial performance and well-being have changed over time	
Debt Capacity	79
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.	
Operating Information	80
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.	
Demographic and Economic Information	83
These schedules offer demographic and economic indicators to help the reader understand the environment in which KU's financial activities take place	

SCHEDULE OF REVENUES BY SOURCE

	For the Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Tuition and fees (net of scholarship allowances)	\$ 289,104,231	\$ 304,317,762	\$ 314,335,203	\$ 324,035,590	\$ 325,570,469	\$ 340,863,151	\$ 320,019,921	\$ 323,821,470	\$ 320,300,681	\$ 339,900,344
Federal grants and contracts	154,004,942	149,404,143	150,322,497	164,728,124	179,434,573	186,550,040	203,269,007	232,890,339	256,336,979	289,905,792
State and local grants and contracts	39,650,105	47,094,151	45,569,990	38,119,702	37,338,423	38,457,391	48,634,859	47,244,907	66,631,483	68,491,355
Nongovernmental grants and contracts	71,067,806	78,917,523	55,571,690	65,333,833	59,273,481	73,641,128	73,855,959	65,096,791	77,262,361	86,639,361
Sales and services of educational departments	68,415,723	63,181,734	66,291,142	98,050,487	98,216,459	78,924,030	82,426,559	85,929,382	80,735,449	77,738,693
Sales and services of medical and administrative activities	26,234,463	41,490,519	53,083,616	55,353,806	61,163,289	73,145,738	79,094,783	89,618,664	90,218,537	98,448,168
Sales and services of auxiliary enterprises	174,146,494	180,975,398	186,152,383	204,524,387	215,382,587	185,251,855	153,177,350	205,575,997	224,694,784	236,744,557
Other operating revenues	3,086,097	867,279	11,970,445	10,239,065	8,796,765	5,317,659	6,673,538	12,477,185	6,961,125	10,606,771
Total operating revenues	825,709,861	866,248,509	883,296,966	960,384,994	985,176,046	982,150,992	967,151,976	1,062,654,735	1,123,141,399	1,208,475,041
State appropriations	244,734,520	237,044,872	240,346,756	238,164,714	244,972,426	258,178,051	253,428,437	259,586,261	301,270,848	305,434,379
Local appropriations	10,954,000	11,306,000	11,637,600	11,020,800	11,988,800	12,311,350	14,058,578	15,234,002	16,523,274	16,640,600
Gifts	56,306,031	59,351,062	49,202,947	62,293,228	57,941,219	65,327,100	61,870,560	71,323,935	90,900,731	108,239,239
Investment income	884,599	3,411,376	16,006,459	15,012,827	14,248,669	6,834,587	43,540,353	(17,387,451)	14,750,055	37,414,863
Federal grants and contracts	18,372,039	17,885,744	18,068,316	19,123,509	19,253,695	30,063,486	67,888,748	72,298,326	19,724,920	90,652,552
Other non-operating revenues	12,890,353	8,278,455	14,375,078	6,512,182	2,535,638	3,769,022	9,627,061	7,362,659	2,785,322	3,176,070
Total non-operating revenues	344,141,542	337,277,509	349,637,156	352,127,260	350,940,447	376,483,596	450,413,737	408,417,732	445,955,150	561,557,703
Capital appropriations	13,342,000	12,539,597	36,965,371	13,483,042	16,221,689	32,135,852	14,139,702	15,132,640	15,353,140	20,540,622
Capital grants and gifts	79,233,423	70,094,397	73,399,573	84,648,875	13,845,739	12,795,434	6,408,637	21,139,760	99,936,097	115,666,708
Additions to permanent endowments	2,829,345	226,277	229,783	(3,868)	8,391	2,184	1,504	11,311	27,326	4,249
Total other revenues, gains and losses	95,404,768	82,860,271	110,594,727	98,128,049	30,075,819	44,933,470	20,549,843	36,283,711	115,316,563	136,211,579
Total revenues	\$ 1,265,256,171	\$ 1,286,386,289	\$ 1,343,528,849	\$ 1,410,640,303	\$ 1,366,192,312	\$ 1,403,568,058	\$ 1,438,115,556	\$ 1,507,356,178	\$ 1,684,413,112	\$ 1,906,244,323

