UNIVERSITY OF NEBRASKA SYSTEM

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2023 and 2022

University of Nebraska System

(A Component Unit of the State of Nebraska)

THE UNIVERSITY OF NEBRASKA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2023 and 2022

(A Component Unit of the State of Nebraska)

Office of the Vice President | CFO

UNIVERSITAS NEBRASKENSIS.

LITERIS DEDICATA ET OMNIBUS ARTIBUS

FEB. 15, 1869.

THE UNIVERSITY OF NEBRASKA

ANNUAL COMPREHENSIVE FINANCIAL
REPORT FOR THE YEAR ENDED JUNE 30, 2023

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STATISTICAL SECTION (UNAUDITED)*

*Tables Relating to Property Tax Levies, Assessed Values, Property Tax Rates, Legal Debt Margin, Bonded Debt to Assessed Value, Direct and Overlapping Debt, and Principal Taxpayers are omitted, as they are not applicable to the University of Nebraska

INTRODUCTION

December 12, 2023

Mr. Ted Carter, President
Members of the Board of Regents
University of Nebraska

Dear President Carter and Board Members:

We enclose for your review and use the Annual Comprehensive Financial Report for the University of Nebraska as of and for the fiscal year ended June 30, 2023.

Management is responsible for the preparation and fair presentation of the financial statements, based upon a comprehensive internal control framework that it has established for this purpose. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Because the cost of control should not exceed the benefits to be derived, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The University of Nebraska's financial statements for the year ended June 30, 2023, have been audited by the Auditor of Public Accounts, who has, based on their audit and the reports of other auditors, issued an unmodified report on those financial statements. The independent auditors' report is presented in the financial section of this document.

The preparation of this report would not have been possible without the efficient and dedicated service of the staff of the Senior Vice President for Business and Finance and campus business and finance personnel. We would like to express our appreciation to all members of those departments who assisted and contributed to preparation of this report. Credit also must be given to President Carter and the Board of Regents for their active support for maintaining the highest standards of professionalism in the management of the University of Nebraska's finances.

Respectfully submitted,

Chris Kabourek

Chris Kabourek
Senior Vice President | CFO

Brenda Owen

Brenda Owen, CPA
Assistant Vice President | Controller

University of Nebraska System
Office of Business and Finance
Varner Hall | 3835 Holdrege Street | Lincoln, NE 68583-0742 | 402.472.0742 | nebraska.edu

THE BOARD OF REGENTS OF THE UNIVERSITY OF NEBRASKA

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District 2

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Katie Schultis, UNMC

Hakim Lotoro, UNO

THE UNIVERSITY OF NEBRASKA ANNUAL COMPREHENSIVE FINANCIAL REPORT

Principal University Business Officials

University of Nebraska Officers

Ted Carter, President

Jeffrey Gold, Executive Vice President and Provost
Chris Kabourek, Senior Vice President | CFO
Stacia L. Palser, Vice President and General Counsel
Phil Bakken, Corporation Secretary
Brenda Owen, Assistant Vice President | Controller

University of Nebraska-Lincoln Administration

Rodney Bennett, Chancellor
Michael Zeleny, Vice Chancellor for Business and Finance
Lacey Rohe, Associate Vice Chancellor for Business and Finance

University of Nebraska Medical Center Administration

Jeffrey Gold, Chancellor
Anne Barnes, Vice Chancellor for Business and Finance
Michael Hrncirik, Assistant Vice Chancellor for Business and Finance

University of Nebraska at Omaha Administration

Joanne Li, Chancellor
Carol Kirchner, Vice Chancellor for Business and Finance
Jessie Combs, Interim Assistant Vice Chancellor for Business and Finance

University of Nebraska at Kearney Administration

Douglas Kristensen, Chancellor
Jon Watts, Vice Chancellor for Business and Finance
Jane Sheldon, Associate Vice Chancellor for Business and Finance

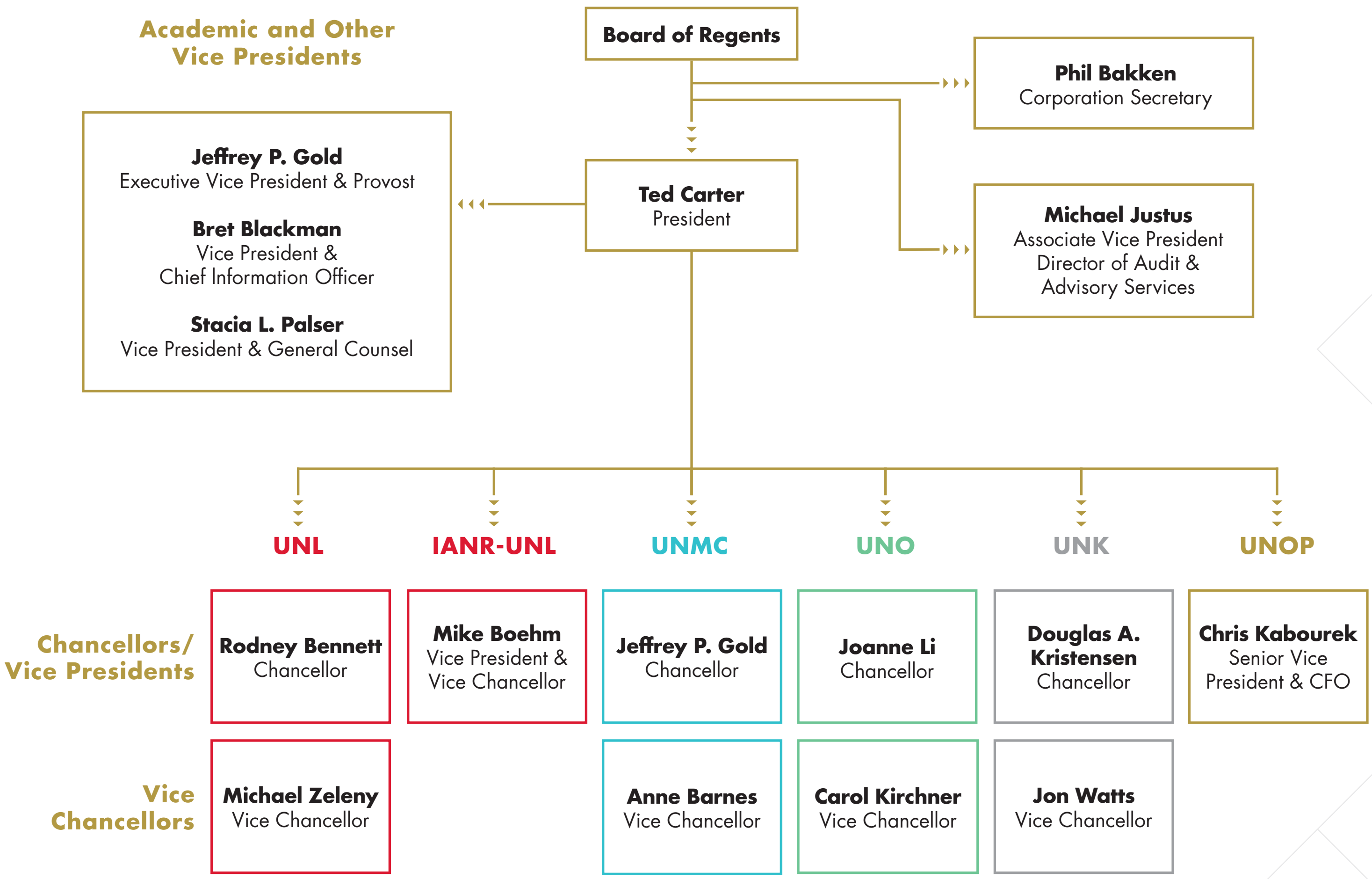
University of Nebraska Facilities Corporation

Elizabeth O'Connor, President
Robert Schafer, Vice President
Chris Kabourek, Secretary-Treasurer

UNIVERSITY OF NEBRASKA SYSTEM ADMINISTRATION

Business Affairs Organizational Chart

2022-2023



FINANCIALS

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THE UNIVERSITY OF NEBRASKA SYSTEM

The University of Nebraska strives to be the best public university system in the country as measured by the impact we have on our people and our state—and through them, the world. We help build and sustain Nebraska by offering educational and economic opportunity and a high quality of life: through access to high-quality education, through research that improves lives, through developing the state's workforce and through programs that leverage Nebraska's resources in areas that are important in our state, nationally and globally.

The state's only public university system, the University of Nebraska became the first institution west of the Mississippi River to offer graduate education in 1903. Founded in Lincoln, the university included a medical center in Omaha beginning in 1902.

It became a multi-campus university in 1968 when the original campus was designated the University of Nebraska–Lincoln, and the University of Nebraska Medical Center and the University of Nebraska at Omaha (formerly a municipal institution) were designated by the state legislature as separate campuses. The University of Nebraska at Kearney (formerly a state college) was added in 1991.

Our university stands proudly in the company of America's great public universities, with 16,000 faculty and staff serving 50,000 students and 1.9 million Nebraskans. The university's momentum is apparent, with new initiatives that are improving access for Nebraskans, ambitious goals for enrollment growth, continued improvements in student outcomes, success in increasing research funding and record levels of private support.

NEBRASKA AUDITOR OF PUBLIC ACCOUNTS

Mike Foley
State Auditor

Mike.Foley@nebraska.gov
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State Capitol, Suite 2303
Lincoln, Nebraska 68509
402-471-2111, FAX 402-471-3301
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INDEPENDENT AUDITORS' REPORT

Board of Regents of the University of Nebraska
Lincoln, Nebraska:

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, fiduciary activities, and the discretely presented component unit of the University of Nebraska, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University (collectively identified as the Blended Component Units). The Blended Component Units represent 19 percent, 1 percent, and 6 percent, respectively, of the assets, net position, and revenues of the University at June 30, 2023, and 22 percent, 2 percent, and 7 percent, respectively, of the assets, net position, and revenues of the University at June 30, 2022. Those statements were audited by other auditors, whose reports have been furnished to us, along with the Foundation report, which appears herein, and our opinion, insofar as it relates to the amounts included for the Foundation, and the Blended Component Units, is based solely on the report of the other auditors. The financial statements of the Foundation, and the Blended Component Units were not audited in accordance with *Government Auditing Standards.*

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

Emphasis of Matter
As discussed in Note A to the financial statements, in fiscal year 2023 the University adopted new accounting guidance for subscription-based information technology arrangements in GASB Statement No. 96. Additionally,

as discussed in Note A to the financial statements, the fiscal year 2022 financial statements have been restated. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 14 through 27 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the report. The other information comprises the accompanying introductory and statistical sections on pages 3 through 6 and pages 97 through 113 but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Lincoln, Nebraska
December 11, 2023

Mark Avery, CPA
Assistant Deputy Auditor

FORV/S

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Independent Auditors' Report

Board of Directors
University of Nebraska Foundation
Lincoln, Nebraska

Opinion

We have audited the consolidated financial statements of the University of Nebraska Foundation (the Foundation), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statement of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Foundation as of June 30, 2023, and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Year Audited by Other Auditors

The 2022 financial statements were audited by other auditors, and their report thereon, dated September 29, 2022, expressed an unmodified opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

FORVIS, LLP

Lincoln, Nebraska
September 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED JUNE 30, 2023 and 2022 (UNAUDITED)
(Columnar Amounts in Thousands)

Introduction

This discussion and analysis is designed to provide an overview of the financial position and activities of the University of Nebraska (the University) for the years ended June 30, 2023 and 2022. This analysis has been prepared by management of the University of Nebraska and it is intended to be read with the financial statements and related footnotes that follow this section.

The University is a comprehensive public institution of higher education, research, and public service. It was founded in Lincoln, Nebraska on February 15, 1869. The University became a multi-campus institution in 1968 by an act of the Nebraska Legislature that provided for the addition of the University of Nebraska at Omaha to the University system (formerly the municipal University of Omaha) and, at the same time, designated the University of Nebraska-Lincoln and University of Nebraska Medical Center as separate campuses. In 1991, the former Kearney State College became the fourth campus as the University of Nebraska at Kearney.

The University's four campuses provide a diversity of offerings. The University of Nebraska-Lincoln (UNL) offers a wide range of undergraduate majors and has primary responsibility for graduate education, particularly at the doctoral level, and in the non-medical professions. UNL also includes the Institute of Agriculture and Natural Resources, which operates research extension centers across the State of Nebraska (the State), as well as offering major educational and research programs on campus. The University of Nebraska Medical Center (UNMC) features undergraduate, graduate, and professional degree programs that prepare students for a wide variety of careers in health sciences. The University of Nebraska at Omaha (UNO) is a metropolitan university located in the heart of Nebraska's largest city offering a broad range of undergraduate programs, as well as doctoral programs in criminal justice and public administration. The University of Nebraska at Kearney (UNK) is a mid-sized, residential campus with a commitment to excellence in undergraduate education. UNK offers undergraduate degrees in the arts and sciences, education, and business and technology, with a wide range of majors.

The financial statements for the University of Nebraska include six blended entities, those being the University of Nebraska Facilities Corporation (UNFC), the UNMC Science Research Fund, the University Dental Associates, UNeHealth, the Nebraska Utility Corporation, and the University Technology Development Corporation. Additional information regarding these entities is described in the footnotes to the financial statements.

In accordance with the guidance of Governmental Accounting Standards Board (GASB) Statement No. 39 and GASB Statement No. 61, the University of Nebraska Foundation's (the Foundation) financial statements are discretely presented with the University's financial statements. Management's discussion and analysis relates only to the University and does not include any overview of the financial position and activities of the Foundation. References to the Foundation within the analysis relate only to specific transactions with the University.

(Columnar Amounts in Thousands)

Student Enrollment – Headcount

	Fiscal Year				
Campus	**2019**	**2020**	**2021**	**2022**	**2023**
UNL	26,104	25,634	25,339	24,687	24,055
UNMC	3,954	4,053	4,227	4,388	4,406
UNO	15,415	15,140	15,892	15,329	15,065
UNK	6,327	6,279	6,318	6,453	6,041
Total	51,800	51,106	51,776	50,857	49,567

The fall semester (fiscal 2023) headcount enrollment was 49,567 students on the four campuses. Increasing enrollment is a strategic priority of the University and all campuses have devoted greater efforts to recruit both in-state and out-of-state students through such activities as improvement of student residences and facilities. The number of students enrolled in graduate and professional programs was 12,942 representing 26% of the student body, an important part of the University's commitment to its increasing prominence as a major research institution.

Financial and Operating Highlights

- ***Internal Loan Program.*** The University utilizes an Internal Loan Program (ILP) to support the long-term stewardship of the University's financial resources. The ILP allows the University to manage these financial resources holistically across the system. The ILP seeks to decouple external financings and internal lending such that the University can strategically reinvest in future projects and initiatives.

- ***Growth in Net Position.*** Net position of the University grew by $229 million or 5% and is attributable to several factors. Invested in capital assets increased $70 million, aided by completion on the UNL campus of Carolyn Pope Edwards Hall and other renovation projects, which expended nearly $50 million in 2023. Construction continued at UNL on the North Stadium expansion, Kiewit Hall construction, and the replacement of the Westbrook Music Building. Construction also continued on the Durham Science Center at UNO, and UNMC began work to modernize the College of Dentistry. Unrestricted net position saw additional growth of $50 million in 2023 to a total of $1,785 million. An increase in the University's share of equity in a joint venture of $23 million along with significant unrealized gains in component unit investments drove this increase. Nonexpendable permanent endowment increased $18 million due to rebounding market conditions.

- ***New Capital Construction.*** Investments in capital projects followed University priorities, with many of these projects coming courtesy of private support. The following endeavors align behind the educational, research, and public service missions and make the University more competitive in continuing to attract high caliber students and faculty.

  - Work began on a $25 million renovation of the Calvin T. Ryan Library at UNK. This project will improve the layout, appearance and functionality of the building. Included in the project is an emphasis on open design and increased access to individual and group study and lounge spaces, technology labs, and a lecture hall.

- At UNO, construction continued for the Durham Science Center Renovation. The approximate 166,000 gross square foot building addition will include improved space for classrooms, faculty offices, teaching and research laboratories, student individual and group study, and activities. It will also include renovation of the building envelope, interior finishes, and code updates, in addition to mechanical, electrical, plumbing, and technology system updates. The total cost is budgeted at $35 million. Also in progress is the Health and Kinesiology Building Renovation with a total budget of $10 million. This project will transform about 26,000 square feet of existing vacant space into laboratories, graduate student workspace and support spaces for the Research on Emotions and Cognition in Health (REACH) program.

- UNMC began work on a modernization effort at the College of Dentistry, which is home to about 550 faculty, staff and students, as well as approximately 200 patients per day. This $16 million project will modernize programmatic areas for faculty and students including offices spaces, the student lounge, and the facility auditorium. Research laboratories will also be reconfigured to assist with recruitment of additional faculty and to improve collaboration efforts. UNMC is also engaged in a Saddle Creek Campus Public Improvements project. With a budget of $18 million, this project will include new and improved roadway connections, sidewalks and street lighting, and an update to traffic lights.

- UNL has ongoing engineering work in construction of Kiewit Hall, which will provide classrooms, instructional labs and an outdoor plaza for the university community. At a total budget of $115 million, this project represents the largest academic building effort in the University of Nebraska's history. UNL has also budgeted $165 million toward construction of the North Stadium Expansion, which will provide a new training table and academic center for all student-athletes as well as a new athletic medicine area, strength complex, equipment room, football locker area and football offices and meeting spaces. Finally, the Westbrook Music Building Replacement project is underway at a total budget of $75 million. This project will add a variety of features, including a recording studio, rehearsal halls, a 300-seat recital hall and refurbished recital facilities.

- ***Indebtedness.*** Overall, bonded indebtedness decreased in 2023 by approximately $68 million on a base of $1,288 million at June 30, 2022, as a result of bond payments made in the ordinary course of business. Furthermore, no new bond issues were made in 2023.

- ***State appropriations and tuition.*** The Nebraska Legislature appropriated a 3% increase in state support of University operations for 2023 compared to a 3% increase in 2022 and a 4% increase in 2021. The Board of Regents approved a tuition freeze for 2022 and 2023, which followed a tuition rate increase of 2.75% in 2021.

- ***Federal Grants and Contracts.*** Revenues from Federal grants and contracts increased by 17% from 2022 to 2023 compared to a 5% increase from 2021 to 2022. Revenues from Federal sources support the research and discovery efforts of the University and provide financial aid to students.

- ***Capital grants and gifts.*** Capital grants and gifts continue to be an important source of funding for facilities at the University. Capital grants and gifts totaled $87 million in 2023 compared to $139 million in 2022, and $112 million in 2021. The decrease in capital gifts in 2023 resulted from a change in funding for the North Stadium Expansion project at UNL. In 2022 this project was largely funded by Foundation funds, but in 2023 a $50 million internal loan was executed as the primary funding source for this ongoing project.

Using the Financial Statements

The financial statements of the University include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements are prepared in accordance with GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. The statements and related footnotes are presented on a combined basis for the University as a whole.

Statement of Net Position. The Statement of Net Position includes all of the assets, deferred outflows, liabilities, and deferred inflows of the University and its component units on the accrual basis of accounting. The difference between total assets and deferred outflows and total liabilities and deferred inflows represents the net position of the University and is one indicator of its overall current financial condition. Over time, increases or decreases in the University's net position are indicative of whether its financial health is improving or deteriorating.

Assets classified as non-current are those that are expected to mature beyond a one year period or represent special accounts such as those established to comply with revenue bond covenants.

Capital assets are presented net of accumulated depreciation and right-to-use assets are presented net of accumulated amortization.

Net position is divided into three parts:

- Net investment in capital assets: The University's total investment in capital assets, net of accumulated depreciation and amortization, reduced by outstanding bond and lease obligations incurred to acquire, construct, or improve those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included.

- Restricted:
  - Expendable: A fund externally restricted by creditors, grantors, or donors and includes grant and research funds, funds for plant construction and debt service on bond obligations.
  - Non-expendable: Permanent endowments and the Perkins student loan program.

- Unrestricted: Comprised of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Revenues, Expenses, and Changes in Net Position disclose the revenues and expenses of the University during the year. Revenues and expenses are classified as either operating or non-operating. Revenues realized from operating activities are offset by operating expenses, including depreciation and amortization, resulting in an operating income or loss. Most significantly, GASB requires that certain funding sources that are significant to the University, including State appropriations, gifts, certain Federal student aid programs, and investment income, be classified as non-operating revenues. In large public land-grant institutions, this, by definition, will invariably create operating losses on the statement of revenues and expenses and negative cash flows from operations in the statement of cash flows.

Scholarships and fellowships granted to students are shown as a reduction of tuition and other revenues, while stipends and other cash payments made directly to students are reported as scholarship and fellowship expenses.

Statement of Cash Flows. The Statement of Cash Flows provides information about the cash receipts and cash payments made by the University during the year. When used with related disclosures and information in the other financial statements, this statement should help assess the University's ability to generate future cash flows, its ability to meet its obligations when they come due, its needs for financing, the reasons for differences between operating income and associated cash receipts, and payments and the effects on the University's financial position by investing, capital, and financing transactions during the year.

(Columnar Amounts in Thousands)

Condensed Financial Statements and Analysis
Condensed Statements of Net Position

	June 30,		
	2023	2022	2021*
Assets and Deferred Outflows			
Current assets	$ 1,990,629	$ 1,895,308	$ 1,732,734
Capital assets, net of accumulated depreciation	3,208,654	3,029,208	2,946,608
Other non-current assets	1,536,827	1,655,260	1,821,015
Total assets	6,736,110	6,579,776	6,500,357
Deferred Outflows of Resources	28,372	30,129	32,010
Liabilities, Deferred Inflows, and Net Position			
Current liabilities	466,355	487,784	430,968
Non-current liabilities	1,306,708	1,364,960	1,450,628
Total liabilities	1,773,063	1,852,744	1,881,596
Deferred Inflows of Resources	58,453	53,543	54,668
Net position:			
Net investment in capital assets	2,237,377	2,167,519	2,124,926
Restricted for:			
Nonexpendable:			
Permanent endowment	227,637	209,177	280,281
Loan funds	14,419	15,664	16,692
Expendable:			
Externally restricted funds	483,797	404,595	386,743
Plant construction	124,215	116,507	92,552
Debt service	60,080	54,615	56,146
Unrestricted	1,785,441	1,735,541	1,638,763
Total net position	$ 4,932,966	$ 4,703,618	$ 4,596,103

*Amounts reported above for fiscal year 2021 have not been restated due to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements* and GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

(Columnar Amounts in Thousands)

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30,		
	2023	2022	2021*
Operating Revenues:			
Tuition and fees	$ 408,350	$ 422,275	$ 445,618
Federal grants and contracts - restricted	414,234	353,893	336,611
Private grants and contracts - restricted	247,039	213,178	209,813
State grants and contracts - restricted	83,820	49,418	40,510
Sales and services of educational activities	66,128	65,389	64,568
Sales and services of health care entities	27,794	27,606	16,191
Sales and services of auxiliary operations	342,438	334,707	235,248
Other operating revenues	24,382	20,644	24,418
Total operating revenues	1,614,185	1,487,110	1,372,977
Operating Expenses:			
Compensation and benefits	1,561,050	1,461,496	1,406,314
Supplies and services	687,324	581,704	535,280
Depreciation of capital assets	143,851	144,595	145,819
Amortization of right-to-use assets	15,361	12,815	6,935
Scholarships and fellowships	75,625	116,781	91,345
Total operating expenses	2,483,211	2,317,391	2,185,693
Operating Loss	(869,026)	(830,281)	(812,716)
Non-operating Revenues (Expenses):			
State of Nebraska non-capital appropriations	649,841	633,915	616,545
Federal grants	58,254	149,251	107,184
Gifts	186,246	96,352	121,473
Investment income	80,541	78,417	32,132
Interest on bond obligations	(41,326)	(43,805)	(34,894)
Equity in joint venture	31,329	19,589	95,212
Other non-operating revenues (expenses)	26,324	(154,743)	110,742
Net non-operating revenues	991,209	778,976	1,048,394
Income (Loss) before Other Revenues, Expenses, Gains or Losses	122,183	(51,305)	235,678
Other Revenues, Expenses, Gains or Losses:			
State of Nebraska capital appropriations	19,823	18,838	16,696
Capital grants and gifts	86,985	139,257	111,538
Additions to permanent endowments	357	644	209
Other revenues	-	81	-
Net other revenues, expenses, and gains or losses	107,165	158,820	128,443
Increase in net position	229,348	107,515	364,121
Net position, beginning of year	4,703,618	4,596,103	4,231,982
Net position, end of year	$ 4,932,966	$ 4,703,618	$ 4,596,103

*Amounts reported above for fiscal year 2021 have not been restated due to the implementation of GASB 96, *Subscription-Based Information Technology Arrangements* and GASB 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

Analysis of Financial Position. Cash and cash equivalents represent the majority of current assets of the University and increased $40 million in 2023, from $1,336 million to $1,376 million, as compared to a $107 million increase in 2022, from $1,229 million to $1,336 million.

Non-current assets of the University are led by the investment in capital assets. At June 30, 2023, total investment in capital assets was $4.9 billion, yielding a net investment, after accumulated depreciation, of $3.2 billion. The increase in capital assets was $179 million, consisting of additions of $321 million net of depreciation of $144 million. Changes in capital assets are further detailed in the capital asset section of this discussion.

Capital gifts from the Foundation contributed to funding the construction of Kiewit Hall and the North Stadium Expansion, and renovations of the Barkley Memorial Center and the McCollum Hall Schmid Law Library at UNL, UNO's Durham Science Center Renovation, and funds for debt service on certain UNFC projects. All other projects were funded or partially funded from UNFC bond issues, capital appropriations, and certain designated internal funds.

Net bonded indebtedness decreased by $68 million in 2023, following a decrease of $51 million in 2022 and an increase of $327 million in 2021. No indebtedness was issued in 2023 or 2022 and $359 million was issued in 2021.

The unrestricted net position of the University increased by 3% or $50 million during the year to $1.785 billion. Of this increase, about $23 million was due to the University's share in equity in a joint venture. Additionally, unrealized gains for component unit investments grew significantly due to rebounding market conditions.

Analysis of Operations – Overview. The University generated $1,614 million of operating revenues during 2023, an increase of $127 million over 2022, while operating expenses were $2,483 million, up $166 million over the prior year. These changes resulted in an increase in the operating loss of $39 million to $869 million in 2023 compared to losses of $830 million and $813 million for 2022 and 2021. As disclosed earlier, because of the mandated financial reporting regarding classification of State appropriations and other funding sources, statements of activities for large public land-grant universities will invariably report an operating loss. If non-capital appropriations were added to the operating loss as displayed in the statements of revenues, expenses, and changes in net position, the University's "operating loss after appropriations" would have been $219 million in 2023 compared to similar "losses" of $196 million in 2022 and $196 million in 2021.

The Nebraska Legislature provided $650 million in non-capital appropriations for 2023, an increase of $16 million over 2022 following an increase of $17 million over 2021. The University, in conjunction with the Foundation, generated non-operating and capital gifts of approximately $273 million that, when combined with all other non-operating revenues and expenses including investment income of $80 million, netted an overall increase in net position of approximately $229 million.

(Columnar Amounts in Thousands)

Revenues. The following charts depict the operating revenues for 2023 and 2022 and the comparative changes that occurred between those years.

	2023		2022		2023-2022 Change	
	Amount	% of Total	Amount	% of Total	Dollars	Percent
Tuition and fees	$ 408,350	25%	$ 422,275	29%	$ (13,925)	(3)%
Federal grants and contracts - restricted	414,234	26	353,893	24	60,341	17
Private grants and contracts - restricted	247,039	15	213,178	14	33,861	16
State grants and contracts - restricted	83,820	5	49,418	3	34,402	70
Sales and services of educational activities	66,128	4	65,389	4	739	1
Sales and services of health care entities	27,794	2	27,606	2	188	1
Sales and services of auxiliary operations	342,438	21	334,707	23	7,731	2
Other operating revenues	24,382	2	20,644	1	3,738	18
Total operating revenues	$ 1,614,185	100%	$ 1,487,110	100%	$ 127,075	9%

The University's operating revenues increased in fiscal year 2023 by 9% or $127 million. A three-year comparison of revenues for the years 2023, 2022, and 2021 is presented on page 20.

- The largest increase in revenue occurred in Federal grants and contracts, which increased about $60 million, or 17%. This increase was driven by UNMC, who received over $30 million in new Federal grant money from the Department of Health and Human Services. UNL and UNO also combined for an increase of about $23 million in Federal grants and contracts revenue.

Expenses. The following chart shows the University's operating expenses for 2023 and 2022 and comparative changes that occurred between those years. A three-year comparison of operating expenses for the years 2023, 2022, and 2021 is presented on p age 20.

	2023		2022		2023-2022 Change	
	Amount	% of Total	Amount	% of Total	Dollars	Percent
Compensation and benefits	$ 1,561,050	63%	$ 1,461,496	63%	$ 99,554	7%
Supplies and services	687,324	28	581,704	25	105,620	18
Depreciation and amortization	159,212	6	157,410	7	1,802	1
Scholarships and fellowships	75,625	3	116,781	5	(41,156)	(35)
Total operating expenses	$ 2,483,211	100%	$ 2,317,391	100%	$ 165,820	7%

Operating expenses increased by $165 million for the 2023 fiscal year. Changes in the major expense classifications follow.

- Supplies and services increased by 18% in 2023, following a 9% increase in 2022 and 4% decrease in 2021. Much of this was driven by a $30 million increase in auxiliary expenditures system-wide. Additionally, contractual services costs at the University increased by about $46 million in 2023. Also noteworthy is the 35% decrease in scholarships and fellowships in 2023. In 2022 the University received funding from the Higher Education Emergency Relief Fund (HEERF), 50% of which was earmarked for spending on students. 2022 was the final year the University received that funding, which caused the sharp decrease in 2023.

***Non-Operating Revenues (Expenses*)**. Net non-operating revenues increased $212 million during 2023 compared to 2022. An increase in the fair value of investments of about $181 million contributed to the increase, as investment markets rebounded from 2022. Also contributing to the increase in non-operating revenues was $12 million in additional revenue from equity in a joint venture as compared to the prior year.

Other Revenues, Expenses, Gains, or Losses. Net other revenues, expenses, gains, or losses decreased by $52 million. A decrease in capital gifts related to the North Stadium Expansion at UNL was the primary driver.

Capital Assets

The University made significant investments in capital assets during the current year. Major construction projects and acquisitions completed were:

- At UNL, Carolyn Pope Edwards Hall was capitalized at a value of about $37 million. This project constructed a new 126,590-square-foot building for the College of Education and Human Sciences. The building features classrooms, meeting spaces, offices, labs, a 400-seat auditorium and a link directly to Teachers College Hall.

- At UNO, the University Village Renovation of about $4 million was completed. This renovation updated the 288-bathroom spaces at University Village, including replacement of showers, drains, toilets, vanities and flooring. University Village is one of the first residence halls to reach capacity each year, as it houses a wide variety of students at UNO. This was the first renovation to this portion of the building, originally built in 1999.

- At UNK, $12 million of fraternity housing was added at the newly renovated Martin Hall. The renovation allows for each fraternity to have its own chapter room and lounge, as well as provides shared study areas and a great room for larger events. This is part of a $33 million project for replacing and relocating the fraternity and sorority life community.

More information on capital asset activity is disclosed in the Notes to the Financial Statements included in this report beginning on page 51.

Debt Activity

Bond Financings. The University had no new bond financings in 2023.

UNFC met all debt service requirements during 2023. The State of Nebraska Legislature has reaffirmed and appropriated funds for their portion of the debt service pertaining to the Deferred Maintenance Projects, UNL the NCTA Education Center/Student Housing Project, and the UNL Health Center and College of Nursing Projects. The Foundation continues to receive funds from donor gifts pledged toward the funding of the UNO/Community Facility Refunding and the UNMC Cancer Center. Funds from internal University sources continue to meet expectations allowing the service of UNFC-related debt obligations in their normal course.

More information on debt financing is disclosed beginning on page 52 in the Notes to Financial Statements included in this report.

Economic Outlook and Subsequent Events That Will Affect the Future

Nebraska Economy

According to the new forecast from the University of Nebraska–Lincoln's Bureau of Business Research and the Nebraska Business Forecast Council, Nebraska's economy continues to be strong, but growth in 2024 is expected to slow.

"The modest increase in the leading indicator suggests that economic growth will continue through the first half of 2024, but that growth will be slow," said economist Eric Thompson, director of the Bureau of Business Research, department chair and K.H. Nelson College Professor of Economics.

Strength in the labor market does not appear to be fading much in Nebraska, despite a small reduction in job openings. Real incomes continue to rise as wage gains have recently outpaced inflation, boosting household savings. Sharp increases in housing costs, however, may be an important indicator to monitor when considering the future strength of household finances.

University of Nebraska Operating Budget

In June of 2023, University of Nebraska President Ted Carter unveiled a bold plan to reimagine Nebraska's public university system during one of the most significant periods of change and challenge in the history of American higher education.

Carter's plan comes in response to a directive from the Board of Regents to build a strategy for balancing the budget while enhancing the university's competitiveness in research, faculty pay, and student recruitment and success.

The university faces an estimated $58 million shortfall by the end of the 2024-25 fiscal year, a gap brought on by inflation, muted revenue growth and enrollment declines. That figure represents only what it would take to maintain the university's current status quo; in other words, it leaves nothing for new strategic investments.

At a special meeting to review NU's fiscal planning, regents rejected the historical approach of spreading budget reductions across the board, saying that risked weakening the entire university. Rather, the Board directed Carter to chart a new path of setting system-wide priorities and redeploying dollars accordingly.

The plan Carter announced today includes both short- and long-term action steps to close the budget gap and free up additional resources to transform the University of Nebraska into a more competitive, collaborative, efficient and flexible institution. The 2023-24 University of Nebraska operating budget approved by the Board of Regents included a modest 3.5 percent tuition increase and investments in salaries and financial aid, lays the groundwork for Carter's plan.

"The University of Nebraska is more important than ever to the economic growth and well-being of our state. We must find ways to reinvent ourselves so we continue to meet Nebraskans' needs well into the future," Carter said. "As the Board of Regents has made clear, given the challenges in front of us, business as usual is no longer sustainable.

"We have hard work ahead, but Nebraskans expect us to compete in all facets. My vision is that the University of Nebraska will be the most dynamic university in the country. This plan will help us get there."

First, Carter announced the following short-term steps, effective July 1, to help preserve cash while longer-term strategies are implemented:

- A hiring freeze on all non-faculty positions. Administrative positions that come open may not be refilled without approval from the Office of the President. Managerial/professional and office/service positions may not be refilled without approval from the relevant campus chancellor.

- A temporary 2.5 percent quarterly across-the-board rescission on all departmental operating and supply budgets.

Second, Carter announced a longer-term, five-point vision for excellence that will reimagine the University of Nebraska for the future and capture savings that can be reinvested in priorities like faculty salaries, world-class academic programs, student mental health, and others yet to be identified. Carter's five-point plan includes:

1. A reinvigorated focus on student recruitment, with a goal of reversing recent enrollment declines. Carter noted that strong and stable enrollment matters not only to the university's bottom line, but is crucial to meeting the state's workforce needs.

   As part of his broad goal to ensure every Nebraska high school student is contacted by the University of Nebraska, Carter said he is launching two new efforts to "blanket the state" with university recruitment: a program that will provide stipends to current university students to visit their high school and engage with prospective students; and an in-state recruitment program that will send ambassadors to major events across the state.

   Details and application information for both programs will be forthcoming.

2. A renewed commitment to raising the University of Nebraska's academic profile, with a specific goal of regaining entry into the Association of American Universities, a coalition of the nation's most elite research institutions.

   The University of Nebraska was one of the first 20 universities admitted into the AAU, but was removed in 2011. While acknowledging re-entry will require hard work, Carter said he will set metrics to measure the university's progress against the AAU's newly revised membership criteria, including federally funded research.

   AAU membership, Carter said, would immediately raise the value of students' degrees, make the university more competitive in faculty recruiting, and connect the university to greater research funding opportunities. Two-thirds of all federally funded research and development is conducted by AAU members.

   Consistent with the goal to make Nebraska's research enterprise more competitive, Carter is initiating a process to report University of Nebraska-Lincoln and University of Nebraska Medical Center research, along with the system-wide institutes, as a single unified figure. Aligned reporting, he said, will take full advantage of the breadth and scale of Nebraska's two statewide research institutions. The University of Nebraska at Omaha and University of Nebraska at Kearney will continue to report separately.

   "There's a reason every other institution in the Big Ten except one, and three-quarters of public AAU institutions, are aligned with a medical school: The combined impact of a flagship university and an academic health science center can't be matched," Carter said. "Stronger alignment between our two institutions with a statewide reach and mission will benefit both, and will make our entire university and state more competitive.

"We must be unafraid to say that we want to be counted among the very best universities in the country."

Combined reporting will have an immediate impact: In total research and development funding, Nebraska would advance from 87th (UNL's current ranking) to about 55th in the nation. In federally funded R&D, Nebraska vaults from 117th to about 66th.

3. A more proactive process for reviewing the university's range of academic programs.

   The university currently conducts academic program reviews on a seven-year rotation. Carter has directed the creation of a dashboard to more proactively measure academic programs against the minimum performance standards set by the Nebraska Coordinating Commission for Postsecondary Education. The dashboard will allow the university to spot early warning signs and act accordingly.

   Additionally, Carter has tasked Executive Vice President and Provost Jeffrey P. Gold, M.D., with forming a working group to evaluate programs offered by multiple campuses for opportunities for collaboration.

4. New strategies for communication and transparency around budget planning.

   To ensure that the university community is engaged and informed, Carter will stand up a "University Council" that will include the vice presidents, chancellors, deans, faculty senate presidents and student body presidents. The council will meet quarterly to hear updates and share ideas. Carter also will launch a monthly webinar open to all members of the university community to provide updates and answer questions about the budget and strategic planning.

   Carter also is creating an incentive program that will provide monetary awards to faculty and staff who suggest ideas that will create savings or new revenue for the university. Details will be announced soon.

5. A focus on operational excellence.

   In recent years the university has unified its IT, procurement and facilities functions, saving more than $25 million and allowing academic programs to be protected. Carter noted a number of other business and administrative functions remain distributed across the system, including payroll, accounting, budget, compliance, benefits, human resources, government relations, and public relations and communications.

   "We need to ask ourselves, and I think Nebraska taxpayers expect us to ask, are we missing opportunities to take advantage of our scale and operate more efficiently?" Carter said.

   Carter has tasked Chris Kabourek, senior vice president and chief financial officer, with leading a review to determine the most effective and efficient approach for operational areas that remain decentralized. Additionally, Carter has tasked Kabourek to form a team to immediately launch a zero-based budget exercise for all units across the university except the academic colleges to ensure that every position and every expenditure is justified.

Noting that the university does not have the luxury of time to capture savings and redeploy dollars to priorities, Carter said he expects the various reviews outlined in his five-point plan to be completed no later than Dec. 31, 2023, with strategies implemented by June 30, 2025.

Regents strongly endorsed the new approach outlined by Carter.

"It's an exciting vision that I've not heard articulated at the University of Nebraska. That's exciting to me," said Board Chairman Tim Clare of Lincoln. "It's the kind of bold thinking we need if we're going to have a strong, growing, competitive university… I think when we get to the other side of this process, we will be the university that is creating the blueprint for what higher education reform should look like."

Said Board Vice Chairman Rob Schafer of Beatrice: "It ought to be every student's dream to come to Nebraska. I'm excited that we're going to get out and recruit, retain and reward these students."

Regent Jack Stark of Omaha told Carter: "Today, you delivered. Congratulations. It's the most impressive document I've seen in 30, 40 years."

"It's clear, it's decisive, it involves everyone," Regent Jim Scheer of Norfolk said of Carter's plan. "I'm a believer."

Said Regent Kathy Wilmot of Beaver City: "My laser focus is on educating kids, coming up with our workforce and finding a way to let them see that they have a future in Nebraska. And I think I see that in here."

And Regent Elizabeth O'Connor of Omaha applauded Carter for keeping students at the top of the priority list.

"I think the most important takeaway from this plan is that our primary focus continues to be on educating students and preparing them to pursue high-paying careers that require a degree," she said. "It's an excellent plan and I think it's one that the state deserves.