77

	For the Year Ended June 30, (percent of total revenues)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Tuition and fees (net of scholarship allowances)	22.8 %	23.7 %	23.4 %	23.0 %	23.8 %	24.3 %	22.3 %	21.5 %	19.0 %	17.8 %
Federal grants and contracts	12.2	11.6	11.2	11.7	13.1	13.3	14.1	15.5	15.2	15.2
State and local grants and contracts	3.1	3.7	3.4	2.7	2.7	2.7	3.4	3.1	4.0	3.6
Nongovernmental grants and contracts	5.6	6.1	4.1	4.6	4.4	5.2	5.1	4.3	4.6	4.5
Sales and services of educational departments	5.4	4.9	4.9	6.9	7.2	5.6	5.7	5.7	4.8	4.1
Sales and services of medical and administrative activities	2.1	3.2	4.0	3.9	4.5	5.2	5.5	5.9	5.3	5.1
Sales and services of auxiliary enterprises	13.8	14.1	13.8	14.5	15.8	13.2	10.7	13.7	13.3	12.4
Other operating revenues	0.2	0.1	0.9	0.7	0.6	0.4	0.5	0.8	0.4	0.5
Total operating revenues	65.2	67.4	65.7	68.0	72.1	69.9	67.3	70.5	66.6	63.2
State appropriations	19.3	18.4	17.9	16.9	17.9	18.4	17.6	17.2	17.9	16.0
Local appropriations	0.9	0.9	0.9	0.8	0.9	0.9	1.0	1.0	1.0	0.9
Gifts	4.5	4.6	3.6	4.4	4.2	4.7	4.3	4.7	5.4	5.7
Investment income	0.1	0.3	1.2	1.0	1.1	0.5	3.0	-1.1	0.9	2.0
Federal grants and contracts	1.4	1.4	1.3	1.4	1.4	2.1	4.7	4.8	1.2	4.8
Other non-operating revenues	1.0	0.6	1.1	0.5	0.2	0.3	0.7	0.5	0.2	0.2
Total non-operating revenues	27.2	26.2	26.0	25.0	25.7	26.9	31.3	27.1	26.6	29.6
Investment income	1.1	1.0	2.8	1.0	1.2	2.3	1.0	1.0	0.9	1.1
Federal grants and contracts	6.3	5.4	5.5	6.0	1.0	0.9	0.4	1.4	5.9	6.1
Other non-operating revenues	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total non-operating revenues	7.6	6.4	8.3	7.0	2.2	3.2	1.4	2.4	6.8	7.2
Total revenues	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: University of Kansas Annual Financial Reports

SCHEDULE OF EXPENSES BY USE

	For the Year Ended June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EXPENSES										
Compensation and benefits	\$ 802,945,096	\$ 755,700,952	\$ 787,122,992	\$ 847,896,817	\$ 846,384,156	\$ 894,155,277	\$ 882,690,065	\$ 902,588,392	\$ 994,472,529	\$ 1,108,193,254
Supplies and other services	245,384,436	278,699,618	261,931,812	290,316,514	309,555,386	304,126,475	302,124,960	340,513,479	372,554,814	401,116,688
Utilities	30,510,841	28,531,275	29,163,868	31,734,415	28,591,591	26,753,653	28,087,745	32,220,471	33,515,951	30,833,252
Depreciation and amortization	74,803,755	84,107,598	86,790,577	104,229,330	113,663,073	74,398,078	100,643,356	98,281,589	105,893,118	112,199,452
Scholarships and fellowships	17,753,530	18,760,038	19,636,472	18,935,345	16,532,918	26,138,916	26,711,066	43,624,072	23,396,940	28,633,349
Total operating expenses	1,171,397,658	1,165,799,481	1,184,645,721	1,293,112,421	1,314,727,124	1,325,572,399	1,340,257,192	1,417,228,003	1,529,833,352	1,680,975,995
Interest expense	14,350,653	17,487,066	26,766,044	20,104,785	29,846,661	27,991,316	26,665,530	22,593,931	21,947,079	20,888,619
Other non-operating expenses	8,455,337	7,210,797	5,775,834	25,861,014	4,127,892	1,454,813	1,768,646	4,084,024	1,144,608	17,909,606
Total non-operating expenses	22,805,990	24,697,863	32,541,878	45,965,799	33,974,553	29,446,129	28,434,176	26,677,955	23,091,687	38,798,225
Total expenses	\$ 1,194,203,648	\$ 1,190,497,344	\$ 1,217,187,599	\$ 1,339,078,220	\$ 1,348,701,677	\$ 1,355,018,528	\$ 1,368,691,368	\$ 1,443,905,958	\$ 1,552,925,039	\$ 1,719,774,220

	For the Year Ended June 30, (percent of total revenues)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EXPENSES										
Compensation and benefits	67.2 %	63.5 %	64.7 %	63.3 %	62.8 %	66.0 %	64.5 %	62.5 %	64.0 %	64.4 %
Supplies and other services	20.5	23.3	21.5	21.7	23.0	22.4	22.1	23.6	24.0	23.3
Utilities	2.6	2.4	2.4	2.4	2.1	2.0	2.1	2.2	2.2	1.8
Depreciation and amortization	6.3	7.1	7.1	7.8	8.4	5.5	7.4	6.8	6.8	6.5
Scholarships and fellowships	1.5	1.6	1.6	1.4	1.2	1.9	2.0	3.0	1.5	1.7
Total operating expenses	98.1	97.9	97.3	96.6	97.5	97.8	98.1	98.1	98.5	97.7
Interest expense	1.2	1.5	2.2	1.5	2.2	2.1	1.9	1.6	1.4	1.2
Other non-operating expenses	0.7	0.6	0.5	1.9	0.3	0.1	0.1	0.3	0.1	1.1
Total non-operating expenses	1.9	2.1	2.7	3.4	2.5	2.2	2.0	1.9	1.5	2.3
Total expenses	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.1 %	100.0 %	100.0 %	100.0 %