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS:		
Cash and cash equivalents	$ 837,600	$ 863,581
Cash and cash equivalents - restricted	324,708	281,422
Cash and cash equivalents held by trustee- unrestricted	105,426	84,774
Cash and cash equivalents held by trustee - restricted	108,154	105,764
Investments - restricted	144,565	134,811
Investments held by trustee – unrestricted	125,673	114,084
Accounts receivable and unbilled charges, net	299,594	269,497
Public-private partnership receivable	1,190	1,198
Loans to students, net	2,267	3,271
Leases receivable, net	10,210	11,258
Other current assets	31,242	25,648
Total current assets	1,990,629	1,895,308
NON-CURRENT ASSETS:		
Cash and cash equivalents	727	14,927
Cash and cash equivalents - restricted	12,379	92
Cash and cash equivalents held by trustee - restricted	292,488	445,544
Investments - restricted	436,667	404,087
Accounts receivable and unbilled charges, net of current portion	3,195	13,241
Investment in joint venture	636,287	613,461
Loans to students, net of current portion	12,106	15,411
Leases receivable, net of current portion	28,186	30,386
Public-private partnership receivable, net of current portion	4,655	5,846
Capital assets, net of accumulated depreciation	3,208,654	3,029,208
Right-to-use leased assets, net of accumulated amortization	85,750	91,547
Right-to-use subscription assets, net of accumulated amortization	19,955	19,020
Other non-current assets	4,432	1,698
Total non-current assets	4,745,481	4,684,468
Total assets	6,736,110	6,579,776
DEFERRED OUTFLOWS OF RESOURCES:		
Deferred loss on bond refunding	28,372	30,129
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES:		
Accounts payable	169,122	171,701
Accrued salaries and wages	49,539	47,817
Accrued compensated absences	67,205	59,622
Note Payable	1	1
Bond obligations payable	46,637	68,074
Lease obligations payable	4,789	4,834
Subscription obligations payable	5,944	5,984
Unearned revenues and other credits	96,735	109,984
Refundable government grants	2,215	3,007
Health and other insurance claims	24,168	16,760
Total current liabilities	466,355	487,784
NON-CURRENT LIABILITIES:		
Accounts payable, net of current portion	853	1,123
Accrued salaries and wages, net of current portion	9	3
Accrued compensated absences, net of current portion	26,650	32,514
Note Payable, net of current portion	1	2
Bond obligations payable, net of current portion	1,173,256	1,219,892
Lease obligations payable, net of current portion	87,582	91,138
Subscription obligations payable, net of current portion	12,540	12,335
Unearned revenues and other credits, net of current portion	1,168	1,031
Refundable government grants, net of current portion	4,649	6,922
Total non-current liabilities	1,306,708	1,364,960
Total liabilities	1,773,063	1,852,744

(Continued)

STATEMENTS OF NET POSITION (Continued)
JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	2023	2022
DEFERRED INFLOWS OF RESOURCES:		
Deferred public-private partnership receipts	6,027	7,335
Deferred gain on bond refunding	8	15
Deferred lease arrangement receipts	52,418	46,193
Total deferred inflows of resources	58,453	53,543
NET POSITION:		
Net investment in capital assets	2,237,377	2,167,519
Restricted for:		
Nonexpendable:		
Permanent endowment	227,637	209,177
Loan Funds	14,419	15,664
Expendable:		
Externally restricted funds for scholarships, student aid, and research	483,797	404,595
Plant construction	124,215	116,507
Debt service	60,080	54,615
Unrestricted	1,785,441	1,735,541
Total net position	$ 4,932,966	$ 4,703,618

(Concluded)

See notes to financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska) CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Reports on Pages 9, 10, 11, 12, and 13)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 24,999	$ 25,118
Temporary investments	622,488	617,949
Pledges receivable, net	240,622	269,137
Other receivables	6,447	6,389
Investments	2,332,050	2,105,404
Operating lease right of use assets	16,527	-
Property and equipment, net of depreciation	3,851	3,945
Total assets	$ 3,246,984	$ 3,027,942
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued liabilities	$ 7,154	$ 6,479
University of Nebraska payable	13,181	15,241
Deferred annuities payable	17,153	17,199
Operating lease liabilities	16,582	-
Deposits held in custody for others	402,300	359,651
Total liabilities	456,370	398,570
NET ASSETS:		
Without donor restrictions	119,149	109,763
With donor restrictions	2,671,465	2,519,609
Total net assets	2,790,614	2,629,372
Total liabilities and net assets	$ 3,246,984	$ 3,027,942

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	2023	2022
OPERATING REVENUES:		
Tuition and fees (net of scholarship allowances of $205,999 and $199,344 in 2023 and 2022, respectively)	$ 408,350	$ 422,275
Federal grants and contracts - restricted	414,234	353,893
Private grants and contracts - restricted	247,039	213,178
State and local grants and contracts - restricted	83,820	49,418
Sales and services of educational activities	66,128	65,389
Sales and services of health care entities	27,794	27,606
Sales and services of auxiliary operations (net of scholarship allowances of $19,062 and $16,615 in 2023 and 2022, respectively)	342,438	334,707
Other operating revenues	24,382	20,644
Total operating revenues	1,614,185	1,487,110
OPERATING EXPENSES:		
Compensation and benefits	1,561,050	1,461,496
Supplies and services	687,324	581,704
Depreciation	143,851	144,595
Amortization of right-to-use assets	15,361	12,815
Scholarships and fellowships	75,625	116,781
Total operating expenses	2,483,211	2,317,391
OPERATING LOSS	(869,026)	(830,281)
NON-OPERATING REVENUES (EXPENSES):		
State of Nebraska non-capital appropriations	649,841	633,915
Federal grants	58,254	149,251
Gifts	186,246	96,352
Investment income (net of investment management fees of $6,767 and $6,204 in 2023 and 2022, respectively)	80,541	78,417
Interest on bond obligations and capital debt	(41,326)	(43,805)
Equity in joint venture	31,329	19,589
Other non-operating revenues (expenses)	26,324	(154,743)
Net non-operating revenues	991,209	778,976
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	122,183	(51,305)
OTHER REVENUES, EXPENSES, GAINS, OR LOSSES:		
State of Nebraska capital appropriations	19,823	18,838
Capital grants and gifts	86,985	139,257
Additions to permanent endowments	357	644
Other revenues	-	81
Net other revenues, expenses, gains, or losses	107,165	158,820
INCREASE IN NET POSITION	229,348	107,515
NET POSITION:		
Net position, beginning of year	4,703,618	4,596,103
Net position, end of year	$ 4,932,966	$ 4,703,618

See notes to financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska) CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(Thousands)
(See Independent Auditors' Reports on Pages 9, 10, 11, 12, and 13)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS:			
Gifts, bequests, and life insurance proceeds	$ 3,413	$ 277,243	$ 280,656
Investment income (loss), net of expenses	47,077	(5,082)	41,995
Change in value of split-interest agreements	-	666	666
Realized and unrealized gains (loss), net	(48)	166,061	166,013
Total revenue and gains	50,442	438,888	489,330
EXPENSES			
Payments to benefit the University:			
Academic support	100,400	-	100,400
Student assistance	35,287	-	35,287
Faculty assistance	8,371	-	8,371
Research	10,573	-	10,573
Museum, library, and fine arts	3,309	-	3,309
Campus and building improvements	129,289	-	129,289
Alumni associations	598	-	598
Total payments to benefit the University	287,827	-	287,827
Operating expenses:			
Salaries and benefits	27,030	-	27,030
Office expense	1,463	-	1,463
Office rent and utilities	2,009	-	2,009
Professional services	1,416	-	1,416
Dues and subscriptions	971	-	971
Travel and conferences	1,106	-	1,106
Cultivation expense	2,793	-	2,793
Miscellaneous expense	434	-	434
Contributions to other charities	131	-	131
Paid to beneficiaries	2,419	-	2,419
Depreciation	489	-	489
Total operating expenses	40,261	-	40,261
Total expenses	328,088	-	328,088
Other changes in net assets:			
Net assets released from restrictions	287,032	(287,032)	-
Total other changes in net assets	287,032	(287,032)	-
Increase in net assets	9,386	151,856	161,242
NET ASSETS at beginning of year	109,763	2,519,609	2,629,372
NET ASSETS at end of year	$ 119,149	$ 2,671,465	$ 2,790,614

See notes to financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska)
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(Thousands)
(See Independent Auditors' Reports on Pages 9, 10, 11, 12, and 13)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND GAINS:			
Gifts, bequests, and life insurance proceeds	$ 2,370	$ 315,564	$ 317,934
Investment income, net of expenses	40,783	2,071	42,854
Change in value of split-interest agreements	-	3,317	3,317
Realized and unrealized gains (loss), net	17,940	(311,658)	(293,718)
Total revenue and gains	61,093	9,294	70,387
EXPENSES			
Payments to benefit the University:			
Academic support	49,196	-	49,196
Student assistance	32,578	-	32,578
Faculty assistance	8,411	-	8,411
Research	7,836	-	7,836
Museum, library, and fine arts	3,686	-	3,686
Campus and building improvements	114,097	-	114,097
Alumni associations	598	-	598
Total payments to benefit the University	216,402	-	216,402
Operating expenses:			
Salaries and benefits	22,177	-	22,177
Office expense	1,246	-	1,246
Office rent and utilities	1,859	-	1,859
Professional services	1,849	-	1,849
Dues and subscriptions	766	-	766
Travel and conferences	775	-	775
Cultivation expense	1,767	-	1,767
Miscellaneous expense	426	-	426
Contributions to other charities	194	-	194
Paid to beneficiaries	2,614	-	2,614
Depreciation	502	-	502
Total operating expenses	34,175	-	34,175
Total expenses	250,577	-	250,577
Other changes in net assets:			
Net assets released from restrictions	208,132	(208,132)	-
Total other changes in net assets	208,132	(208,132)	-
Change in net assets	18,648	(198,838)	(180,190)
NET ASSETS at beginning of year	91,115	2,718,447	2,809,562
NET ASSETS at end of year	$ 109,763	$ 2,519,609	$ 2,629,372

See notes to financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Grants and contracts	$ 736,180	$ 613,070
Tuition and fees	408,946	416,920
Sales and services of health care entities	29,327	23,094
Sales and services of auxiliary operations	304,568	334,222
Sales and services of educational activities	67,821	65,887
Student loans collected	1,517	1,739
Other receipts	28,143	28,782
Payments to employees	(1,569,145)	(1,484,424)
Payments to vendors	(691,105)	(563,371)
Scholarships paid to students	(75,624)	(116,781)
Student loans issued	(595)	(1,345)
Other Payments	(1,425)	(233)
Net cash flows from operating activities	(761,392)	(682,440)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
State of Nebraska non-capital appropriations	649,842	633,915
Gifts	181,976	107,072
Federal grants	56,527	150,617
Other receipts	(853)	353
Remittance of refundable grant and Perkins Loan collections from students, net	(764)	(928)
Direct lending receipts	206,395	206,322
Direct lending payments	(206,395)	(206,322)
Net cash flows from non-capital financing activities	886,728	891,029
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Proceeds from the issuance of bond obligations and lease receivables	11,662	3,940
Gifts	105,948	102,348
State of Nebraska capital appropriations	19,763	18,797
Proceeds from the sale of capital assets	-	350
Purchases of capital assets	(317,569)	(244,350)
Principal paid on bond obligations and capital debt	(75,080)	(39,848)
Interest paid on bond obligations and capital debt	(47,138)	(44,239)
Other receipts	2,134	341
Net cash flows from capital and related financing activities	(300,280)	(202,661)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales and maturities of investments	122,159	91,318
Interest on investments	77,010	77,521
Distributions received from joint venture	8,502	8,287
Purchases of investments	(147,349)	(149,863)
Net cash flows from investing activities	60,322	27,263
NET INCREASE IN CASH AND CASH EQUIVALENTS	(114,622)	33,191
CASH AND CASH EQUIVALENTS, beginning of year	1,796,104	1,762,913
CASH AND CASH EQUIVALENTS, end of year	$ 1,681,482	$ 1,796,104

See notes to financial statements.

(Continued)

THE UNIVERSITY OF NEBRASKA

STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	2023	2022
CASH AND CASH EQUIVALENTS - END OF YEAR AS PRESENTED IN STATEMENTS OF NET POSITION:		
Cash and cash equivalents (current)	$ 837,600	$ 863,581
Cash and cash equivalents - restricted (current)	324,708	281,422
Cash and cash equivalents held by trustee - unrestricted (current)	105,426	84,774
Cash and cash equivalents held by trustee - restricted (current)	107,780	105,764
Cash and cash equivalents (non-current)	727	14,927
Cash and cash equivalents - restricted (non-current)	12,379	92
Cash and cash equivalents held by trustee - restricted (non-current)	292,862	445,544
Cash and cash equivalents, end of year	$ 1,681,482	$ 1,796,104
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	$ (869,026)	$ (830,281)
Adjustments to reconcile operating loss to net cash flows from operating activities:		
Depreciation expense	143,851	144,595
Amortization expense	15,361	12,814
Changes in assets and liabilities:		
Accounts receivable and unbilled charges, net	(29,727)	2,180
Loans to students	2,011	311
Other current assets	(8,385)	(150)
Accounts payable	13,043	9,348
Accrued salaries and wages	(17,864)	(24,206)
Unearned revenues and credits	(18,063)	1,848
Health and other insurance claims	7,407	1,101
Net cash flows used in operating activities	$ (761,392)	$ (682,440)
NON-CASH TRANSACTIONS:		
Capital gifts and grants	$ 1,107	$ 57
Increase (decrease) in fair value of investments	26,871	(153,000)
Acquisition of right-of-use assets through lease obligations	1,731	6,701
Acquisition of right-of-use assets through subscription obligations	7,982	12,105
Equity in earnings	578	413
Capital expenditures in accounts payable	72,230	65,494
Increase in lease receivables through deferred lease arrangements	8,413	4,529

(Concluded)

See notes to financial statements.

UNIVERSITY OF NEBRASKA FOUNDATION
(A Component Unit of the University of Nebraska) CONSOLIDATED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, 11, 12, and 13)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	$ 161,242	$ (180,190)
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) provided by operating activities:		
Depreciation	489	502
Realized and unrealized (gains) losses on investments, net	(166,013)	293,718
Contribution to endowment funds	(76,402)	(65,940)
Real and personal property contributions received	(1,342)	(290)
Non-cash operating lease expenses	1,519	-
(Increase) Decrease in:		
Pledges receivable	41,987	(21,786)
Other receivables	(53)	1,035
(Decrease) Increase in:		
Accounts payable and accrued liabilities	675	(169)
University of Nebraska payable	(2,060)	4,789
Deferred annuities payable	(46)	552
Deposits held in custody for others	42,649	(65,092)
Operating lease liabilities	(1,464)	-
Net cash provided by (used in) operating activities	1,181	(32,871)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of temporary investments	(366,375)	(730,533)
Proceeds from sale and maturity of temporary investments	380,077	718,410
Net increase in student loans	(5)	(174)
Purchase of investments	(130,199)	(397,702)
Proceeds from sale and maturity of investments	52,667	396,008
Purchase of property and equipment	(395)	(311)
Net cash used in investing activities	(64,230)	(14,302)
CASH FLOWS FROM FINANCING ACTIVITY:		
Contribution to endowment funds	62,930	55,972
Net cash provided by financing activities	62,930	55,972
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(119)	8,799
CASH AND CASH EQUIVALENTS, beginning of year	25,118	16,319
CASH AND CASH EQUIVALENTS, end of year	$ 24,999	$ 25,118

See notes to financial statements.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	Private-Purpose Trust Funds	Custodial Funds
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	$ 4,012	$ 5,518
Investments	7,026	93
Accounts receivable and unbilled charges, net	91	666
Other current assets	-	41
Total current assets	11,129	6,318
NON-CURRENT ASSETS:		
Capital assets	-	350
Accounts receivable and unbilled charges, net of current portion	-	66
Total non-current assets	-	416
Total assets	11,129	6,734
LIABILITIES:		
CURRENT LIABILITIES:		
Accounts payable	237	1,322
Accrued compensated absences	-	36
Health and other insurance claims	3,934	-
Total Current Liabilities	4,171	1,358
NON-CURRENT LIABILITIES:		
Accrued compensated absences, net of current portion	-	26
Total Non-Current Liabilities	-	26
Total Liabilities	4,171	1,384
NET POSITION:		
Restricted for Individuals, Organizations, and Other Governments	6,958	5,350
Total Net Position	$ 6,958	$ 5,350

See notes to financial statements.

THE UNIVERSITY OF NEBRASKA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023
(Thousands)
(See Independent Auditors' Report on Pages 9, 10, and 11)

	Private-Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Investment income	$ 253	$ 26
Employer sponsored cafeteria plan contributions	51,569	-
Scholarship receipts	-	13,530
Collected on behalf of student activities	-	2,942
Other additions	3,857	2,348
Total additions	55,679	18,846
DEDUCTIONS:		
Compensation and benefits	-	934
Employer sponsored cafeteria plan deductions	57,817	-
Scholarship expense	-	13,611
Remitted on behalf of student activities	-	3,285
Other deductions	1,307	1,144
Total deductions	59,124	18,974
DECREASE IN NET POSITION	(3,445)	(128)
NET POSITION:		
Net position, beginning of year	10,403	5,478
Net position, end of year	$ 6,958	$ 5,350

See notes to financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – The University of Nebraska (University) is a land-grant University founded in 1869 and governed by an elected eight-member University of Nebraska Board of Regents (Board of Regents). University activities are conducted at four primary campuses, with two located in Omaha and one each in Lincoln and Kearney, Nebraska. While the University is a legally separate entity, it is a component unit of the State of Nebraska (State) because it is financially accountable to the State. The major accounting principles and practices followed by the University are presented below to assist the reader in evaluating the financial statements and the accompanying notes.

These statements have been prepared in accordance with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). GASB requires the following components of the basic financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses, and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements

The University follows all applicable GASB pronouncements.

Reporting Entity – In determining its financial reporting entity, the University has considered all potential component units for which it is financially accountable and other organizations which are fiscally dependent on the University or the significance of their relationship with the University is such that exclusion would be misleading. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the University to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the University.

As required by GAAP, these financial statements present the University and its component units. The component units are included in the University's reporting entity because of the significance of their operational or financial relationships with the University. The following component units and their balances and transactions are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the University itself.

- The University of Nebraska Facilities Corporation (UNFC) was organized to finance the construction, repair, and renovation of buildings and the acquisition of land and equipment and to hold them in trust for the University. UNFC is governed by a Board of Directors comprised of the Board of Regents.

- The University Dental Associates (UDA) is a not-for-profit corporation organized for the purpose of billing, collecting, and distributing dental service fees generated by dentists employed by the UNMC. The distribution of fees is governed by the terms of the University of Nebraska Dental Service Plan applicable to member dentists.

- The UNMC Science Research Fund (SRF) is a not-for-profit corporation organized by the Board of Regents to solely support the research mission of the UNMC and provides services entirely, or almost entirely, to UNMC and advances academic technology transfer globally through fostering strategic collaborations with industry through licensing, research, and new venture agreements.

- UNeHealth, a Nebraska not-for-profit corporation, was organized in 1996 to further the general health care purpose of the UNMC. UNeHealth will increase the efficiency and effectiveness, boost visibility of commercial clinical research and ensure that contract budgets take in consideration the best interests of UNMC, UNMC Physicians (UNMC-P) and The Nebraska Medical Center (TNMC). UNeHealth seeks to create a more appealing environment for industry collaborations.

- Nebraska Utility Corporation (NUCorp) is a not-for-profit corporation formed under the Nebraska Interlocal Cooperation Act between the Board of Regents and Lincoln Electric System. The purpose of NUCorp is to purchase, lease, construct, and finance activities relating to furnishing energy requirements and utility and infrastructure facilities for the University of Nebraska-Lincoln (UNL). NUCorp provides services entirely, or almost entirely, to the UNL campus. NUCorp is governed by a five-member Board, three of which are University officials.

- The University Technology Development Corporation (UTDC) was organized to solely support the research mission of the University and provides services entirely, or almost entirely, to the University campuses and advances academic technology transfer globally through fostering strategic collaborations with industry through licensing, research, and new venture agreements. The blended entity consists of the UTDC activity and the activities of eight non-profit subsidiaries and one for profit subsidiary. UTDC is the sole member/stockholder of each subsidiary.

Separate financial statements for UNFC, UDA, UNMC SRF, UNeHealth, NUCorp, and UTDC may be obtained from the University of Nebraska Office of the President, Varner Hall, 3835 Holdrege, Lincoln, Nebraska 68583-0742.

The University of Nebraska Foundation's (Foundation) financial statements are discretely presented within the University's financial statements. The Foundation is a non-profit corporation exempt from income tax under Section 501(c)(3) of the Internal Revenue Code whose purpose is to provide financial support for the University system. The Foundation reports under FASB standards, including FASB Statement No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition and presentation features. No modifications have been made to the Foundation's audited financial information as it is presented (see Note T).

The Nebraska Statewide Workforce & Educational Reporting System (NSWERS) is a fiduciary component unit of the University for fiscal year 2022 and is included in the fiduciary fund financial statements as a custodial fund for fiscal years 2022 and 2023. NSWERS is a public body corporate and politic of the State of Nebraska pursuant to the Interlocal Cooperation Act (Neb. Rev. Stat. §§ 13-801 to 13-827). NSWERS exists to provide optimized and secured access to accurate and reliable longitudinal student information to analysts and researchers to discover those policies, processes, and practices across students' academic involvement and transition into the workforce that best improve student outcomes. Under the terms of an amended Interlocal Agreement effective July 1, 2022, NSWERS is no longer a component unit of the University.

Basis of Presentation – The financial statements of the University have been prepared on the accrual basis. The University recognizes revenues, net of discounts and allowances, when it is earned. Expenses are recorded when a liability is incurred. The University first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available. All significant revenues and expenses resulting from intra-University transactions have been eliminated.

The University reports the following fund types on its fiduciary financial statements:

Private-Purpose Trust Funds – These funds account for the University's group health self-insurance program as well as the flexible spending account program available to employees. Employee contributions to each of these programs are reported as fiduciary activities, while employer contributions to the group health program are reported as a business-type activity.

Custodial Funds – These funds account for assets held by the University for outside scholarships, student organizations, NSWERS, and other entities associated with the University.

Cash and Cash Equivalents – Cash and cash equivalents and cash and cash equivalents – restricted are stated at fair value. Cash and cash equivalents – restricted is cash received from external sources designated for specific purposes. Cash is deposited with the Nebraska State Treasurer on a pooled basis in a State fund. Income earned by the pool is allocated to the University based upon average daily balances. These funds are considered to be cash and cash equivalents, which are available for expenditures as needed. The investments of the pool include Commercial Paper, U.S. Government Securities, Federal Agency Debt Instruments, Corporate Bonds, Money Market Funds, and Bank Deposits. Additional information on the pool can be found in the State of Nebraska's Annual Comprehensive Financial Report.

Cash and cash equivalents held by trustee – restricted is cash held by bond fund trustees and held for the purposes designated by the respective bond covenants.

Cash and cash equivalents held by trustee – unrestricted is cash held by the bond trustee, is not restricted by any bond covenants, and is utilized by the ILP.

For purposes of the statements of cash flows, cash includes cash and cash equivalents, both unrestricted and restricted, and cash and cash equivalents held by trustee – restricted and unrestricted, and investments with an original maturity of three months or less when purchased.

Investments – Investments are stated at fair value. Securities that are publicly traded are valued based on quoted market prices. Investments that do not have an established market are reported at estimated fair value. Investments received from donors as gifts are recognized as revenue at fair value at the date of the gift. Income from investments is recognized as earned and includes realized and unrealized gains and losses.

Capital Assets – Land improvements, leasehold improvements, buildings, and equipment are stated at cost at the date of acquisition. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets. At UNL, and for certain research buildings at UNMC, estimated useful lives for buildings are accounted for on a componentized basis. The estimated useful lives are 25 to 50 years for buildings and their components and 20 to 30 years for land improvements. Equipment is generally depreciated from 2 to 10 years depending on its useful life. Leasehold improvements are depreciated using the straight-line method over the aforementioned estimated useful lives or the term of the related lease, if shorter. Maintenance, repairs, and minor replacements are charged to expense as incurred. The University maintains various collections of inexhaustible assets to which no value can be determined. Such collections include contributed works of art, historical treasures, and literature.

Capital assets are defined by the University as assets with initial, individual costs in excess of $500 for buildings and renovations, $100 for land improvements, and $5 for equipment. It is the University's policy that library books are not capitalized.

The University does not capitalize interest cost incurred according to GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.*

The University has artwork and other collections that it does not capitalize. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. U.S. generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of purchase rather than be capitalized.

Accrued Compensated Absences – Staff and certain University faculty earn 12 to 25 days of vacation annually. Vacation is no longer earned once an employee accrues 280 hours of unused vacation. Any unused vacation balance is carried over into the next year. Vacation may be used or received as a cash payment upon retirement or termination. In addition, certain classified staff receive a cash payment of one-fourth of accrued sick leave upon retirement from the University. The University has recognized a liability for sick and annual leave earned but not yet taken by its faculty and staff. Certain University faculty and staff also earn five floating holidays each year, subject to a 40 hour cap, which may be taken at any time during the year.

Unearned Revenues and Credits – These consist of advance payments on athletic tickets, fall semester student residence hall contracts, tuition deposits, unearned income on direct financing leases, and cash received in advance for grants and contracts.

Deferred Outflows and Inflows of Resources – Deferred outflows represent the unamortized losses on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. Deferred inflows represent the unamortized gains on bond refundings, which are deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt. Deferred inflows also represent the present value of remaining receivables as a result of public-private partnership and deferred lease arrangements. Revenues from these arrangements are recognized over the respective contract periods.

Classification of Revenues and Expenses – The University has classified its revenues and expenses as either operating or non-operating revenues and expenses according to the following criteria:

Operating Revenues and Expenses – Operating revenues and expenses include activities that have the characteristics of exchange transactions.

Non-Operating Revenues – Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, contributions, State appropriations, investment income, 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.

Non-Operating Expenses – Non-operating expenses are activities of non-operating nature and include interest expense on bond obligations and loss on disposal of capital assets.

Unrestricted Gifts – Revenue is recognized when an unconditional promise to pay is received and all eligibility requirements have been met. In the absence of such promise, revenue is recognized when the gift is received.

(Continued)

Scholarships and Fellowships – The University receives funds that are restricted by donors and grantors for aid to students. When these funds are granted to students or when scholarships and fellowships are provided through student tuition waiver, the University records the expense for student aid and the corresponding revenue. Accordingly, at June 30, 2023 and 2022, Federal grants and contracts includes Pell grant awards amounting to $51,762 and $50,992, respectively, and are also included in Scholarships and Fellowships expense. For employee tuition waivers, the University records a benefit expense and corresponding revenue. Ford direct student loans amounting to $206,397 and $206,272 at June 30, 2023 and 2022, respectively, are treated as agency funds and not included in revenues and expenses.

Health and Other Insurance Claims – The University is partially self-insured for comprehensive general liability, auto liability, property losses, and group health and dental liability. The estimated liability is being funded annually and reflected as an expense.

Environmental – Environmental assessments are performed when environmental issues are identified on property owned by the Board of Regents. The cost of any assessments is expensed as incurred. Any cost of remediation is accrued when the University's obligation is probable and the amount can be reasonably estimated or determined.

Tax Status – The University qualifies as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for Federal or State income taxes is required. However, income from unrelated activities is subject to Federal and State income taxes. No provision is deemed necessary for any income taxes associated with unrelated activities.

Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications – The fiscal year 2022 financial statements have been restated to present certain components of net position in accordance with generally accepted accounting principles. Invested in capital assets net position increased $10,467 primarily as a result of a $10,843 change in accounting for building retirements at UNMC. Additionally, unrestricted net position decreased $393 while expendable net position increased $24 due to other reclassifications in order to confirm to current year presentation.

Implementation of New Accounting Principles – In 2023, the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). This statement establishes new requirements for calculating and reporting University subscription-based information technology arrangements. The adoption date of GASB 96 is reflected as of July 1, 2021. For further information regarding the impact of implementation of GASB 96, please see footnotes J and P.

In 2023, the University adopted GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, ("GASB 94"). This statement establishes new requirements for calculating and reporting arrangements in which an operator pays a government for the right to provide a public service. The adoption date of GASB 94 is reflected as of July 1, 2021. For further information regarding the impact of implementation of GASB 94, please see footnote P.

In 2022, the University adopted GASB Statement No. 87, Leases, ("GASB 87"). This statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the University's lease activities. The adoption date of GASB 87 is reflected as of July 1, 2020. For further information regarding the impact of implementation of GASB 87, please see footnotes I and P.

B. DEPOSITS

Custodial credit risk – In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the University's deposits may not be returned to it. The University does not have a formal custodial risk policy. Bank balances of cash and cash equivalents amounted to approximately $1,337 (book balance of approximately $657) at June 30, 2023, with approximately $1,122 covered by Federal depository insurance. Bank balances of cash and cash equivalents amounted to approximately $1,146 (book balance of approximately $700) at June 30, 2022, with approximately $1,146 covered by Federal depository insurance. The remaining bank balances at June 30, 2023, were collateralized with securities held by the pledging financial institution, but not in the University's name.

C. INVESTMENTS

Funds held for the support of University operations, excluding endowed funds, are invested according to State statute by the State Investment Officer. Regulatory oversight is provided by the Nebraska Investment Council. The University's fair value in the Nebraska Investment Council's investment pool is equal to its pool units. University endowed funds are invested by the University and its designated investment managers, in accordance with the prudent person rule as established by the University. The prudent person rule places no restrictions on the investment of these funds.

The University utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

In certain cases, the inputs used to measure fair value may fall in different levels of fair value hierarchy. The three levels are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the University has ability to access at the measurement date. Instruments categorized in Level 1 primarily consist of broadly traded range of equity and debt securities.

- Level 2 inputs are those other than quoted prices included in Level 1 that are observable for the asset or liability, whether directly or indirectly.

- Level 3 inputs are unobservable and significant to the fair value measurement of the asset or liability.

(Thousands)

The tables below present by Level the asset balances at estimated fair value on a recurring basis.

	Assets at fair value as of June 30, 2023			
	Total	Level 1	Level 2	Level 3
Investments:				
U.S. Government Agencies	$ 8,877	$ -	$ 8,877	$ -
U.S. Government Treasuries	47,550	-	47,550	-
Certificate of Deposit	132	132	-	-
Municipal Bonds	2,240	-	2,240	-
Corporate Bonds	47,487	-	47,487	-
Mutual Funds-Fixed Income	60,794	60,794	-	-
Common Stock	15,986	15,986	-	-
Domestic Equity	281,176	281,176	-	-
International Equity	121,350	121,350	-	-
Private Equity	451	451	-	-
Mutual Funds	76,141	76,141	-	-
Index Funds-Public Equity	7,197	7,197	-	-
Multi-Asset Credit	15,361	15,361	-	-
Real Estate held for investment purposes	932	-	-	932
Real Estate Mutual Funds	12,096	12,096	-	-
Money Market Funds	9,135	9,135	-	-
Total	$ 706,905	$ 599,819	$ 106,154	$ 932

(Thousands)

	Assets at fair value as of June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments:				
U.S. Government Agencies	$ 11,657	$ -	$ 11,657	$ -
U.S. Government Treasuries	27,571	-	27,571	-
Certificate of Deposit	130	130	-	-
Municipal Bonds	3,336	-	3,336	-
Corporate Bonds	62,389	-	62,389	-
Mutual Funds-Fixed Income	54,916	54,916	-	-
Common Stock	13,972	13,972	-	-
Domestic Equity	229,029	229,029	-	-
International Equity	112,607	112,607	-	-
Mutual Funds	91,877	89,677	-	2,200
Index Funds-Public Equity	6,788	6,788	-	-
Real Estate held for investment purposes	932	-	-	932
Real Estate Mutual Funds	9,173	9,173	-	-
Money Market Funds	28,605	28,605	-	-
Total	$ 652,982	$ 544,897	$ 104,953	$ 3,132

(Thousands)

Investment maturities as of June 30, 2023 are as follows:

	Fair Value	Investment Maturities (in years) Less Than 1	1-5		6-10		More Than 10
Investments type:							
Debt securities:							
U.S. Government Agencies	$ 8,877	$ -	$ 1,202		$ 2,770		$ 4,905
U.S. Government Treasuries	47,550	24,568	9,912		13,070		-
Certificate of Deposit	132	132	-		-		-
Municipal Bonds	2,240	999	1,241		-		-
Corporate Bonds	47,487	2,319	31,024	(1)	9,600	(2)	4,544
	106,286	$ 28,018	$ 43,379		$ 25,440		$ 9,449
Other investments:							
Mutual Funds – Fixed Income	60,794						
Common Stock	15,986						
Domestic Equity	281,176						
International Equity	121,350						
Private Equity	451						
Mutual Funds	76,141						
Index Funds – Public Equity	7,197						
Multi-Asset Credit	15,361						
Real Estate Mutual Funds	12,096						
Real Estate held for investment purposes	932						
Money Market Funds	9,135						
Total	$ 706,905						

(1) This amount includes $1,095 of bonds callable in less than 2 years, $544 of bonds callable in less than 3 years, $2,946 of bonds callable in less than 4 years, $2,728 of bonds callable in less than 5 years, and $1,017 of bonds callable in less than 6 years.

(2) This amount includes $292 of bonds callable in less than 2 years, $223 of bonds callable in less than 3 years, $1,958 of bonds callable in less than 7 years, and $537 of bonds callable in less than 8 years, and $1,684 of bonds callable in less than 9 years.

(Continued)

(Thousands)

Investments maturities as of June 30, 2022 are as follows:

		Investment Maturities (in years)			
	Fair Value	Less Than 1	1-5	6-10	More Than 10
Investment type:					
Debt securities:					
U.S. Government Agencies	$ 11,657	$ 895	$ 1,261	$ 833	$ 8,668
U.S. Government Treasuries	27,571	2,569	13,845	9,829	1,328
Certificate of Deposit	130	130	-	-	-
Municipal Bonds	3,336	459	2,819	-	58
Corporate Bonds	62,389	4,014 (1)	31,995 (2)	18,140 (3)	8,240 (4)
	105,083	$ 8,067	$ 49,920	$ 28,802	$ 18,294
Other investments:					
Mutual Funds – Fixed Income	54,916				
Common Stock	13,972				
Domestic Equity	229,029				
International Equity	112,607				
Mutual Funds	91,877				
Index Funds - Public Equity	6,788				
Real Estate Mutual Funds	9,173				
Real estate held for investment purposes	932				
Money Market Funds	28,605				
Total	$ 652,982				

(1) This amount includes $624 of bonds callable in less than 1 year.
(2) This amount includes $233 of bonds callable in less than 2 years, $1,973 of bonds callable in less than 3 years, $1,946 of bonds callable in less than 4 years, $4,070 of bonds callable in less than 5 years, and $2,065 of bonds callable in less than 6 years.
(3) This amount includes $300 of bonds callable in less than 3 years, $865 of bonds callable in less than 4 years, $1,235 of bonds callable in less than 6 years, and $1,368 of bonds callable in less than 7 years, $2,117 of bonds callable in less than 8 years, $645 of bonds callable in less than 9 years, and $845 of bonds callable in less than 10 years.
(4) This amount includes $861 of bonds callable in 12-29 years.

Interest Rate Risk – The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – State statutes authorize the University to invest funds in accordance with the prudent person rule: Investments are made, as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The University does not follow a more restrictive policy. Credit ratings for these investments that are rated are as follows:

(Thousands)

2023

	Fair Value	Quality Ratings: Aaa	Aa	A	Baa	Ba	Unrated
Investment type:							
U.S. Government Agencies	$ 8,877	$ 8,877	$ -	$ -	$ -	$ -	$ -
U.S. Government Treasuries	47,550	47,550	-	-	-	-	-
Certificate of Deposit	132	-	-	-	-	-	132
Municipal Bonds	2,240	999	-	-	-	-	1,241
Corporate Bonds	47,487	1,636	3,237	26,735	8,167	-	7,712
Mutual Funds – Fixed Income	60,794	-	-	-	-	-	60,794
Common Stock	15,986	-	-	-	-	-	15,986
Domestic Equity	281,176	-	-	-	-	-	281,176
International Equity	121,350	-	-	-	-	-	121,350
Private Equity	451	-	-	-	-	-	451
Mutual Funds	76,141	-	-	-	-	-	76,141
Index Funds – Public Equity	7,197	-	-	-	-	-	7,197
Multi-Asset Credit	15,361	-	-	-	-	-	15,361
Real Estate Mutual Funds	12,096	-	-	-	-	-	12,096
Real Estate held for investment purposes	932	-	-	-	-	-	932
Money Market Funds	9,135	-	-	-	-	-	9,135
	$ 706,905	$ 59,062	$ 3,237	$ 26,735	$ 8,167	$ -	$ 609,704

2022

	Fair Value	Quality Ratings: Aaa	Aa	A	Baa	Ba	Unrated
Investment type:							
U.S. Government Agencies	$ 11,657	$ 11,657	$ -	$ -	$ -	$ -	$ -
U.S. Government Treasuries	27,571	27,571	-	-	-	-	-
Certificate of Deposit	130	-	-	-	-	-	130
Municipal Bonds	3,336	2,819	459	58	-	-	-
Corporate Bonds	62,389	5,643	4,556	36,577	10,476	-	5,137
Mutual Funds – Fixed Income	54,916	-	-	-	-	-	54,916
Common Stock	13,972	-	-	-	-	-	13,972
Domestic Equity	229,029	-	-	-	-	-	229,029
International Equity	112,607	-	-	-	-	-	112,607
Mutual Funds	91,877	-	-	-	-	-	91,877
Index Funds – Public Equity	6,788	-	-	-	-	-	6,788
Real Estate Mutual Funds	9,173	-	-	-	-	-	9,173
Real Estate held for investment purposes	932	-	-	-	-	-	932
Money Market Funds	28,605	-	-	-	-	-	28,605
	$ 652,982	$ 47,690	$ 5,015	$ 36,635	$ 10,476	$ -	$ 553,166

(Thousands)

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. The University places no limit on the amount that may be invested in any one issuer. Investment types comprising 5% or more of the University's portfolio are as follows at June 30:

	Concentration	
	2023	2022
U.S. Government Treasuries	7%	-

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the University will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The University does not have a formal custodial credit risk policy. Investments are stated at fair value and are uninsured, unregistered, and held by the trustee or an agent, but not in the name of the University.

D. ACCOUNTS RECEIVABLE, UNBILLED CHARGES, AND LOANS TO STUDENTS

Substantially all amounts included in accounts receivable and unbilled charges represent tuition receivables, grant reimbursements, unbilled charges, patient accounts receivable, and other receivables. Balances are stated net of allowances for doubtful accounts and contractual adjustments of approximately $19,652 and $18,475 at June 30, 2023 and 2022, respectively. In addition, the University established an allowance for doubtful collections of student loans of approximately $879 and $1,563 at June 30, 2023 and 2022, respectively.

E. INVESTMENT IN JOINT VENTURE

The University and Bishop Clarkson Memorial Hospital (Clarkson) entered into a Joint Operating Agreement in 1997 forming the Nebraska Health System, a Nebraska non-profit corporation doing business as the Nebraska Medical Center. Effective July 1, 2016, NMC, the University, Clarkson, and UNMC Physicians (UNMCP) entered into a System Integration Agreement (SIA) and a successor Joint Operating Agreement (SJOA) to permanently integrate the businesses of NMC and UNMCP into Nebraska Medicine (NM). Should there be a dissolution of NM, the University and Clarkson will share equally in the remaining net position. As the University has an ongoing financial interest in NM, the University is accounting for the joint venture under the equity method, and accordingly, equity in joint venture in the accompanying statement of net position represents its one-half undivided interest based on the separate financial statements of the venture. The University has recorded 50% equity in earnings of NM for the years ended June 30, 2023 and 2022 totaling $30,750 and $19,176, respectively. In addition, to the extent that sufficient funds are available, as determined by the NM Board of Directors, the University will receive an annual capital distribution. Distributions of $8 million and $8 million, shared equally by the venturers, were declared and paid for both 2023 and 2022, respectively.

Separate financial statements of NM can be obtained from the Nebraska Medicine, 42nd Street and Dewey Avenue, Omaha, Nebraska 68105.

In addition, the University and NM have entered into an Academic Affiliation Agreement for Education and Research. In connection with the agreement, NM has agreed to financially support certain educational, research, operational, and clinical activities of the University College of Medicine that further the mission and objectives of NM. During the fiscal years ended June 30, 2023 and 2022, the University received approximately $98,673 and $83,014, respectively, of support in connection with the agreement.