Source: University of Kansas Annual Financial Reports

SCHEDULE OF EXPENSES BY FUNCTION

<u>EXPENSES</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction	\$ 381,687,122	\$ 376,435,591	\$ 391,754,992	\$ 425,903,941	\$ 428,445,063	\$ 440,237,070	\$ 416,557,473	\$ 425,266,109	\$ 460,508,152	\$ 501,071,681
Research	253,325,059	256,347,460	247,072,961	266,784,693	259,620,680	289,136,753	286,135,478	334,750,010	363,726,476	412,095,063
Public service	40,917,387	48,507,472	40,848,421	47,086,911	56,599,571	50,144,325	55,347,527	50,903,510	71,471,869	79,266,165
Academic support	68,899,079	65,296,701	65,049,670	65,777,017	65,298,599	66,475,360	76,639,656	67,780,575	81,702,628	85,933,775
Student services	35,066,271	33,817,723	35,235,629	38,172,391	41,149,695	40,801,016	46,895,540	43,464,595	46,344,475	51,270,221
Institutional support	61,706,992	58,885,484	65,314,920	63,592,652	63,894,686	74,995,751	86,330,227	93,570,170	91,336,969	101,905,893
Operations and maintenance of plant	72,222,245	71,765,052	74,875,296	90,870,614	88,015,434	90,743,195	100,404,051	96,856,766	104,766,569	101,075,961
Depreciation and amortization	74,803,755	84,107,598	86,790,577	104,229,330	113,663,073	74,398,078	100,643,356	98,281,589	105,893,118	112,199,452
Scholarships and fellowships	17,753,530	18,760,038	19,636,472	18,935,345	16,532,918	26,138,916	28,087,745	43,624,072	23,396,940	28,633,349
Auxiliary enterprises	160,686,231	150,750,775	155,863,703	169,108,342	180,784,729	171,901,276	142,453,283	162,674,027	180,320,315	207,144,205
Other operating expenses	4,329,987	1,125,587	2,203,080	2,651,185	722,676	600,659	762,856	56,580	365,841	380,230
Total operating expenses	1,171,397,658	1,165,799,481	1,184,645,721	1,293,112,421	1,314,727,124	1,325,572,399	1,340,257,192	1,417,228,003	1,529,833,352	1,680,975,995
Interest expense	14,350,653	17,487,066	26,766,044	20,104,785	29,846,661	27,991,316	26,665,530	22,593,931	21,947,079	20,888,619
Other non-operating expenses	8,455,337	7,210,797	5,775,834	25,861,014	4,127,892	1,454,813	1,768,646	4,084,024	1,144,608	17,909,606
Total non-operating expenses	22,805,990	24,697,863	32,541,878	45,965,799	33,974,553	29,446,129	28,434,176	26,677,955	23,091,687	38,798,225
Total expenses	\$ 1,194,203,648	\$ 1,190,497,344	\$ 1,217,187,599	\$ 1,339,078,220	\$ 1,348,701,677	\$ 1,355,018,528	\$ 1,368,691,368	\$ 1,443,905,958	\$ 1,552,925,039	\$ 1,719,774,220

<u>EXPENSES</u>	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Instruction	32.0 %	31.6 %	32.2 %	31.8 %	31.8 %	32.5 %	30.4 %	29.4 %	29.7 %	29.1 %
Research	21.2	21.5	20.3	19.9	19.2	21.3	20.9	23.2	23.4	24.0
Public service	3.4	4.1	3.4	3.5	4.2	3.7	4.0	3.5	4.6	4.6
Academic support	5.8	5.5	5.3	4.9	4.9	4.9	5.6	4.7	5.3	5.0
Student services	2.9	2.8	2.9	2.9	3.1	3.0	3.4	3.0	3.0	3.0
Institutional support	5.2	4.9	5.4	4.7	4.7	5.5	6.3	6.5	5.9	5.9
Operations and maintenance of plant	6.0	6.0	6.1	6.8	6.5	6.7	7.4	6.7	6.7	5.9
Depreciation and amortization	6.3	7.1	7.1	7.8	8.4	5.5	7.4	6.8	6.8	6.5
Scholarships and fellowships	1.5	1.6	1.6	1.4	1.2	1.9	2.0	3.0	1.5	1.7
Auxiliary enterprises:	13.5	12.7	12.8	12.6	13.4	12.7	10.4	11.3	11.6	12.0
Other operating expenses	0.3	0.1	0.2	0.3	0.1	0.1	0.1	0.0	0.0	0.0
Total operating expenses	98.1	97.9	97.3	96.6	97.5	97.8	97.9	98.1	98.5	97.7
Interest expense	1.2	1.5	2.2	1.5	2.2	2.1	2.0	1.6	1.4	1.2
Other non-operating expenses	0.7	0.6	0.5	1.9	0.3	0.1	0.1	0.3	0.1	1.1
Total non-operating expenses	1.9	2.1	2.7	3.4	2.5	2.2	2.1	1.9	1.5	2.3
Total expenses	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

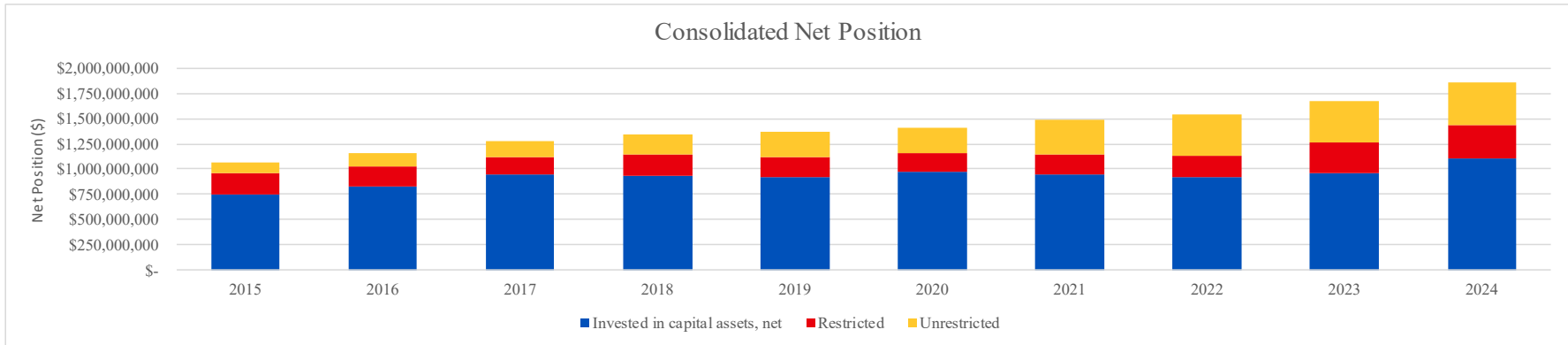
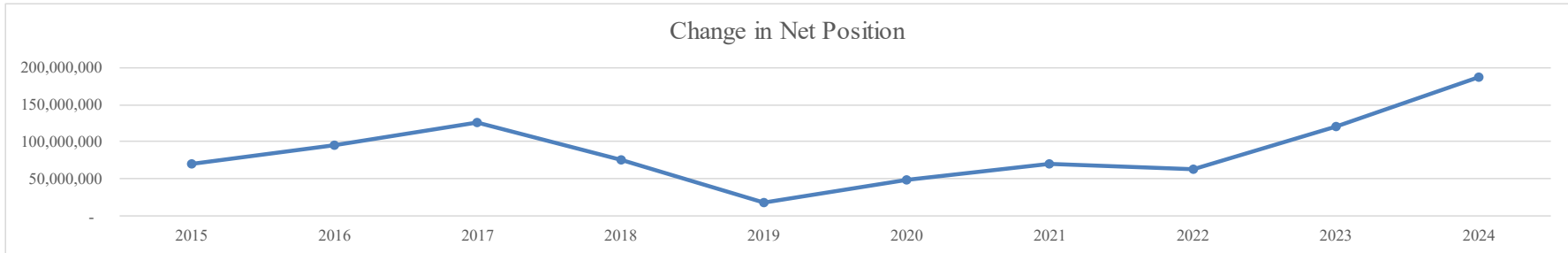
Source: University of Kansas Annual Financial Reports

SCHEDULE OF NET POSITION

	As of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Lawrence & Edwards Campus ONLY										
Invested in capital assets, net	\$ 683,861,823	\$ 756,601,301	\$ 818,870,906	\$ 797,513,556	\$ 807,896,668	\$ 816,418,343	\$ 780,745,943	\$ 755,530,004	\$ 753,809,649	\$ 912,466,024
Restricted	74,250,775	67,916,049	67,956,969	57,870,425	56,222,256	50,812,146	64,189,135	64,260,572	76,982,971	71,503,557
Unrestricted	26,084,773	19,737,848	44,656,205	54,490,013	55,707,607	59,862,944	79,654,277	124,495,768	121,216,787	120,451,713
Total Lawrence & Edwards Campus net position	\$ 784,197,371	\$ 844,255,198	\$ 931,484,080	\$ 909,873,994	\$ 919,826,531	\$ 927,093,433	\$ 924,589,355	\$ 944,286,344	\$ 952,009,407	\$ 1,104,421,294
Medical Center ONLY										
Invested in capital assets, net	\$ 129,641,820	\$ 122,273,287	\$ 167,313,884	\$ 173,309,864	\$ 155,595,764	\$ 173,341,101	\$ 176,009,747	\$ 176,574,962	\$ 195,328,395	\$ 225,342,795
Restricted	47,188,602	62,869,846	31,953,989	32,027,413	27,971,624	28,257,900	31,918,211	31,474,734	48,798,368	49,579,851
Unrestricted	806,076	5,514,882	16,983,044	15,134,122	31,600,304	28,604,782	28,364,398	51,985,655	35,115,305	34,720,901
Total Medical Center net position	\$ 177,636,498	\$ 190,658,015	\$ 216,250,917	\$ 220,471,399	\$ 215,167,692	\$ 230,203,783	\$ 236,292,356	\$ 260,035,351	\$ 279,242,068	\$ 309,643,547
Consolidated										
Invested in capital assets, net	\$ 749,549,853	\$ 828,779,659	\$ 947,005,063	\$ 937,265,888	\$ 916,224,657	\$ 972,771,345	\$ 940,965,017	\$ 922,333,707	\$ 955,331,376	\$ 1,101,882,516
Restricted	204,685,269	200,902,398	171,437,030	210,231,053	202,839,663	187,194,266	205,371,481	210,157,231	312,152,596	327,768,153
Unrestricted	106,947,690	127,389,700	164,970,914	200,531,284	246,991,086	254,639,325	337,481,800	414,786,722	399,738,103	424,041,509
Total consolidated net position	\$ 1,061,182,812	\$ 1,157,071,757	\$ 1,283,413,007	\$ 1,348,028,225	\$ 1,366,055,406	\$ 1,414,604,936	\$ 1,483,818,298	\$ 1,547,277,660	\$ 1,667,222,075	\$ 1,853,692,178
Change in net position	71,052,523	95,888,945	126,341,250	75,337,226	17,490,635	48,549,530	69,424,188	63,450,220	119,721,202	186,470,103

⁽¹⁾ In fiscal year 2015, KU adopted GASB 68, *Pensions*.