(Thousands)

F. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023 and 2022 is as follows:

	2023			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 114,414	$ 2,361	$ -	$ 116,775
Construction work in progress	227,962	272,740	108,062	392,640
Total capital assets not being depreciated	342,376	275,101	108,062	509,415
Capital assets, being depreciated:				
Land improvements	358,476	18,104	14,100	362,480
Leasehold improvements	44,510	6,354	-	50,864
Buildings	3,275,095	119,498	66,942	3,327,651
Equipment	595,898	45,906	15,866	625,938
Total capital assets, being depreciated	4,273,979	189,862	96,908	4,366,933
Less accumulated depreciation for:				
Land improvements	139,711	14,700	12,629	141,782
Leasehold improvements	20,805	2,333	-	23,138
Buildings	962,218	87,430	37,308	1,012,340
Equipment	464,413	39,388	13,367	490,434
Total accumulated depreciation other assets	1,587,147	143,851	63,304	1,667,694
Capital assets, net	$ 3,029,208	$ 321,112	$ 141,666	$ 3,208,654

(Continued)

(Thousands)

	2022			
	Beginning Balance	Additions	Reductions	Ending Balance
Capital assets not being depreciated:				
Land	$ 109,063	$ 5,366	$ 15	$ 114,414
Construction work in progress	142,561	181,307	95,906	227,962
Total capital assets not being depreciated	251,624	186,673	95,921	342,376
Capital assets, being depreciated:				
Land improvements	348,892	18,297	8,713	358,476
Leasehold improvements	44,510	-	-	44,510
Buildings	3,211,642	144,179	80,726	3,275,095
Equipment	590,790	35,665	30,557	595,898
Total capital assets, being depreciated	4,195,834	198,141	119,996	4,273,979
Less accumulated depreciation for:				
Land improvements	131,942	14,052	6,283	139,711
Leasehold improvements	19,073	1,732	-	20,805
Buildings	896,409	89,284	23,475	962,218
Equipment	453,426	39,527	28,540	464,413
Total accumulated depreciation other assets	1,500,850	144,595	58,298	1,587,147
Capital assets, net	$ 2,946,608	$ 240,219	$ 157,619	$ 3,029,208

G. ACCRUED COMPENSATED ABSENCES

Accrued compensated absences are as follows at June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2023	$ 92,136	$ 70,712	$ 68,993	$ 93,855	$ 67,205
2022	$ 89,927	$ 61,036	$ 58,827	$ 92,136	$ 59,622

H. BOND OBLIGATIONS PAYABLE

Bond obligations payable are as follows at June 30:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2023					
Revenue Bonds	$ 1,199,960	$ -	$ 60,915	$ 1,139,045	$ 39,930
Revenue Bonds - Direct Placement	12,665	-	365	12,300	370
Total	1,212,625	-	61,280	1,151,345	40,300
2022					
Revenue Bonds	$ 1,239,055	$ -	$ 39,095	$ 1,199,960	$ 60,915
Revenue Bonds - Direct Placement	17,680	-	5,015	12,665	365
Total	1,256,735	-	44,110	1,212,625	61,280

(Thousands)

Bond obligations payable at June 30, 2023 and 2022 consist of the following:

Obligations of blended entities :	Coupon Rate	Annual Installment	Principal Amount Outstanding 2023	Principal Amount Outstanding 2022
University of Nebraska Facilities Corporation:				
Revenue Bonds:				
Series 2021A (Facilities Program Bonds)	2.50 - 5.00%	$9,905 - 34,540	$ 266,470	$ 266,470
Series 2021B (Facilities Program Bonds)	3.00 - 5.00%	16,465 - 25,600	89,405	89,405
Series 2019A (System Facilities Bonds)	1.83 - 3.19%	950 - 50,160	525,880	525,880
Series 2019B (System Facilities Bonds)	5.00%	6,265 - 31,150	6,265	37,415
Series 2018 (Deferred Maintenance Bonds)	5.00%	7,870 - 11,630	78,905	86,775
Series 2017A (Deferred Maintenance Bonds)	4.00 - 5.00%	6,585 - 9,410	64,480	71,065
Series 2017B (UNO/Community Facility Refunding)	2.75 - 5.00%	1,015 - 2,075	30,905	31,920
Series 2017 (UNMC Global Experiential Learning Center)	4.00 - 5.00%	1,015 - 11,050	13,980	16,840
Series 2016 (UNL Health Center and College of Nursing)	3.00 - 5.00%	740 - 2,245	10,300	12,545
Series 2016 (UNMC Cancer Center)	2.63 - 5.00%	2,215 - 2,900	20,670	22,885
Series 2016 (UNMC Utility Improvement Project)	4.00 - 5.00%	1,415 - 1,590	4,545	5,960
Series 2014A (UNMC Cancer Center)	5.00%	4,410 - 15,490	15,490	19,900
Series 2014B (Qualified Energy Conservation Bonds)	3.65 - 4.25%	405 - 510	2,775	3,180
Series 2011 (NCTA Education Center/Student Housing Project)	4.60% - 5.50%	85 - 1,645	3,475	4,220
Revenue Bonds, Direct Placement:				
Series 2015 (UNO Arena and UNL College of Business)	2.00%	180 - 4,460	4,645	4,825
Series 2015 (UNMC Qualified Energy Conservation Bonds)	4.25%	185 - 200	1,155	1,340
Total University of Nebraska Facilities Corporation			1,139,345	1,200,625
Nebraska Utility Corporation (NUCorp):				
Revenue Bonds:				
Series 2014B revenue bonds	5.00%	5,500	5,500	5,500
Revenue Bonds, Direct Placement:				
Series 2014A revenue bonds	3.40%	6,500	6,500	6,500
Total NUCorp			12,000	12,000
Subtotal bonds payable			1,151,345	1,212,625
Add unamortized bond premium			68,565	75,362
Less unamortized bond discount			(17)	(21)
Total bond obligations payable			$ 1,219,893	$ 1,287,966

(Thousands)

Annual maturities subject to mandatory redemption at June 30, 2023, are as follows:

	UNFC					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 39,930	$ 38,991	$ 370	$ 142	$ 40,300	$ 39,133
2025	32,025	36,991	4,650	130	36,675	37,121
2026	52,385	35,262	190	33	52,575	35,295
2027	40,755	33,478	195	25	40,950	33,503
2028	42,395	31,951	195	17	42,590	31,968
2029-2033	157,810	138,892	200	9	158,010	138,901
2034-2038	91,775	119,616	-	-	91,775	119,616
2039-2043	107,690	103,906	-	-	107,690	103,906
2044-2048	127,210	85,865	-	-	127,210	85,865
2049-2053	146,190	61,927	-	-	146,190	61,927
2054-2058	135,355	42,270	-	-	135,355	42,270
2059-2063	160,025	16,425	-	-	160,025	16,425
	$1,133,545	$ 745,574	$ 5,800	$ 356	$1,139,345	$ 745,930

	NUCorp					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ -	$ 275	$ -	$ 221	$ -	$ 496
2025	-	275	-	221	-	496
2026	-	275	-	221	-	496
2027	-	275	-	221	-	496
2028	-	275	-	221	-	496
2029-2033	5,500	1,375	6,500	1,106	12,000	2,481
	$ 5,500	$ 2,750	$ 6,500	$ 2,211	$ 12,000	$ 4,961

(Thousands)

	Total University					
	Revenue Bonds		Revenue Bonds (Direct Placement)		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 39,930	$ 39,266	$ 370	$ 363	$ 40,300	$ 39,629
2025	32,025	37,266	4,650	351	36,675	37,617
2026	52,385	35,537	190	254	52,575	35,791
2027	40,755	33,753	195	246	40,950	33,999
2028	42,395	32,226	195	238	42,590	32,464
2029-2033	163,310	140,267	6,700	1,115	170,010	141,382
2034-2038	91,775	119,616	-	-	91,775	119,616
2039-2043	107,690	103,906	-	-	107,690	103,906
2044-2048	127,210	85,865	-	-	127,210	85,865
2049-2053	146,190	61,927	-	-	146,190	61,927
2054-2058	135,355	42,270	-	-	135,355	42,270
2059-2063	160,025	16,425	-	-	160,025	16,425
	$1,139,045	$ 748,324	$ 12,300	$ 2,567	$1,151,345	$ 750,891

At June 30, 2023 and 2022, the University and trustees for these bond funds held cash and investments in the amount of approximately $603,020 and $746,701, respectively, which is reflected as cash and cash equivalents held by trustee - unrestricted, cash and cash equivalents held by trustee - restricted, investments held by trustee - unrestricted, and investments held by trustee - restricted on the statements of net position.

University of Nebraska Facilities Corporation

UNFC has a resolution establishing the general requirements for the issuance of bonds. The bonds are not obligations of the State of Nebraska; no tax shall ever be levied to raise the funds for the principal payment thereof or the interest or premium thereon, and the bonds do not constitute debt of the Regents but shall be payable solely out of moneys derived from designated tuition revenue, legislative appropriations, donor gifts, and or other available funds.

UNFC Bond Issuances

University Facilities Program Bonds, Series 2021A and Series 2021B – On June 9, 2021, UNFC issued $266,470 of Facilities Program Bonds, Series 2021A, and $89,405 of Facilities Program Bonds, Series 2021B (Green Bonds). The proceeds of the bonds will be used to finance new projects for the University system. Principal and interest payments will come from moneys derived by UNFC under a financing agreement with the Board of Regents.

Events of Default and Acceleration Provisions – University Facilities Program Bonds, Series 2021A and 2021B (Green Bonds)

The below-described events of default and acceleration provisions are contained in the legal documentation for the University Facilities Program Bonds, Series 2021A and Series 2021B (Green Bonds).

Events of default under the bond resolution include default of payment of principal and interest on the bonds; a covenant default that continues for 60 days after written notice to UNFC or the bond trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 business days or a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. If the Board fails to make payment upon acceleration, UNFC may, and upon the written direction of the holders of at least a majority of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable

Events of Default and Acceleration Provisions – University System Facilities Bonds, Series 2019A and 2019B

The below-described events of default and acceleration provisions are contained in the legal documentation for the University System Facilities Bonds, Series 2019A and Series 2019B.

Events of default under the bond indenture include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC and the University by the bond trustee; or an event of default under the related financing agreement. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than a majority of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce their rights under the bond indenture.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 3 business days or a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. If the Board fails to make payment upon acceleration, UNFC may, and upon the written direction of the holders of at least a majority of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable.

Events of Default and Acceleration Provisions – UNFC Deferred Maintenance Bonds

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- Facilities Bonds, Series 2018
- Facilities Bonds, Series 2017A

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

The third amended and restated financing agreement for the Facilities Bonds, Series 2018 also governs the Board's obligations under UNFC's Deferred Maintenance Refunding Bonds, Series 2016 and Facilities Bonds, Series 2017A. UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the third amended and restated financing agreement to the bond trustee.

Events of Default and Acceleration Provisions – Certain UNFC Bonds

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- UNMC Eye Institute Project, Series 2018
- UNO/Community Facility Refunding Bonds, Series 2017B

Events of default under the bond resolution include default of payment of principal or interest, or a covenant default that continues for 60 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders of not less than 10% of bonds outstanding are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

The below-described events of default and acceleration provisions are contained within the respective legal documentation for the following bond issues of UNFC:

- UNMC Global Experiential Learning Center, Series 2017
- UNL Health Center and College of Nursing Projects, Series 2016
- UNMC Utility Improvements Project, Series 2016
- UNMC Cancer Center Bonds, Series 2016

- UNMC Cancer Center Bonds, Series 2014A
- UNMC QECBs, Series 2014B

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bond trustee; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 15 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

Events of Default and Acceleration Provisions – UNO Arena and UNL College of Business, Series 2015

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bondholder may declare all outstanding principal and accrued interest due and payable immediately. The bondholder is also entitled to equitable and legal remedies to enforce its rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 5 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the bondholder shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bondholder.

Events of Default and Acceleration Provisions – UNMC Qualified Energy Conservation Bond, Series 2015

Events of default under the bond resolution include default of payment of principal or interest on the bonds; a covenant default that continues for 30 days after written notice to UNFC or the bondholder; the institution of bankruptcy proceedings with regards to the Board; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the bond trustee may, and upon the written direction of the holders of not less than 25% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce their rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the financing agreement upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default that is not remedied within 5 days and a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice. UNFC may, and upon the written direction of the holders of at least 25% of bonds outstanding shall, take possession of the facilities constituting the projects and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the financing agreement to the bond trustee.

Events of Default and Acceleration Provisions – NCTA Education Center/Student Housing Project, Series 2011

Events of default under the bond indenture include default of payment of principal or interest, or a covenant default that continues for 30 days after written notice to UNFC or the bond trustee. Upon the occurrence of an event of default under the bond indenture, the bond trustee may, and upon the written direction of the holders of not less than 10% of bonds outstanding shall, declare all outstanding principal and accrued interest due and payable immediately. Bondholders are also entitled to equitable and legal remedies to enforce its rights under the bond resolution.

UNFC also has the right to accelerate the Board's obligations under the lease upon an event of default by the Board of Regents. Events of default under the financing agreement include a payment default; a failure of the Board to perform any covenant or obligation thereunder that is not remedied within 30 days of notice or if the Board is not diligently working to cure such failure; an admission by the Board in writing that it is unable to pay its debts when due; the institution of bankruptcy proceedings with regards to the Board; appointment of receivership or similar proceedings; a writ or warrant of attachment or similar process against all or a substantial portion of the Board's property, which is not contested or stayed within 60 days; or if the Board shall abandon the project and it shall remain uncared for or unoccupied for a period of 60 days. UNFC may, and upon the written direction of the trustee shall declare the bonds due and payable, take possession of the facilities constituting the project and take such other action, including the lease thereof, as it shall deem advisable. For these purposes, UNFC has assigned its rights under the lease to the bond trustee.

Nebraska Utility Corporation

Events of Default and Acceleration Provisions – NUCorp 2014A and 2014B Bonds

Events of default under the applicable bond resolution include default of payment of principal on the bonds, or the payment of interest that is not remedied within 30 days after the payment date; a covenant default that continues for 90 days after written notice NUCorp (subject to limitations of inability to comply due to a force majeure); the failure of NUCorp to pay its debts when due; the institution of bankruptcy by NUCorp or similar proceedings with regards to the NUCorp; bankruptcy proceedings commenced against NUCorp that have not been stayed or dismissed within 90 days; and an event of default under the financing agreement. Upon the occurrence of an event of default under the bond resolution, the holders of not less than 25% of bonds outstanding may appoint a receiver to act as trustee for the benefit of bondholders. The receiver may sue for all amounts then due or during a default becoming, and at any time remaining due from NUCorp. Bondholders representing not less than a majority of outstanding bonds are also entitled direct the proceedings of the receiver, subject to the receiver's opinion of fairness to all bondholders.

(Thousands)

Bond Resolutions/Indentures

The bond resolutions or indentures, as applicable, specify the funds that need to be established, the required transfers between funds, and the maximum maturity limits for each funds' investments. The bond resolutions or indentures also require that specified amounts be deposited with the trustee for certain funds. At June 30, 2023 and 2022, the University, UNFC, and NUCorp are in compliance with these requirements.

I. LEASE OBLIGATIONS

Change in Accounting Policy

Effective for the fiscal year ended June 30, 2022, the University adopted GASB Statement No. 87, Leases, ("GASB 87"). This statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the University's lease activities. The adoption date of GASB 87 is reflected as of July 1, 2020, resulting in an increase in right-to-use leased assets of $98,832 and increase in lease obligations of $46,818. These balances were calculated using the facts and circumstances that existed at July 1, 2020, as prescribed by GASB 87. There was no impact to beginning net position at July 1, 2020.

Lessee

The University leases office space and land from external parties, as well as office, medical, research, athletics, residential, custodial and telecommunications equipment. In accordance with GASB 87, the University records right-to-use assets and lease obligations based on the present value of expected payments over the term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the University of Nebraska's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For leases featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The University does not have any leases subject to a residual value guarantee. The right-to-use assets are amortized over the shorter of the lease term or the underlying asset useful life.

The amount of right-to-use leased assets by major classes of underlying assets at June 30, 2023 and 2022, respectively, are as follows:

Year ended June 30, 2023

Asset Class	Right-to-use leased assets	Right-to-use leased assets accumulated amortization	Right-to-use leased assets, net
Buildings	$ 97,612	$ (16,782)	$ 80,830
Equipment	8,510	(3,625)	4,885
Land	19	(6)	13
Land Improvements	36	(14)	22
	$ 106,177	$ (20,427)	$ 85,750

(Thousands)

Year ended June 30, 2022

Asset Class	Right-to-use leased assets	Right-to-use leased assets accumulated amortization	Right-to-use leased assets, net
Buildings	$ 96,957	$ (11,200)	$ 85,757
Equipment	8,603	(2,864)	5,739
Land	19	(2)	17
Land Improvements	36	(2)	34
	$ 105,615	$ (14,068)	$ 91,547

As of June 30, 2023, the scheduled fiscal year maturities of lease obligations and related interest expense are as follows:

Ending June 30,	Principal	Interest
2024	$ 4,325	$ 5,217
2025	4,802	5,101
2026	4,319	4,999
2027	3,809	4,901
2028	3,503	4,796
2029-2033	14,679	22,316
2034-2038	15,654	18,390
2039-2043	22,655	11,910
2044-2048	16,266	2,514
2049-2053	233	368
2054-2058	375	319
2059-2063	559	242
2064-2068	794	131
2069-2073	398	10
	$ 92,371	$ 81,214

During the years ended June 30, 2023 and 2022, the University paid $157 and $65, respectively, in variable lease payments not previously included in the measurement of the related lease liabilities.

(Thousands)

Lease obligation activity for the year ended June 30 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2023 Lease obligations	$ 95,963	$ 4,539	$ 8,131	$ 92,371	$ 4,789
2022 Lease obligations	$ 94,196	$ 6,706	$ 4,930	$ 95,972	$ 4,834

Lessor

The University leases office space and land to external parties. In accordance with GASB 87, the University records lease receivables and deferred inflows of resources based on the present value of remaining lease payments expected to be received during the lease term plus any payments received at or before the commencement of the lease term that relate to future periods. The expected receipts are discounted using the interest rate charged on the lease, if known, or the University of Nebraska's incremental borrowing rate. Variable receipts are excluded from the valuations unless they are fixed in substance. Future recognition of the deferred inflow of resources as revenue is performed in a systematic and rational manner over the term of the lease. During the years ended June 30, 2023 and 2022, the University recognized revenues related to these lease agreements totaling $3,189 and $3,080, respectively.

J. SUBSCRIPTION OBLIGATIONS

Change in Accounting Policy

Effective for the fiscal year ended June 30, 2023, the University adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements, ("GASB 96"). The adoption date of GASB 96 is reflected as of July 1, 2021, resulting in an increase in right-to-use subscription assets of $12,421 and increase in subscription obligations of $12,421. These balances were calculated using the facts and circumstances that existed at July 1, 2021, as prescribed by GASB 96. Right-to-use subscription assets are defined by the University as having an initial cost in excess of $100 over the subscription term. There was no impact to beginning net position at July 1, 2021.

The University utilizes subscription-based information technology arrangements as part of its business operations. In accordance with GASB Statement No. 96, the University records right-to-use assets and subscription obligations based on the present value of expected payments over the term of the respective subscriptions. The expected payments are discounted using the interest rate charged on the subscription, if available, or are otherwise discounted using the University of Nebraska's incremental borrowing rate. Variable payments are excluded from the valuations unless they are fixed in substance. For subscriptions featuring payments tied to an index or market rate, the valuation is based on the initial index or market rate. The right-to-use assets are amortized over the shorter of the subscription term or the underlying asset useful life.

The amount of right-to-use subscription assets by major classes of underlying assets at June 30, 2023 and 2022, respectively, are as follows:

(Thousands)

Year ended June 30, 2023

Asset Class	Right-to-use subscription assets	Right-to-use subscription assets accumulated amortization	Right-to-use subscription assets, net
Software	$ 32,070	$ (12,115)	$ 19,955

Year ended June 30, 2022

Asset Class	Right-to-use subscription assets	Right-to-use subscription assets accumulated amortization	Right-to-use subscription assets, net
Software	$ 24,384	$ (5,364)	$ 19,020

As of June 30, 2023, the scheduled fiscal year maturities of subscription obligations and related interest expense are as follows:

Ending June 30,	Principal	Interest
2024	$ 5,944	$ 285
2025	4,963	182
2026	3,097	103
2027	1,439	55
2028	1,354	33
2029-2033	1,687	19
	$ 18,484	$ 677

During the years ended June 30, 2023 and 2022, the University paid $0 and $0, respectively, in variable subscription payments not previously included in the measurement of the related subscription liabilities.