08



SCHEDULE OF RATIOS OF OUTSTANDING DEBT

	As of June 30,									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue Bonds Payable										
Lawrence & Edwards Campus	\$ 265,050,000	\$ 251,195,000	\$ 250,490,000	\$ 237,360,000	\$ 223,305,000	\$ 200,380,000	\$ 179,970,000	\$ 166,790,000	\$ 152,980,000	\$ 138,990,000
Medical Center	70,878,194	111,640,959	127,639,286	121,310,936	114,767,135	114,005,000	106,615,000	99,475,000	92,015,000	84,240,000
Component Units	94,220,000	414,145,065	407,087,157	397,383,503	386,757,865	352,780,000	348,080,000	341,200,000	333,398,591	324,631,937
Total Revenue Bonds Payable	430,148,194	776,981,024	785,216,443	756,054,439	724,830,000	667,165,000	634,665,000	607,465,000	578,393,591	547,861,937
Notes Payable										
Lawrence & Edwards Campus ⁽¹⁾	-	-	-	-	-	-	-	-	-	-
Medical Center	-	-	-	-	-	-	-	-	-	-
Component Units ⁽¹⁾	3,882,628	2,679,565	407,556	8,005,938	23,521,778	15,199,647	7,053,723	3,456,901	1,600,000	1,000,000
Total Notes Payable	3,882,628	2,679,565	407,556	8,005,938	23,521,778	15,199,647	7,053,723	3,456,901	1,600,000	1,000,000
Lease Obligation Payable										
Lawrence & Edwards Campus	9,611,316	9,011,223	7,709,747	16,673,556	13,689,147	9,476,767	7,283,516	8,993,719	8,138,101	5,538,200
Medical Center	1,789,823	2,405,056	1,203,126	1,900,028	1,426,859	1,476,413	604,862	1,133,269	50,273,594	46,158,477
Component Units	1,451,946	923,955	3,552,275	6,098,774	5,170,716	4,065,033	41,480,457	42,978,545	41,988,734	47,739,200
Total Lease Obligation Payable	12,853,085	12,340,234	12,465,148	24,672,358	20,286,722	15,018,213	49,368,835	53,105,533	100,400,429	99,435,877
Subscription-Based IT Arrangements Liability										
Lawrence & Edwards Campus	-	-	-	-	-	-	-	-	4,575,825	10,236,835
Medical Center	-	-	-	-	-	-	-	-	187,695	5,926,193
Component Units	-	-	-	-	-	-	-	-	-	-
Total Subscription Based IT Arrangements Liability	-	-	-	-	-	-	-	-	4,763,520	16,163,028
Total Debt	\$ 446,883,907	\$ 792,000,823	\$ 798,089,147	\$ 788,732,735	\$ 768,638,500	\$ 697,382,860	\$ 691,087,558	\$ 664,027,434	\$ 685,157,540	\$ 664,460,842
Debt Burden Ratio ⁽²⁾	3.69%	4.61%	5.47%	5.22%	5.91%	6.10%	5.83%	5.72%	4.99%	4.55%
Debt Service Coverage Ratio ⁽³⁾	1.53x	2.18x	2.04x	1.48x	1.73x	1.31x	2.30x	1.85x	1.93x	2.43x

Source: University of Kansas Annual Financial Reports

⁽¹⁾ Includes the elimination of inter-entity leases

⁽²⁾ 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%.

⁽³⁾ 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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
SPACE INFORMATION:										
Lawrence & Edwards Campus										
Total number of buildings	223	226	235	240	243	245	245	242	237	236
Total gross square feet (GSF)	9,920,617	10,139,008	10,717,344	11,466,621	11,589,361	11,591,721	11,591,721	11,369,946	11,558,984	11,335,927
Medical Center Campus										
Total number of buildings	56	58	58	59	59	58	58	58	56	56
Total gross square feet (GSF)	3,446,735	4,187,155	4,187,155	4,353,251	4,353,251	4,351,209	4,353,131	4,391,924	4,370,390	4,370,390
PARKING INFORMATION:										
Lawrence & Edwards Campus Parking:										
Faculty and staff ⁽¹⁾	2,955	2,760	2,837	2,839	2,918	2,918	2,918	2,791	2,791	2,291
Park and ride ⁽²⁾	-	839	839	839	839	839	839	839	-	-
Student	6,279	4,572	4,432	4,466	4,661	4,661	4,661	4,602	4,572	5,047
Residence halls	1,988	2,381	2,511	2,511	3,373	3,346	3,346	3,120	3,120	3,163
Metered	229	149	143	109	107	107	107	22	22	18
ADA accessible ⁽²⁾	464	393	481	484	511	541	541	533	507	473
Loading stalls	63	23	68	34	34	34	34	65	65	65
Parking facility	1,525	1,524	2,102	2,099	2,099	2,099	2,099	2,092	2,092	2,050
Other	752	683	658	640	416	412	412	421	494	607
Total	14,255	13,324	14,071	14,021	14,958	14,957	14,957	14,485	13,663	13,714
Medical Center Campus Parking:										
Faculty/staff/student	4,507	4,787	4,793	6,487	6,487	6,487	6,487	6,457	6,457	6,603
Faculty/staff/Student ADA	117	125	125	155	155	155	155	155	155	159
Visitor	1,353	1,353	1,353	1,633	1,633	1,542	1,542	1,540	1,540	1,540
Patient/Visitor ADA	131	131	131	141	141	171	171	176	176	176
Total	6,108	6,396	6,402	8,416	8,416	8,355	8,355	8,328	8,328	8,478

⁽¹⁾ includes gold, blue and red parking spots

⁽²⁾ parking lot was demolished in FY2022

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

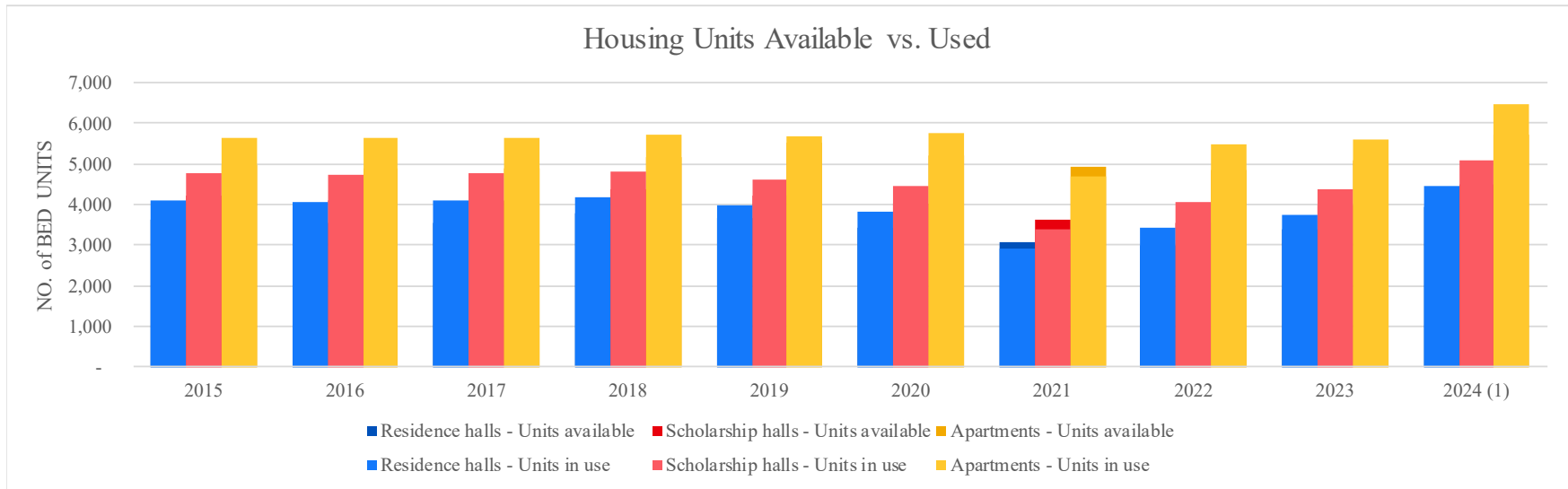
Source: Parking Information - KU Parking Department and KUMC Parking Department

HOUSING FACILITIES

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 ⁽¹⁾
Residence halls										
Total capacity	3,662	3,543	3,543	3,797	4,077	3,456	3,456	3,142	3,421	4,000
Units available	3,628	3,533	3,528	3,785	3,647	3,436	3,061	2,989	3,408	3,926
Units in use	3,519	3,489	3,500	3,581	3,406	3,266	2,485	2,930	3,208	3,806
Scholarship halls										
Total capacity	585	585	585	585	583	583	583	583	571	571
Units available	585	585	584	583	579	583	560	558	571	570
Units in use	581	580	581	552	540	564	420	534	534	538
Apartments										
Total capacity	747	784	782	782	1,486	1,490	1,534	1,510	1,496	1,637
Units available	745	782	780	780	1,282	1,199	1,307	1,304	1,117	1,226
Units in use	726	750	759	753	936	1,091	1,108	1,232	1,060	1,184
Total units available	4,958	4,900	4,892	5,148	5,508	5,218	4,928	4,851	5,096	5,722
Total units in use	4,826	4,819	4,840	4,886	4,882	4,921	4,013	4,696	4,802	5,528
Percent occupancy	97.3%	98.3%	98.9%	94.9%	88.6%	94.3%	81.4%	96.8%	94.2%	96.6%

⁽¹⁾ includes leased spaces to house excess demand from large freshmen class

Source: KU Housing Department



DINING FACILITIES AND OPERATIONS

	Fiscal Year						
	2018	2019	2020	2021	2022	2023	2024
Number of Dining Plans							
Fall semester	3,962	3,930	3,985	2,975	4,875	4,356	5,542
Spring semester	3,766	3,835	4,089	2,812	4,824	4,668	5,532
Total dining plan sales	\$ 14,613,557	\$ 14,625,067	\$ 8,235,408	\$ 9,760,750	\$ 12,341,625	\$ 11,594,586	\$ 16,444,232
Retail/non-dining plan sales	7,151,310	5,870,514	1,824,583	1,543,177	2,417,605	2,160,731	2,323,066
Catering sales	2,479,230	2,809,434	1,812,874	238,820	1,516,423	2,052,532	2,511,857
Total Dining Sales	<u>\$ 24,244,097</u>	<u>\$ 23,305,015</u>	<u>\$ 11,872,864</u>	<u>\$ 11,542,747</u>	<u>\$ 16,275,653</u>	<u>\$ 15,807,849</u>	<u>\$ 21,279,155</u>
Total KU Bookstore Sales	<u>\$ 15,397,918</u>	<u>\$ 14,179,268</u>	<u>\$ 11,746,964</u>	<u>\$ 11,214,567</u>	<u>\$ 10,180,778</u>	<u>\$ 11,486,179</u>	<u>\$ 12,937,805</u>
Building Foot Traffic							
Kansas Union	1,140,981	1,024,304	795,376	506,889	702,812	819,158	921,500
Burge Union	25,324	190,936	152,208	63,263	135,561	177,082	168,037
DeBruce	333,148	291,041	246,660	114,809	240,803	242,477	331,921