Lease obligation activity for the year ended June 30 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
2023 Subscription obligations	$ 18,319	$ 8,517	$ 8,352	$ 18,484	$ 5,944
2022 Subscription obligations	$ 12,421	$ 11,964	$ 6,066	$ 18,319	$ 5,984

(Thousands)

K. HEALTH AND OTHER INSURANCE CLAIMS

Activity in the health and other insurance claims programs is as follows:

	Self-Insurance	General Liability	Health and Dental	Total
Claim reserve, July 1, 2021	$ 125	$ 6,285	$ 9,849	$ 16,259
Incurred claims	-	4,407	145,111	149,518
Payments on claims	(125)	(2,510)	(146,382)	(149,017)
Claim reserve, June 30, 2022	-	8,182	8,578	16,760
Incurred claims	-	7,839	166,689	174,528
Payments on claims	-	(4,688)	(162,432)	(167,120)
Claim reserve, June 30, 2023	$ -	$ 11,333	$ 12,835	$ 24,168

The Board of Regents provides for protection against comprehensive general liability and property losses through a partially self-insured general liability program. The self-insured program also covers the retained deductible for directors and officers liability and miscellaneous claims not covered by insurance. The Board of Regents has purchased all-risk "blanket" policies for risks not covered by the partially self-insured general liability program. A bank administers the general liability trust including the investments and payment of approved claims. The University estimates a range of loss for general liability and property claims using actuarial studies conducted by an outside actuarial firm. The estimate of the claim reserves used by the actuaries was undiscounted for general liability. The estimate is accrued in the accompanying financial statements and includes a reserve for known claims as well as incurred but unreported incidents.

The University participates in the State Excess Liability Fund that provides coverage for medical malpractice claims.

The Board of Regents provides for faculty and staff group health and dental benefits through a self-insurance program. The University accrued an estimate for known as well as incurred but not reported claims based on claim history adjusted for current trends. A trust agreement with a bank provides for the collection, investment, and administration of premiums and for payment to the third-party administrators for claims paid.

At June 30, 2023 and 2022, the trustees for the health and other insurance claims programs held cash and cash equivalents and investments totaling approximately $64,491 and $70,617, respectively, whose use is limited to the payment of claims under the programs. These amounts are included in cash and cash equivalents and investments – restricted on the statements of net position.

(Continued)

(Thousands)

L. RETIREMENT PLANS

The University sponsors a defined contribution retirement plan that the Board of Regents established and has the authority to amend. The plan covers all academic faculty, administrative, and classified staff and provides investment options administered by Teachers Insurance and Annuity Association/College Retirement Equity Fund and Fidelity Investments. Under the plan, faculty and staff are required to contribute 3.5% or 5.5% if they participate in either Tier 1 or Tier 2 of the plan, respectively. The University matches faculty and staff participation by contributing 6.5% and 8.0% for Tier 1 and Tier 2, respectively. The University's policy is to fund costs accrued on an annual basis.

The University's total payroll for fiscal years 2023 and 2022 was approximately $1,229,621 and $1,169,926, respectively, of which approximately $896,750 and $866,373 was covered by the plan. The University's contribution during 2023 and 2022 was approximately $70,049, or 7.81%, and $67,707, or 7.81%, of covered payroll, respectively, and the faculty and staff's contribution was approximately $47,088, or 5.25%, and $45,538, or 5.26%, of covered payroll, respectively.

Faculty and staff (at least 0.5 FTE) who attain age 26 and have completed 24 months of continuous service are eligible to participate in the retirement plan. Faculty and staff (at least 0.5 FTE) attaining age 30 following 24 months of continuous service are required to participate. The plan benefits are fully vested at the date of contribution.

M. COMMITMENTS AND CONTINGENCIES

The University has budgeted for the construction of facilities that are estimated to cost approximately $1,056,746 and $825,988 at June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the approximate remaining costs to complete these facilities were $522,654 and $546,867, respectively, which will be financed as follows:

	2023	2022
Bond funds	$ 269,251	$ 332,377
Federal Funds	51,992	1,429
University funds	48,408	16,795
State capital appropriations	408	136
Private gifts, grants, and contracts	152,595	196,130
	$ 522,654	$ 546,867

During the normal course of business, the University receives funds from the U.S. Government, State and local governments, and private donors for student loans, special projects, research grants, and research contracts. Substantially all of these funds are subject to audit by various Federal and State agencies; however, it is the University's opinion that resulting adjustments, if any, would not have a material effect upon the accompanying financial statements.

The University established its Agricultural Research and Development Center (ARDC) on approximately 9,000 acres acquired from the Nebraska Ordnance Plant (NOP) from 1962 to 1971. The Federal government produced munitions at NOP during World War II and the Korean Conflict, exposing the area to contaminants. The University legally disposed of certain materials at the site in the 1970s.

In 1990, the NOP became a Federal Superfund site. An administrative order has been entered into between the Board of Regents and the Environmental Protection Agency (EPA) requiring a remedial investigation/feasibility study to determine the extent of contamination and removal actions necessary. This study was completed and the consulting firm made recommendations to the University for the removal and disposal of the contaminants at the site.

The Board of Regents and the EPA subsequently agreed to an action for the remediation and restoration of the area, which was completed pending acceptance of the final remedial investigation feasibility study report by the EPA. In 2011, the University received a proposed plan from the EPA for additional remedial activities, such as installation of a landfill cap, an establishment of a monitoring well network, and treatment for a groundwater contaminant. In 2013, the EPA submitted a record of decision of an approved remedy and, in 2014, the University and the EPA signed a consent decree and statement of work to complete the remediation work, which decree was approved by the United States District Court in June 2015.

The University and the EPA have agreed that an amendment to the record of decision is necessary to reduce the scope of remediation efforts at NOP. Current cost estimates are approximately $138 per year until the amendment process is complete, at which time more precise costs will be known.

The University has other claims and litigation pending, none of which is expected to result in any material loss to the University.

N. RELATED-PARTY TRANSACTIONS

The University routinely has transactions with Nebraska Medicine (NM). The members of the faculty at the University are also members of the medical staff of NM, and in many other areas, the operations of the University and NM are integrated and overlap. The University provides certain operational and support services, as well as certain direct financial support to NM. For the fiscal years ended June 30, 2023 and 2022, NM purchased approximately $28,684 and $26,837 of goods and services from UNMC. In addition, during 2023 and 2022, UNMC paid NM $28,256 and $33,408, respectively, for support services provided by NM.

On March 26th, 2014, UNMC entered into a lease agreement between the Board of Regents of the University of Nebraska (“Landlord”) and The Nebraska Medical Center (“Tenant”) for space within the Comprehensive Cancer Center. In the lease agreement, the tenant agrees to pay to landlord an amount equal to the debt service for all its bonded indebtedness and bond indebtedness of its affiliates. During 2023 and 2022, UNMC had lease receivables due from The Nebraska Medical Center in the amounts of $22,660 and $32,638, respectively, included in footnote I.

(Thousands)

O. FUNCTIONAL CLASSIFICATIONS OF EXPENSES

For the year ended June 30, 2023:

	Compensation	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	$ 559,083	$ 65,958	$ 9,959	$ -	$ 635,000
Research	293,276	164,708	7,827	-	465,811
Public service	91,213	47,714	742	-	139,669
Academic support	153,288	53,270	763	-	207,321
Student services	33,303	10,025	629	-	43,957
Institutional support	122,785	42,772	4,364	-	169,921
Operation and maintenance of plant	51,511	77,523	-	-	129,034
Healthcare entities	80,645	29,556	497	-	110,698
Scholarships and fellowships	892	1,703	46,196	-	48,791
Auxiliary operations	175,054	194,095	4,648	475	374,272
Depreciation and amortization	-	-	-	158,737	158,737
Total expenses	$ 1,561,050	$ 687,324	$ 75,625	$ 159,212	$ 2,483,211

For the year ended June 30, 2022:

	Compensation	Supplies and Services	Scholarships and Fellowships	Depreciation and Amortization	Total
Instruction	$ 537,146	$ 47,773	$ 11,447	$ -	$ 596,366
Research	271,215	134,646	6,434	-	412,295
Public service	88,892	38,636	551	-	128,079
Academic support	143,544	53,588	540	-	197,672
Student services	31,329	9,392	791	-	41,512
Institutional support	115,799	37,835	157	-	153,791
Operation and maintenance of plant	43,137	72,340	-	-	115,477
Healthcare entities	72,981	22,954	324	-	96,259
Scholarships and fellowships	904	432	94,723	-	96,059
Auxiliary operations	156,549	164,108	1,814	-	322,471
Depreciation and amortization	-	-	-	157,410	157,410
Total expenses	$ 1,461,496	$ 581,704	$ 116,781	$ 157,410	$ 2,317,391

P. Restatement

Effective for fiscal year ended June 30, 2023, the University adopted GASB Statement No.94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* (“GASB 94”), which establishes definitions of public-private and public-public partnerships (“PPPs”) and availability payment arrangements ("APAs") and provides uniform guidance on accounting and financial reporting for these types of transactions. This statement supersedes GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The University did not experience a material impact on the financial statements from the adoption of GASB 94. Effective for fiscal year ended June 30, 2023, the University adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("GASB 96"), which establishes accounting and financial reporting requirements for subscription-based information technology arrangements ("SBITAs"). The statement requires the University to recognize right-to-use assets and related subscription liabilities for SBITAs at the present value of expected future payments for SBITAs. The impact to the Statement of Revenues, Expenses, and Changes in Net Position is recognition of annual amortization of subscription right-to-use assets. The adoption of GASB 94 and GASB 96 has been reflected as of July 1, 2021. The financial statements for the year ended June 30, 2022 have been restated to present the impact of GASB 94 and 96. The impact to net position for the year ended June 30, 2022 is summarized below.

GASB 94 and 96 Impact for the Year Ended June 30, 2022 (in thousands):

Net position at June 30, 2022, as previously reported	$	4,693,521
Adjustment for subscription based IT arrangements as defined by GASB 96		527
Adjustment for public private/public public partnerships as defined by GASB 94		36
Other restatements to FY22 net position made during FY23 preparation not related to GASB 94/96		9,534
Net position as June 30, 2022, as restated		4,703,618

Effective for fiscal year ended June 30, 2022, the University adopted GASB Statement No. 87, *Leases* ("GASB 87"). This statement supersedes GASB Statement No. 62 and establishes new requirements for calculating and reporting the University's lease activities. The University recognized lease assets and related lease obligations at the present value of expected future payments for lease agreements in which the University is the lessee. The University recognized lease receivables and related deferred inflows of resources at the present value of expected future receipts for lease agreements in which the University is the lessor. The impacts to the Statement of Revenues, Expenses, and Changes in Net Position include reclassifying certain lease payments from operating revenues and expenses to nonoperating revenues and expenses and recognizing annual amortization of lease assets and deferred inflows of resources over the term of the lease. The adoption of GASB 87 has been reflected as of July 1, 2020. The financial statements for the year ended June 30, 2021 have been restated to present the impact of GASB 87. The impact to net position for the year ended June 30, 2021 is summarized below.

GASB 87 Impact for the Year Ended June 30, 2021 (in thousands):

Net position at June 30, 2021, as previously reported	$	4,591,500
Adjustment for leases defined by GASB 87		4,816
Other restatements to FY21 net position made during FY22 preparation not related to GASB 87		(213)
Net position as June 30, 2021, as restated		4,596,103

Q. CONDENSED COMPONENT UNIT FINANCIAL INFORMATION

Condensed financial information, before the elimination of certain intra-University transactions, for each of the University's Component Units follows (in thousands):

For the year ended June 30, 2023

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
Condensed Statement of Net Position						
Assets and Deferred Outflows of Resources						
Assets:						
Current assets	$ 43,170	$ 371,457	$ 7,761	$ 1,108	$ 26,475	$ 8,028
Non-current assets						
Capital assets	14,187	-	-	35	-	8,169
Other non-current assets	5,837	647,119	962	-	153,582	12,331
Total assets	63,194	1,018,576	8,723	1,143	180,057	28,528
Deferred Outflows of Resources						
Deferred loss on bond refunding	-	28,372	-	-	-	-
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities	11,874	87,773	4,679	449	994	170
Non-current liabilities	5,470	1,161,256	814	162	853	12,000
Total liabilities	17,344	1,249,029	5,493	611	1,847	12,170
Deferred Inflows of Resources						
Deferred lease agreements	10,922	-	-	-	-	-
Deferred service concession arrangement receipts	-	8	-	-	-	-
Net Position:						
Net investment in capital assets	8,428	-	-	35	-	(3,852)
Restricted:						
Expendable	19,599	-	-	-	69,534	-
Debt service	-	47,817	-	-	-	12,551
Unrestricted	6,901	(249,906)	3,230	497	108,676	7,659
Total net position	$ 34,928	$ (202,089)	$ 3,230	$ 532	$ 178,210	$ 16,358

(Thousands)

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating revenues						
Grants and contracts	$ 52,415	$ -	$ -	$ -	$ -	$ -
Sales and services of educational activities	6,242	-	-	-	-	-
DDIF revenue	-	-	-	-	289	-
Sales and services of health care entities	-	-	12,054	2,197	-	-
Other operating revenue	1,237	-	-	-	-	1,148
Operating expenses:						
Depreciation	1,244	-	-	8	-	475
Amortization	1,020					-
Other operating expenses	46,000	320	11,618	2,325	65	199
Operating income	11,630	(320)	436	(136)	224	474
Non-operating income (expense)	9,198	(38,730)	6	-	13,138	(62,146)
Increase (decrease) in net position	20,828	(39,050)	442	(136)	13,362	(61,672)
Net position - beginning of year	14,100	(163,039)	2,788	668	164,848	78,030
Net position - end of year	$ 34,928	$ (202,089)	$ 3,230	$ 532	$ 178,210	$ 16,358
Condensed Statement of Cash Flows						
Net cash flows from operating activities	$ 14,344	$ -	$ 830	$ 24	$ 5,493	$ 276
Net cash flows from noncapital financing activities	-	-	-	-	(1,835)	-
Net cash flows from capital and related financing activities	5,286	(164,681)	-	(1)	-	(2,737)
Net cash flows from investing activities	301	9,411	6	-	(552)	1,075
Net change in cash and cash equivalents	19,931	(155,270)	836	23	3,106	(1,386)
Cash and cash equivalents - beginning of year	11,307	632,617	3,175	848	4,848	21,405
Cash and cash equivalents - end of year	$ 31,238	$ 477,347	$ 4,011	$ 871	$ 7,954	$ 20,019

(Thousands)

For the year ended June 30, 2022

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
Condensed Statement of Net Position						
Assets and Deferred Outflows of Resources						
Assets:						
Current assets	$ 19,775	$ 330,773	$ 6,235	$ 1,193	$ 15,281	$ 9,123
Non-current assets						
Capital assets	13,058	-	-	42	-	71,221
Other non-current assets	2,729	793,481	946	-	155,573	14,900
Total assets	35,562	1,124,254	7,181	1,235	170,854	95,244
Deferred Outflows of Resources						
Deferred loss on bond refunding	-	30,129	-	-	-	124
Liabilities, Deferred Inflows of Resources, and Net Position						
Liabilities:						
Current liabilities	12,871	109,515	3,589	458	4,883	5,214
Non-current liabilities	5,840	1,207,892	804	109	1,123	12,000
Total liabilities	18,711	1,317,407	4,393	567	6,006	17,214
Deferred Inflows of Resources						
Deferred lease agreements	2,751					
Deferred service concession arrangement receipts	-	15	-	-	-	-
Net Position:						
Net investment in capital assets	6,210	-	-	42	-	57,032
Restricted:						
Expendable	23	-	-	-	63,658	-
Debt service	-	48,827	-	-	-	5,788
Unrestricted	7,867	(211,866)	2,788	626	101,190	15,210
Total net position	$ 14,100	$ (163,039)	$ 2,788	$ 668	$ 164,848	$ 78,030

(Continued)

(Thousands)

	UTDC	UNFC	UNeHealth	UDA	SRF	NUCorp
Condensed Statement of Revenues, Expenses and Changes in Net Position						
Operating revenues						
Grants and contracts	$ 27,598	$ -	$ -	$ -	$ -	$ -
Sales and services of educational activities	7,143	-	-	-	-	-
DDIF revenue	-	-	-	-	8,000	-
Sales and services of health care entities	-	-	8,526	2,384	-	-
Other operating revenue	1,213	-	-	-	-	28,718
Operating expenses:						
Depreciation	75	-	-	7	-	3,283
Amortization	674					
Other operating expenses	34,736	371	8,160	2,412	(12)	19,738
Operating income	469	(371)	366	(35)	8,012	5,697
Non-operating income (expense)	8,698	(25,372)	(168)	80	(20,030)	(222)
Increase (decrease) in net position	9,167	(25,743)	198	45	(12,018)	5,475
Net position - beginning of year	4,933	(137,296)	2,590	623	176,866	72,555
Net position - end of year	$ 14,100	$ (163,039)	$ 2,788	$ 668	$ 164,848	$ 78,030
Condensed Statement of Cash Flows						
Net cash flows from operating activities	$ (1,817)	$ -	$ 254	$ (173)	$ 8,948	$ 9,222
Net cash flows from noncapital financing activities	-	-	(167)	81	(5,197)	-
Net cash flows from capital and related financing activities	1,804	(19,698)	-	(33)	-	(10,013)
Net cash flows from investing activities	9	(31,638)	-	-	(3,239)	16,351
Net change in cash and cash equivalents	(4)	(51,336)	87	(125)	512	15,560
Cash and cash equivalents - beginning of year	11,311	683,953	3,088	973	4,336	5,845
Cash and cash equivalents - end of year	$ 11,307	$ 632,617	$ 3,175	$ 848	$ 4,848	$ 21,405

(Continued)

R. SUBSEQUENT EVENTS

The University of Nebraska has evaluated subsequent events from the balance sheet date through December 11, 2023, the date at which the financial statements were available to be issued. No additional items were identified that would require disclosure.

S. UNIVERSITY OF NEBRASKA FOUNDATION

The Foundation is a separate, nonprofit organization incorporated in the State of Nebraska and has as its purpose to encourage private financial support of the University from individuals, corporations, and other foundations. Oversight of the Foundation is the responsibility of a separate and independent Board of Trustees, not otherwise affiliated with the University. In carrying out its responsibilities, the Board of Trustees of the Foundation employs management, forms policy, and maintains fiscal accountability over funds administered by the Foundation.

Although the University does not control the timing or amount of receipts from the Foundation, the resources that the Foundation holds and invests, or the income thereon, are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation are primarily used by, or for the benefit of, the University, the Foundation is considered a component unit of the University and is therefore discretely presented with the University's financial statements. Based on the Foundation's audited financial statements as of June 30, 2023 and 2022, the Foundation's net assets (including unrealized gains) totaled $2,790,614 and $2,629,372, respectively.

During the years ended June 30, 2023 and 2022, the Foundation contributed $159 million and $102 million, respectively, to the University for academic support, student assistance, faculty assistance, research, museums, and libraries. In addition, the Foundation provided capital gifts of $129 million and $114 million during 2023 and 2022, respectively, to the University. These contributions provided support for several projects, including the renovation of the UNO Durham Science Center and the construction of Kiewit Hall and the North Stadium Expansion at UNL.

Complete financial statements for the Foundation can be obtained from the University of Nebraska Foundation, 1010 Lincoln Mall, Suite 300, Lincoln, Nebraska 68508-2886.

T. COMPONENT UNIT DISCLOSURES

Note 1: Summary of Significant Accounting Policies

Nature of the Entity and Principles of Consolidation

The University of Nebraska Foundation (the Foundation) is a nonprofit corporation whose purpose is to provide financial support to the University of Nebraska system (the University). The accompanying consolidated financial statements include the Foundation's wholly owned subsidiaries, UNF Investments, LLC and UNF Charitable Gift Fund (UNFCGF). All significant intercompany accounts and transactions have been eliminated upon consolidation.

The University of Nebraska (the University) considers the University of Nebraska Foundation a Component Unit under Government Accounting Standards Board Statements and therefore includes the audited financial statements of the Foundation in the University's Annual Financial Report.

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor-imposed restrictions. Net assets that have similar characteristics have been combined into similar categories as follows:

Net assets without donor restrictions – Net assets and contributions not subject to donor-imposed stipulations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations outlining a specific use or time restriction, which can be temporary or perpetual in nature. After the donor-imposed time or purpose restriction is satisfied or after the Foundation's board appropriates their expenditures in the case of gains and income on endowment funds maintained in perpetuity, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported within the consolidated statements of activities as net assets released from restrictions.

Revenue is reported as increases in net assets without donor restrictions unless use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on investments and any other assets or liabilities are reported as increases (decreases) in net assets without donor restrictions, unless their use is limited by donor stipulation or by laws. Expirations of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. If a restriction is fulfilled in the same time period in which the funds are received, the Foundation reports the funds as a component of net assets without donor restrictions. At times, the Foundation receives requests by donors or their designees to change the use for which the gifts were originally intended. The requests are reviewed by the Foundation for approval. Approved changes, depending on the donor's request, may result in the reclassification due to change in donor intent in the consolidated statements of activities.

Use of Estimates

The preparation of consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

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Gifts, Bequests, and Life Insurance Proceeds

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are recognized when they become unconditional. A promise to give is conditional based on whether the agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. A conditional promise to give becomes an unconditional promise to give when the barriers in the agreement are overcome. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as contributions with donor restriction.

The Foundation recognizes a receivable and revenue at the time a pledge is made by the donor if the pledge is verifiable, measurable, probable of collection, and meets all applicable eligibility requirements. Pledges extending beyond one year are discounted to recognize the present value of the future cash flows. In subsequent years, this discount is accreted and reported as additional contribution revenue in accordance with donor-imposed restrictions, if any, and is recorded in gifts, bequests, and life insurance proceeds on the statement of activities. The discount rate utilized for 2023 and 2022 ranged from 0.37% – 4.49% and 0.37% - 2.00%, respectively. In addition, pledges are reported net of an allowance, which includes specific reserves for items that are past due in payments as well as a general reserve set at 3% of pledges receivable balance.

Included in gifts, bequests, and life insurance proceeds, is an advancement fee assessed on incoming expendable contributions, with certain predetermined exclusions, effective March 1, 2020. During the years ended June 30, 2023 and 2022 the fee was $1,703 and $1,415, respectively, and is included as an increase in net assets without donor restriction within gifts, bequests, and life insurance proceeds within the consolidated statement of activities.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturity of three months or less when purchased, excluding those amounts held as part of the investment and temporary investment portfolios.

The Foundation maintains cash balances and certificates of deposit at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation. At various times during the fiscal year, the Foundation's cash in bank balances exceeded the federally insured limits. The Foundation has maintained its cash balances and certificates of deposit at financial institutions in accordance with all Foundation policies and procedures. At June 30, 2023, the Foundation's cash accounts exceeded federally insured limits by approximately $5,312.

Investments and Temporary Investments

Investments and temporary investments in equity securities with readily determinable fair values and debt securities are reported at fair value. For alternative investments in funds that do not have readily determinable fair values, including certain hedge funds and limited partnerships, the Foundation records these investments using net asset value per share or its equivalent as a practical expedient to fair value. These investments in alternative investments are valued based upon the most recent net asset value or capital account information available from the fund manager, adjusted for subsequent cash flows as necessary. The Foundation applies the practical expedient to its investments on an investment-by-investment basis and consistently with the Foundation's entire position in a particular investment unless it is probable that the Foundation will sell a portion of an investment at an amount different from the net asset valuation.

Real estate, mortgage and promissory notes, and the cash value of insurance policies are recorded at amortized cost. They are reviewed for impairment on an annual basis.

Temporary investments comprise short-term investments used to maintain liquidity and are comprised mainly of a mix of U.S., state, and local government fixed income securities and corporate bonds. Investments comprise a mix of equities, fixed income, other investments, and alternative investments, which have a longer-term focus (generally endowment funds).

Donated investments are reported at estimated fair value at the date of receipt. Realized gains and losses on sales of investments are recognized in the consolidated statements of activities as specific investments are sold. Interest income is recognized as earned. Dividend income is recognized on the ex-dividend date.

Investments Income (Loss)

Investment income is comprised of dividends, interest, and other investment income and is shown net of external investment management and custody fees. Included in investment income is a management fee charged by the Foundation to endowment accounts within each net asset class for which the Foundation manages investments. This management fee is calculated annually based on the market value of the endowment and is charged ratably over the year on a monthly basis. These fees are used to support the Foundation's management and fund-raising operations. During the years ended June 30, 2023 and 2022, $22,889 and $20,153, respectively, was charged to donor restricted investment income and credited to investment income without donor restriction in the consolidated statements of activities related to the management fee for endowment funds. Also, included in investment income without donor restriction for the years ended June 30, 2023 and 2022 is $5,623 and $5,892, respectively, of a management fee charged by the Foundation to agency funds, which is calculated annually based on the market value of the agency funds and is charged ratably over the year on a monthly basis.

Deposits Held in Custody for Others

Deposits held for others represent funds held in a fiduciary capacity. The assets are included in investments and the corresponding liability for these funds are reflected on the consolidated statements of financial position, however, the transactional activity of these funds is not reflected in the consolidated statements of activities as the Foundation is acting as an agent for these funds. Such funds approximated $402 million and $360 million at June 30, 2023 and 2022, respectively, and are recorded as a liability on the consolidated statements of financial position. These funds are held on behalf of the University and other related entities.

Benefits Paid to University

The Foundation recognizes an expense related to benefits to the University when the University submits a request that meets the requirements of each fund or donor agreement. A payable is recognized for any requests made that meet requirements of the fund agreement but are not yet paid as of period end.

Deferred Annuities Payable

The Foundation is the beneficiary of split interest agreements in the form of charitable gift annuities, charitable remainder trusts, and pooled income funds. The liability is established at the time of the contribution using actuarial tables and an assumed interest rate. The interest rates used for the establishment of the liability was 2.8% for the years 2023 and 2022. In connection with certain agreements, the Foundation has committed to the payment of an annual annuity to the donor. Assets held are recorded at fair value of $39,247 and $39,263 as of June 30, 2023 and 2022 respectively, and are included in the investments in the consolidated statements of financial position. Liabilities associated with these agreements as of June 30, 2023 and 2022 are $17,153 and $17,199, respectively, and have been reflected as deferred annuities payable on the consolidated statements of financial position. Annuity obligations are adjusted annually for actuarial changes in life expectancy. The increases and decreases to the liability are reflected as change in the value of split interest agreements with donor restriction in the consolidated statements of activities, which is consistent with the method used to initially record the contribution.

Fair Value of Financial Instruments

Fair value is defined as 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.

The Foundation’s valuation methodologies may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. While management believes the Foundation’s valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

Income Taxes

The Foundation has been recognized as a not-for-profit corporation by the Internal Revenue Service as described in Section 501(c)(3) of the Internal Revenue Code (Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Foundation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Such tax positions, which are more than 50% likely of being realized, are measured at their highest value. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The Foundation believes it is no longer subject to incomes tax examinations for years prior to 2018. During 2023 and 2022, management determined that there are no income tax positions requiring recognition in the consolidated financial statements.

Revisions

Certain immaterial revisions have been made to the 2022 financial statements for changes related to the deposits held in custody for others on the consolidated statements of cash flows. These revisions did not have a significant impact on the financial statement line items impacted.

Note 2: Fair Value Investments

The Foundation uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Foundation determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.

- Level 2 inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

- Level 3 inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

(Thousands)

The tables below present the balances of assets and liabilities measured at June 30, 2023 and 2022 at estimated fair value on a recurring basis and the level within the fair value hierarchy in which the measurements fall:

	2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments				
Certificates of deposit, savings, and money market funds	$ 9,012	$ 9,012	$ -	$ -
U.S. government securities and sovereign debt	6,540	-	6,540	-
Corporate bonds	3,453	-	3,453	-
Common stock	244,576	190,671	-	53,905
Mutual funds – equity	590,918	590,918	-	-
Mutual funds – fixed income	11,065	11,065	-	-
Preferred stock	81	-	81	-
Commingled funds – public equity	314,198	-	314,198	-
Index funds – public equity	721,151	721,151	-	-
Temporary investments				
U.S. treasuries	39,665	-	39,665	-
Certificates of deposit and money funds	54,956	47,423	7,533	-
State government securities	22,629	-	22,629	-
Local government securities	32,383	-	32,383	-
Corporate bonds	243,044	-	243,044	-
Exchange traded funds – equity	227,468	227,468	-	-
Investments measured at net asset value (1)				
Hedge funds	1,006	-	-	-
Limited partnerships	409,657	-	-	-
Temporary Investments measured at net asset value (1)				
Hedge funds	2,343	-	-	-
	$ 2,934,145	$ 1,797,708	$ 669,526	$ 53,905

(Continued)

(Thousands)

	2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Assets:				
Investments				
Certificates of deposit, savings, and money market funds	$ 5,758	$ 5,758	$ -	$ -
U.S. government securities and sovereign debt	13,712	-	13,712	-
Corporate bonds	13,400	-	13,400	-
Common stock	206,849	160,816	-	46,033
Mutual funds – equity	427,876	427,876	-	-
Mutual funds – fixed income	11,030	11,030	-	-
Preferred stock	81	-	81	-
Commingled funds – public equity	273,025	-	273,025	-
Commingled funds – diversified real assets	128,570	128,570	-	-
Index funds – public equity	629,594	629,594	-	-
Temporary investments:				
U.S. treasuries	50,445	-	50,445	-
Certificates of deposit and money funds	51,409	32,477	18,932	-
State government securities	27,743	-	27,743	-
Local government securities	42,782	-	42,782	-
Corporate bonds	254,822	-	254,822	-
Exchange traded funds – equity	190,748	190,748	-	-
Investments measured at net asset value (1):				
Hedge funds	1,722	-	-	-
Limited partnerships	371,174	-	-	-
	$ 2,700,740	$ 1,586,869	$ 694,942	$ 46,033

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

The fair values of the financial instruments shown in the above tables represent the amounts that would be received to sell those assets in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset at the measurement date, the fair value measurement reflects the Foundation's own judgments about the assumptions that market participants would use in pricing the asset. Those judgments are developed by the Foundation based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, available observable and unobservable inputs.

For alternative investments valued at net asset value, due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the Foundation's interests in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Certifications of deposit, savings, and money market funds: Money market funds are recorded at fair value using quoted market prices. These are classified as Level 1 as they are traded in an active market for which closing prices are readily available. Certificates of deposit are reported at face value plus accrued interest at the reporting date. These investments are classified as Level 2.

Corporate bonds, U.S. Treasuries, State Government Securities, Local Government Securities, and U.S. government securities and sovereign debt obligations: Investments include fixed-income securities comprised of U.S. government securities, sovereign debt, and corporate bonds. Actively traded fixed-income securities are classified as Level 1 and valued based upon observable market prices on the reporting date. When quoted prices of identical investment securities in active markets are not available, the fair values for these investment securities are obtained primarily from pricing services; one evaluated price is received for each security. The fair values provided by the pricing services are estimated using matrix pricing or other pricing models, where the inputs are based on observable market inputs or recent trades of similar securities. Such investment securities are generally classified as Level 2.

Common and preferred stock, mutual funds, index funds, and exchange traded funds: These securities are mainly measured using quoted market prices at the reporting date multiplied by the quantity held. These are classified as Level 1 securities as they are traded in an active market for which closing prices are readily available. Included within common stock is closely held stock valued at $53,905 and $46,033, respectively, as of June 30, 2023 and 2022. The closely held stock is classified as Level 3 as these are securities without readily observable inputs or measures. The closely held stock is recorded at fair value determined using book value of equity of the closely held company as similar public companies in the industry trade near book value. There were no purchases or sales of closely held stock during 2023 or 2022.

Commingled funds: Commingled funds have readily determinable fair values but are not traded on national exchanges. These funds are private funds where the fund stands ready to transact with investors at net asset value at certain time periods under the fund governing agreements. Price quotes for the underlying assets are available for identical assets. Commingled public equity funds are limited to once a month and as such limit the activity of the markets. These funds are classified as Level 2. Commingled diversified real asset funds are made up of publicly traded U.S. and foreign equities in the real estate industry. Quoted prices are available in active markets and there is the ability to trade at the measurement date. These funds are classified as Level 1.

(Thousands)

Note 3: Investments

Investments consist of the following at June 30, 2023 and 2022:

	2023	2022
Investments stated at fair value:		
Certificates of deposit, savings, and money market funds	$ 9,012	$ 5,758
U.S. government securities and sovereign debt	6,540	13,712
Corporate bonds	3,453	13,400
Common stock	244,576	206,849
Mutual funds – equity	590,918	427,876
Mutual funds – fixed income	11,065	11,030
Preferred stock	81	81
Limited partnerships	409,657	371,174
Commingled funds – public equity	314,198	273,025
Commingled funds – diversified real assets	-	128,570
Index funds – public equity	721,151	629,594
Hedge funds	1,006	1,722
Investments stated at other than fair value:		
Real estate	15,008	17,228
Real estate mortgage and promissory notes	351	212
Other	2,057	2,062
Cash value of life insurance	2,977	3,111
	$ 2,332,050	$ 2,105,404

	2023	2022
Temporary investments stated at fair value:		
U.S. treasuries	$ 39,665	$ 50,445
Certificates of deposit and money market funds	54,956	51,409
State government securities	22,629	27,743
Local government securities	32,383	42,782
Corporate bonds	243,044	254,822
Exchange traded funds – equity	227,468	190,748
Hedge funds	2,343	-
	$ 622,488	$ 617,949

(Continued)

(Thousands)

Alternative Investments

The estimated value of hedge funds and limited partnerships was provided by the respective fund managers. For these alternative investments, the Foundation uses the net asset value (or its equivalent) reported by the underlying fund to estimate the fair value of the investment. Below is a summary of investments accounted for at net asset value at June 30, 2023 and 2022:

	2023			
	Net asset value	Unfunded Commitments	*Redemption frequency (if currently eligible)	Redemption notice period
Private equity/venture capital (A)	$ 319,528	$ 248,725	N/A	N/A
Natural resources (B)	35,859	27,848	N/A	N/A
Real estate funds (C)	54,270	72,519	N/A	N/A
Hedge funds:				
Credit strategies (D)	3,349	3,200	m/a	90-365 days
	$ 413,006	$ 352,292		

* m – monthly, a – annual

	2022			
	Net asset value	Unfunded commitments	*Redemption frequency (if currently eligible)	Redemption notice period
Private equity/venture capital (A)	$ 293,027	$ 192,104	N/A	N/A
Natural resources (B)	32,890	16,092	N/A	N/A
Real estate funds (C)	45,257	47,800	N/A	N/A
Hedge funds:				
Credit strategies (D)	1,722	-	q/sa/a	90-360 days
	$ 372,896	$ 255,996		

* q – quarterly, sa – semiannual, a – annual

(A) This class includes private equity funds that primarily invest in venture capital, buyout, debt, and other private equity assets. Such funds may invest directly or through secondary investments in funds pursing a similar strategy. The fair value of the funds in this class have been estimated using the net asset value of the Foundation's ownership interest in partners' capital. These investments can never be redeemed with the funds. Instead, the nature of the investments in this category is that distributions are received through liquidation of underlying assets of the fund. If these investments were held, it is estimated the underlying assets of the funds would be liquidated over 4 to 12 years.

(Continued)

(Thousands)

(B) This class includes natural resource funds that invest primarily in interests of energy and agriculture. These investments can never be redeemed with the funds. Instead, distributions will be received from the production and marketing of such resources and upon final sale of the underlying interests. It is estimated that the underlying assets of the funds will be liquidated over 10 to 12 years.

(C) This class includes private real estate related funds that invest across multiple property types. These investments can never be redeemed with the funds. Instead, distributions will be received primarily through liquidation of underlying assets of the fund or secondarily through income generated by the underlying assets. It is estimated that the underlying assets of the funds will be liquidated over 5 to 10 years.

(D) This class includes funds that invests in a mix of securities including credit/debt, equities, real estate, financial services, real assets and special situations. These funds have a multi-strategy approach. The investment can be redeemed within 3 months to a year of June 30, 2023.

Note 4: Pledges Receivable

Pledges are due to be collected as follows as of June 30, 2023 and 2022:

	2023	2022
Gross amount due in:		
One year or less	$ 77,405	$ 78,146
One to five years	173,884	198,761
More than five years	14,474	7,418
	265,763	284,325
Less discount to present value	(17,699)	(6,864)
	248,064	277,461
Less allowance for doubtful accounts	(7,442)	(8,324)
	$ 240,622	$ 269,137

The discount will be recognized as contribution income in years 2024 through 2044.

In addition, the Foundation has been informed of intentions to give in the form of possible future bequests and conditional pledges, in the amount of $72,771 and $65,575 at June 30, 2023 and 2022, respectively. These amounts are not included in pledges receivable as they do not constitute unconditional promises to give and are contingent on the Foundation overcoming a donor imposed barrier to be entitled to the funds, such as obtaining matching funds, meeting capital project milestones, fulfillment of positions/staffing, etc. It is not practicable to estimate the net realizable value of these intentions to contribute or the period over which they will be collected.

Note 5: Leases

Change in Accounting Principle

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, Leases (Topic 842): Targeted Improvements, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, i.e., the comparatives under ASC 840 option.

The Foundation adopted Topic 842 on July 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which its adopted. Prior period amounts have not been adjusted in connection with adoption of this standard. The Foundation elected the package of practical expedients under the new lease standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Foundation has lease agreements with nonlease components that relate to the lease components. The Foundation did not elect the practical expedient to account for nonlease components to which they relate as a single lease component for all leases. The Foundation did not elect the hindsight practical expedient in determining the lease term for existing leases as of July 1, 2022.

The impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities. The standard did not significantly affect our consolidated statements of activities or cash flows. The cumulative effect of the changes made to our consolidated statements of financial position for the adoption of this standard was not significant.

Accounting Policies

The Foundation determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising form the lease, measured on a discounted basis. The Foundation determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Foundation has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

(Thousands)

The lease term may include options to extend or terminate the lease that the Foundation is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. The Foundation has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Operating Leases

The Foundation has leases for office space and equipment that expire in various years through 2044. These leases generally contain renewal options for periods ranging from 3 to 10 years and require the Foundation to pay all executory costs (property taxes, maintenance, and insurance). Lease payments have an escalating fee schedule, which range from a 5 to 7 percent increase at varying time throughout the lease. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Foundation has no material related-party leases. The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The operating lease costs for the year ended June 30, 2023 was $1,076. The other required information for the year ended June 30, 2023, is:

	2023
Other information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 1,018
Right-of-use assets obtained in exchange for new operating lease liabilities	17,074
Weighted-average remaining lease term	
Operating leases	16.79
Weighted-average discount rate	
Operating leases	4.07%

(Thousands)

Future minimum lease payments and reconciliation to the consolidated statements of financial position at June 30, 2023, are as follows:

	Operating Leases
2024	$ 1,419
2025	1,358
2026	1,335
2027	1,335
2028	1,372
Thereafter	16,387
Total future undiscounted lease payments	23,206
Less imputed interest	6,624
Lease liabilities	$ 16,582

Note 6: Net Assets

Net Assets With Donor Restrictions

Net assets are restricted by donors for various purposes in support of activities at the University, including the campuses at Lincoln, Kearney, Omaha, the Medical Center in Omaha, and Nebraska Medicine. The purposes include scholarships, fellowships, research, academic support, and campus building and improvements. Net assets with donor restrictions include gifts contributed for a specified period or until the occurrence of some future event or unspent earnings on endowed funds.

The amounts of net assets with donor restrictions as of June 30, 2023 and 2022 are as follows:

	2023	2022
Charitable trusts and annuities	$ 18,295	$ 18,218
Temporarily restricted for specific purposes	1,092,203	1,078,671
Permanent endowment pool subject to spending policy	1,560,967	1,422,720
	$ 2,671,465	$ 2,519,609

Net Assets Without Donor Restrictions

The Foundation had net assets without donor restrictions of $119,149 and $109,763 at the end of 2023 and 2022, respectively of which $57,147 and $53,941 was board designated to be used for operations of the Foundation.

(Thousands)

Net Assets Released from Restrictions

Net assets of $287,032 and $208,132 were released from donor restrictions during 2023 and 2022 by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Note 7: Financial Assets and Liquidity Resources

The Foundation manages its liquidity and reserves to build and maintain assets to support the day- to-day operations in the event of unforeseen shortfalls. The Foundation has an operative reserve policy to maintain 9-12 months of current annual recurring operating costs, which is set annually during the budget process. As of June 30, 2023 and 2022, the Foundation's average month's operating cash and cash equivalents on hand was approximately 14 and 12 months, respectively, based on normal expenditures, which was within the policy requirements.

The following table reflects the Foundation's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure because of contractual or donor-imposed restrictions within one year of the financial position date. Financial assets are considered unavailable when subject to donor-imposed restrictions.