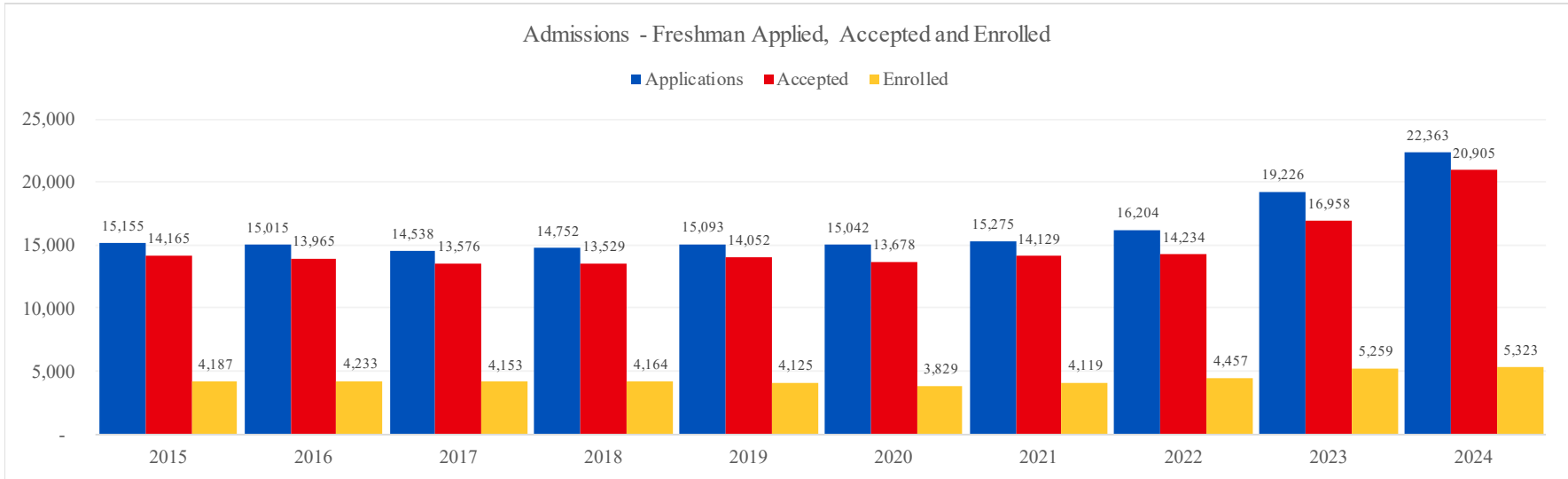
Source: KU Memorial Unions

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS

	Fall Semester									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024

Admissions-Freshman

Accepted as a percentage of applications	93%	93%	93%	92%	93%	91%	92%	88%	88%	93%
Enrolled as a percentage of accepted	30%	30%	31%	31%	29%	28%	29%	31%	31%	25%



85

Enrollment

Undergraduate and graduate headcount	28,091	28,401	28,447	28,510	28,423	27,619	27,685	27,638	29,355	30,770
Undergraduate and graduate FTE ⁽¹⁾	22,647	25,917	25,939	25,889	25,760	24,887	24,897	25,032	26,701	28,035
Resident headcount	17,807	17,586	17,515	17,456	17,248	16,771	16,444	16,193	16,855	17,402
Nonresident headcount	10,284	10,815	10,932	11,054	11,175	10,848	11,241	11,445	12,500	13,368
Female headcount	14,469	14,844	14,851	14,974	14,837	14,727	14,905	14,980	15,886	16,592
Male headcount	13,622	13,532	13,543	13,461	13,062	12,814	12,733	12,612	13,407	14,072
Not reported headcount	-	25	53	75	524	78	47	46	62	106

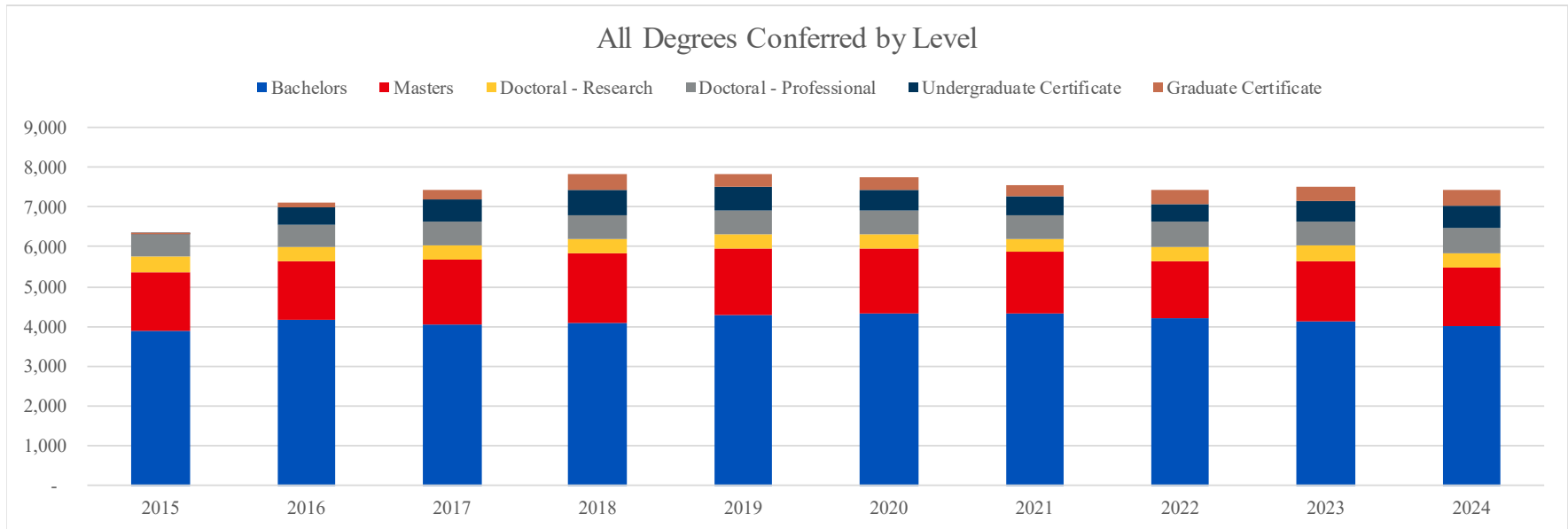
⁽¹⁾ FTE was being calculated for the KU Medical center starting in fiscal year 2017.

Source: KU Fact Book - aire.ku.edu/enrollment

ADMISSIONS, ENROLLMENT AND DEGREE STATISTICS (continued)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Bachelors	3,899	4,158	4,046	4,079	4,269	4,332	4,312	4,201	4,131	4,011
Masters	1,465	1,492	1,643	1,759	1,697	1,637	1,560	1,452	1,513	1,488
Doctoral - Research	384	335	349	366	356	346	308	346	377	351
Doctoral - Professional	563	553	585	596	572	583	608	620	615	635
Undergraduate Certificate	9	440	560	649	603	535	489	456	531	555
Graduate Certificate	38	137	241	374	350	302	273	366	345	395
Total	6,358	7,115	7,424	7,823	7,847	7,735	7,550	7,441	7,512	7,435

Source: KU Fact Book - aire.ku.edu/degrees



FACULTY AND STAFF

	Fall Semester									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Lawrence & Edwards Campus Headcount:										
Faculty	1,545	1,515	1,411	1,379	1,341	1,287	1,251	1,289	1,494	1,551
Faculty Administrator	49	51	49	52	48	47	48	50	55	59
Graduate Student Employee	1,795	1,775	1,758	1,807	1,780	1,692	1,601	1,606	1,703	1,670
Librarian	42	38	50	46	43	41	37	40	44	41
Student Hourly Employee	3,041	3,014	3,308	3,403	3,306	2,079	2,205	2,548	2,796	2,917
Unclassified Academic Staff	159	154	146	148	139	137	142	142	143	140
Unclassified Professional Staff	2,785	2,841	2,800	2,871	2,855	2,835	2,700	2,805	3,029	3,168
University Support Staff	626	559	543	498	460	446	372	365	376	362
Total	10,042	9,947	10,065	10,204	9,972	8,564	8,356	8,845	9,640	9,908
Medical Center Headcount:										
Faculty	1,168	1,224	1,293	1,411	1,457	1,503	1,535	1,642	1,750	1,842
Faculty Administrator ⁽¹⁾	-	-	-	-	-	36	39	33	34	32
Graduate Student Employee	247	237	232	228	244	250	265	276	287	301
Medical Residents	531	544	546	544	552	565	581	595	610	624
Student Hourly Employee	165	193	177	201	202	117	114	113	124	114
Unclassified Professional Staff	1,403	1,481	1,534	1,586	1,729	1,760	1,837	1,967	2,109	2,219
University Support Staff	259	251	271	285	293	284	281	292	284	272
Total	3,773	3,930	4,053	4,255	4,477	4,515	4,652	4,918	5,198	5,404
Total Headcount:										
Faculty	2,713	2,739	2,704	2,790	2,798	2,790	2,786	2,931	3,244	3,393
Faculty Administrator	49	51	49	52	48	83	87	83	89	91
Graduate Student Employee	2,042	2,012	1,990	2,035	2,024	1,942	1,866	1,882	1,990	1,971
Librarian	42	38	50	46	43	41	37	40	44	41
Medical Residents	531	544	546	544	552	565	581	595	610	624
Student Hourly Employee	3,206	3,207	3,485	3,604	3,508	2,196	2,319	2,661	2,920	3,031
Unclassified Academic Staff	159	154	146	148	139	137	142	142	143	140
Unclassified Professional Staff	4,188	4,322	4,334	4,457	4,584	4,595	4,537	4,772	5,138	5,387
University Support Staff	885	810	814	783	753	730	653	657	660	634
Total	13,815	13,877	14,118	14,459	14,449	13,079	13,008	13,763	14,838	15,312

⁽¹⁾ 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



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JULY 1, 2023 - JUNE 30, 2024