	2023	2022
Financial assets:		
Cash and cash equivalents	$ 24,999	$ 25,118
Temporary investments	622,488	617,949
Pledges	240,622	269,137
Investments	2,332,050	2,105,404
Financial assets, at the end of the year	3,220,159	3,017,608

	2023	2022
Less those unavailable for general expenditure within one year due to:		
Permanent endowment pool subject to spending policy	$ 1,560,967	$ 1,422,720
Deposits held in custody for others	402,300	359,651
Donor funds available for specific purpose	1,110,498	1,096,889
Total unavailable for general expenditure within one year due	3,073,765	2,879,260
Total financial assets available within one year	$ 146,394	$ 138,348

The Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligation come due. Included above are cash and investments in board designated endowments (see note 9). While those amounts are not expected to be used for general operations they are available to the board if needed.

(Thousands)

Note 8: Functional Expenses

The Foundation solicits and distributes funds for the benefit of the University. Expenses related to those activities providing these services for the years ended June 30, 2023 and 2022 are as follows:

	2023			
	Program Support	Management and General	Fundraising	Total
Payments to benefit the University	$ 287,827	$ -	$ -	$ 287,827
Contributions to other charities	131	-	-	131
Salaries and benefits	-	9,730	17,300	27,030
Office expense	-	595	868	1,463
Office rent and utilities	-	816	1,193	2,009
Professional services	-	921	495	1,416
Dues and subscriptions	-	395	576	971
Travel and conferences	-	449	657	1,106
Cultivation expenses	-	-	2,793	2,793
Miscellaneous expense	-	135	299	434
Paid to beneficiaries	-	2,419	-	2,419
Depreciation	-	199	290	489
Total expense	$ 287,958	$ 15,659	$ 24,471	$ 328,088

	2022			
	Program Support	Management and General	Fundraising	Total
Payments to benefit the University	$ 216,402	$ -	$ -	$ 216,402
Contributions to other charities	194	-	-	194
Salaries and benefits	-	8,090	14,087	22,177
Office expense	-	497	749	1,246
Office rent and utilities	-	741	1,118	1,859
Professional services	-	480	1,369	1,849
Dues and subscriptions	-	305	461	766
Travel and conferences	-	309	466	775
Cultivation expenses	-	-	1,767	1,767
Miscellaneous expense	-	94	332	426
Paid to beneficiaries	-	2,614	-	2,614
Depreciation	-	200	302	502
Total expense	$ 216,596	$ 13,330	$ 20,651	$ 250,557

Expenses are allocated to the various functions based on either the underlying purpose of the expense or allocated based on the percentage of time employees spend on each function for those that can be attributable to more than one function.

(Thousands)

Note 9: Endowments

The Nebraska Uniform Prudent Management of Institutional Funds Act (NUPMIFA) sets out guidelines to be considered when managing and investing donor-restricted endowment funds.

The Foundation's endowment consists of approximately 5,600 individual funds established for a variety of purposes. The Foundation holds endowment funds for support of its programs and operations. As required by U.S. GAAP, net assets and the changes therein associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted NUPMIFA as allowing the Foundation to appropriate the expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established, subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Interest, dividends, and net appreciation of the donor-restricted endowment funds are classified according to donor stipulations, if any. Absent any donor-imposed restrictions, interest, dividends, and net appreciation of donor-restricted endowment funds are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by NUPMIFA. In accordance with NUPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) the duration and preservation of the endowment fund

(2) the purposes of the Foundation and the donor-restricted endowment fund

(3) general economic conditions

(4) the possible effect of inflation or deflation

(5) the expected total return from income and the appreciation/depreciation of investments

(6) other resources of the Foundation

(7) the investment policy of the Foundation

Endowment net asset composition by type of fund as of June 30, 2023 and 2022 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,841,307	$ 1,841,307
Board-designated endowment funds	57,147	-	57,147
Endowment totals	$ 57,147	$ 1,841,307	$ 1,898,454

(Thousands)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 1,668,931	$ 1,668,931
Board-designated endowment funds	53,941	-	53,941
Endowment totals	$ 53,941	$ 1,668,931	$ 1,722,872

Changes in endowment net assets for the years ended June 30, 2023 and 2022 are as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 53,941	$ 1,668,931	$ 1,722,872
Contributions	3,413	91,914	95,327
Investment return, net of expenses	2,050	153,467	155,517
Amounts appropriated for expenditures	(2,257)	(73,005)	(75,262)
Endowment net assets, end of year	$ 57,147	$ 1,841,307	$ 1,898,454

	2022		
	Without Donor Restrictions	With Ronor Restrictions	Total
Endowment net assets, beginning of year	$ 61,613	$ 1,842,222	$ 1,903,835
Contributions	2,370	65,940	68,310
Investment return, net of expenses	(7,913)	(168,694)	(176,607)
Amounts appropriated for expenditures	(2,129)	(70,537)	$ (72,666)
Endowment net assets, end of year	$ 53,941	$ 1,668,931	$ 1,722,872

Investment Return Objectives, Risk Parameters, and Strategies

The Foundation has adopted investment and spending policies, approved by the Board of Directors of the Foundation, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity, debt securities, and illiquid alternative investments that are intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4.25%, while growing the funds if possible. The Foundation expects its endowment assets, over time, to earn a real (inflation-adjusted) rate of return of at least 6.0% per year net of investment management fees and investment operations expenses, when measured over a rolling five-year period. Actual return in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy and How the Investment Objectives Relate to the Appropriate Policy

The Foundation has a policy of appropriating for distribution each year 4.25% of the average fair market value of the prior 20 quarters of the unitized endowment shares as of June 30 each year, for the following 12 month period beginning October 1. In establishing this policy and in the annual review of the policy, the Foundation considers the long-term expected return on its investment assets, the nature, and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NUPMIFA requires the Foundation to retain as a fund of perpetual duration. The Foundation considers funds for which the fair value of the assets is less than the value of all contributions to the fund to be deficient and such funds are referred to as “underwater” funds. The Foundation has interpreted NUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. As of June 30, 2023, and 2022, funds with an original gift value of $373,517 and $655,534 were “underwater” by $23,323 and $43,081, respectively. Deficiencies of this nature were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions with donor restrictions and continued appropriation for certain programs as deemed prudent.

Note 10: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contributions

At June 30, 2023 and 2022, respectively, approximately 22% and 26% of gross pledge receivables are from two donors and one donor, respectively.

General Litigation

The Foundation is involved in several legal actions in the ordinary course of business. The Foundation believes it has defenses for all such claims, believes the claims are substantially without merit, and is vigorously defending the actions. In the opinion of management, the final dispositions of these matters will not have a material effect on the Foundation’s financial position.

Investments

The Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Note 11: Subsequent Events

In preparing the consolidated financial statements, the Foundation has evaluated subsequent events for potential recognition or disclosure through September 25, 2023 the date the consolidated financial statements were available to be issued and determined there are no other items to disclose.

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

Board of Regents of the University of Nebraska
Lincoln, Nebraska:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of the University of Nebraska (University) (a component unit of the State of Nebraska) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 11, 2023. Our report includes a reference to other auditors who audited the financial statements of the University of Nebraska Foundation (Foundation), a discretely presented component unit of the University; the University of Nebraska Facilities Corporation, the University Technology Development Corporation, the University Dental Associates, the UNeHealth, the UNMC Science Research Fund, and the Nebraska Utility Corporation, blended component units of the University (collectively identified as the Blended Component Units), as described in our report on the University's financial statements. The financial statements of the Foundation, and the Blended Component Units were not audited in accordance with *Government Auditing Standards;* accordingly, this report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

University's Findings
We did note certain other matters that we reported to management of the University in a separate letter dated December 11, 2023.

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

Lincoln, Nebraska
December 11, 2023

Mark Avery, CPA
Assistant Deputy Auditor

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THE UNIVERSITY OF NEBRASKA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2023
TABLE OF CONTENTS

STATISTICAL SECTION (Unaudited)

This part of the University of Nebraska's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the University's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year and provided by the Office of the Senior Vice President | CFO

FINANCIAL TRENDS
SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION (THOUSANDS) (UNAUDITED)
YEARS ENDED JUNE 30

	(Dollars)					(Percent of Total)				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
Revenues:										
Tuition and fees	$ 408,350	$ 422,275	$ 445,618	$ 444,681	$ 434,084	15 %	16 %	17 %	18 %	18 %
Grants and contracts - restricted	745,093	616,489	586,934	574,649	553,022	27	24	23	24	23
Sales and services of educational activities	66,128	65,389	64,568	65,627	66,931	2	2	2	3	3
Sales and services of health care entities	27,794	27,606	16,191	25,325	22,359	1	1	1	1	1
Sales and services of auxiliary operations	342,438	334,707	235,248	321,340	342,875	12	13	9	13	14
Other operating revenues	24,382	20,644	24,418	28,342	22,477	1	1	1	1	1
Total operating revenues	1,614,185	1,487,110	1,372,977	1,459,964	1,441,748	58	57	53	60	60
State of Nebraska noncapital appropriations	649,841	633,915	616,545	591,939	574,746	24	24	24	25	24
Other non-operating revenues, net	489,859	502,429	595,186	348,834	367,149	18	19	23	15	16
Total revenues	2,753,885	2,623,454	2,584,708	2,400,737	2,383,643	100 %	100 %	100 %	100 %	100 %
Expenses:										
Compensation and benefits	1,561,050	1,461,496	1,406,314	1,428,928	1,349,318	62 %	58 %	63 %	63 %	62 %
Supplies and services	687,324	581,704	535,280	565,478	572,218	27	23	24	25	26
Depreciation and amortization	159,212	157,410	152,754	143,050	142,862	6	6	7	6	7
Scholarships and fellowships	75,625	116,781	91,345	82,078	69,656	3	5	4	4	3
Total operating expenses	2,483,211	2,317,391	2,185,693	2,219,534	2,134,054	98	92	98	98	98
Other non-operating expenses, net	41,326	198,548	34,894	59,337	46,988	2	8	2	2	2
Total expenses	2,524,537	2,515,939	2,220,587	2,278,871	2,181,042	100 %	100 %	100 %	100 %	100 %
Increase in net position	$ 229,348	$ 107,515	$ 364,121	$ 121,866	$ 202,601					

(Continued)

THE UNIVERSITY OF NEBRASKA

FINANCIAL TRENDS
SCHEDULE OF REVENUES AND EXPENSES AND CHANGES IN NET POSITION (THOUSANDS) (UNAUDITED)
YEARS ENDED JUNE 30

	(Dollars) 2018	2017	2016	2015	2014	(Percent of Total) 2018	2017	2016	2015	2014
Revenues:										
Tuition and fees	$ 438,867	$ 425,860	$ 376,599	$ 362,210	$ 347,428	19 %	17 %	17 %	17 %	16 %
Grants and contracts - restricted	494,284	484,668	444,877	444,104	356,423	21	20	20	21	16
Sales and services of educational activities	75,204	68,531	98,992	97,332	96,858	3	4	4	5	4
Sales and services of health care entities	26,210	27,437	23,557	24,828	239,521	1	1	1	1	11
Sales and services of auxiliary operations	338,848	302,606	297,825	275,466	281,363	13	14	14	13	13
Other operating revenues	13,745	12,956	13,238	12,235	11,999	1	1	1	1	1
Total operating revenues	1,387,158	1,322,058	1,255,088	1,216,175	1,333,592	58	57	57	58	61
State of Nebraska noncapital appropriations	559,188	576,559	561,079	544,201	527,656	26	25	25	26	24
Other non-operating revenues, net	321,033	361,605	387,697	366,561	352,391	16	18	18	16	15
Total revenues	2,267,379	2,260,222	2,203,864	2,126,937	2,213,639	100 %	100 %	100 %	100 %	100 %
Expenses:										
Compensation and benefits	1,304,999	1,263,594	1,221,257	1,156,166	1,232,351	62 %	61 %	61 %	61 %	62 %
Supplies and services	562,190	567,470	540,357	527,388	537,445	28	27	27	28	27
Depreciation	139,408	120,111	115,216	106,270	117,361	6	6	6	6	6
Scholarships and fellowships	73,216	68,639	63,600	70,440	70,195	3	4	4	3	3
Total operating expenses	2,079,813	2,019,814	1,940,430	1,860,264	1,957,352	99	98	98	98	98
Other non-operating expenses, net	60,287	24,044	47,069	43,836	33,647	1	2	2	2	2
Total expenses	2,140,100	2,043,858	1,987,499	1,904,100	1,990,999	100 %	100 %	100 %	100 %	100 %
Increase in net position	$ 127,279	$ 216,364	$ 216,365	$ 222,837	$ 222,640					

THE UNIVERSITY OF NEBRASKA

FINANCIAL TRENDS
SCHEDULE OF NET POSITION COMPONENTS (THOUSANDS) (UNAUDITED)
YEARS ENDED JUNE 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	$ 2,237,377	$ 2,167,519	$ 2,124,926	$ 2,114,854	$ 2,031,214	$ 1,944,552	$ 1,777,515	1,953,065	$ 1,683,616	$ 1,559,636
Restricted for:										
Nonexpendable:										
Permanent endowment	227,637	209,177	280,281	207,915	225,959	233,949	225,490	207,481	221,048	234,690
Loan fund	14,419	15,664	16,692	17,315	18,375	17,914.00	-	-	-	-
Expendable:										
Externally restricted funds	483,797	404,595	386,743	359,742	351,703	348,546	344,631	227,970	197,616	162,118
Loan fund	-	-	-	-	-	-	43,439	43,110	44,916	44,562
Plant construction	124,215	116,507	92,552	87,138	122,269	117,039	211,566	243,917	312,047	284,336
Debt service	60,080	54,615	56,146	53,067	170,249	155,395	145,500	144,167	132,662	136,229
Unrestricted	1,785,441	1,735,541	1,638,763	1,391,951	1,182,385	1,082,158	1,038,704	750,771	762,211	722,932
Total net position	$ 4,932,966	$ 4,703,618	$ 4,596,103	$ 4,231,982	$ 4,102,154	$ 3,899,553	$ 3,786,845	$ 3,570,481	$ 3,354,116	$ 3,144,503
Reconciliation of Adjusted Unrestricted Assets:										
Unrestricted net position per statements	$ 1,785,441	$ 1,735,541	$ 1,638,763	$ 1,391,951	$ 1,182,385	$ 1,082,158	$ 1,038,704	$ 750,771	$ 762,211	$ 722,932
Less: Investment in joint venture	636,287	613,461	602,157	515,282	483,410	443,182	415,573	385,080	343,098	316,599
Adjusted unrestricted net position	$ 1,149,154	$ 1,122,080	$ 1,036,606	$ 876,669	$ 698,975	$ 638,976	$ 623,131	$ 365,691	$ 419,113	$ 406,333
Reconciliation of outstanding indebtedness:										
Bond obligations payable	$ 1,151,345	$ 1,212,625	$ 1,256,735	$ 969,720	$ 878,545	$ 857,575	$ 851,640	$ 826,625	$ 792,995	$ 757,965
Lease obligations payable*	92,371	95,972	94,224	52,015	49,582	49,409	49,130	48,523	12,398	1,163
Subscription obligations payable**	18,484	18,319	-	-	-	-	-	-	-	-
Total outstanding indebtedness	$ 1,262,200	$ 1,326,916	$ 1,350,959	$ 1,021,735	$ 928,127	$ 906,984	$ 900,770	$ 875,148	$ 805,393	$ 759,128
Ratio of adjusted unrestricted net position to total outstanding indebtedness (times)	0.91	0.85	0.77	0.86	0.75	0.70	0.69	0.42	0.52	0.54

* Effective for fiscal year 2022, the University implemented GASB 87 - Leases, which established new requirements for calculating and reporting lease activities. Fiscal year 2021 has been restated.

** Effective for fiscal year 2023, the University implemented GASB 96 - Subscription-Based Information Technology Arranagements, which established new requirements for calculating and reporting subscription activities. Fiscal year 2022 has been restated.

THE UNIVERSITY OF NEBRASKA

MARKET, DEMOGRAPHIC, AND ECONOMIC INFORMATION
NON-CAPITAL APPROPRIATIONS (THOUSANDS) (UNAUDITED)

	Appropriations		
Year	State General Fund	University Non-capital	University as Percent of State
2014	3,841,240	519,614	14
2015	4,105,826	542,817	13
2016	4,265,178	563,886	13
2017	4,411,691	583,069	13
2018	4,390,295	559,189	13
2019	4,456,284	574,746	13
2020	4,624,672	592,105	13
2021	4,783,767	616,436	13
2022	4,810,652	632,043	13
2023	5,125,672	649,843	13

Source: Legislative Fiscal Office Biennial Budget Report

THE UNIVERSITY OF NEBRASKA

MARKET, DEMOGRAPHIC, AND ECONOMIC INFORMATION
STATE OF NEBRASKA POPULATION, AND PERSONAL INCOME PER PERSON
CALENDAR YEARS 2013 - 2022 (UNAUDITED)

	Calendar Years 2013 - 2022		
Year	Population	Personal Income (In Millions)	Personal Income Per Person
2013	1,873,369	86,022	45,918
2014	1,889,916	91,085	48,195
2015	1,904,449	94,682	49,716
2016	1,921,360	93,560	48,695
2017	1,934,360	95,824	49,538
2018	1,945,367	100,068	51,439
2019	1,954,927	104,490	53,450
2020	1,962,642	111,348	56,733
2021	1,963,554	123,081	62,682
2022	1,967,923	126,474	64,268

Source: U.S. Department of Commerce, Bureau of Economic Analysis

State of Nebraska

TEN LARGEST EMPLOYERS

2022 and 2012

	December 2022			December 2012***		
	Total Employment	998,902		Total Employment	980,668	
NAME OF COMPANY	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT	RANK	NUMBER OF EMPLOYEES	% OF TOTAL EMPLOYMENT
State of Nebraska (excluding University)	1	17,725	1.774	1	15,902	1.622
US Government (excluding Department of Defense*)	2	16,872	1.689	2	15,868	1.618
Nebraska Medicine	3	15,200	1.522			
University of Nebraska **	4	14,798	1.481			
Commonspirit Health	5	10,243	1.025			
Hy-Vee, Inc.	6	9,079	0.909			
Walmart, Inc.	7	8,415	0.842	4	8,724	0.890
Omaha Public Schools	8	7,982	0.799	6	7,202	0.734
Peter Kiewit Sons', Inc	9	7,644	0.765			
Lincoln Public Schools	10	6,885	0.689	8	5,933	0.605
Offutt Air Force Base				3	12,000	1.224
Alegent Health				5	8,600	0.877
Union Pacific Corporation				7	6,130	0.625
Tyson Foods, Inc				9	5,130	0.523
First Data Corp.				10	4,424	0.451

SOURCE: The Nebraska Department of Economic Development, Hoovers, a Dun and Bradstreet data base, and Employers

NOTES:
* Sources did not track US Government employment in Nebraska
** University of Nebraska - Medical Center, University of Nebraska - Lincoln, University of Nebraska at Omaha, University of Nebraska at Kearney
*** Calendar year 2013 data is not available.

THE UNIVERSITY OF NEBRASKA

DEBT INFORMATION
BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE
FOR THE PAST TEN YEARS AS OF JUNE 30 (THOUSANDS) (UNAUDITED)

			Revenues Available for Debt Service					
Year	Description	Bonds Outstanding	Dedicated Revenues	Related Expenses	Net	Debt Service	Coverage	Required Coverage
2023	University of Nebraska Facilities Corporation	$ 1,139,345						
	Nebraska Utility Corporation	12,000						
		$ 1,151,345						
2022	University of Nebraska Facilities Corporation	$ 1,200,625						
	Nebraska Utility Corporation	12,000						
		$ 1,212,625						
2021	University of Nebraska Facilities Corporation	$ 1,242,700						
	Nebraska Utility Corporation	14,035						
		$ 1,256,735						
2020	University of Nebraska Facilities Corporation	$ 954,170						
	Nebraska Utility Corporation	15,550						
		$ 969,720						
2019	University of Nebraska Master Trust Indenture	$ 429,615	$ 142,815	$ 81,119	$ 61,696	$ 37,797	1.63	1.15
	University of Nebraska Facilities Corporation	431,940						
	Nebraska Utility Corporation	16,990						
		$ 878,545						

	2023	2022	2021	2020	2019
Bonded Debt per student FTE: (in dollars)					
Master Trust Indenture	$ -	$ -	$ -	$ -	$ 9,823
All bonded indebtedness	27,015	28,467	29,150	21,950	20,088

(Continued)

DEBT INFORMATION
BOND DEBT SERVICE COVERAGE BY CAMPUS AND ISSUE
FOR THE PAST TEN YEARS AS OF JUNE 30 (THOUSANDS) (UNAUDITED) (CONTINUED)

Year	Description	Bonds Outstanding	Revenues Available for Debt Service: Dedicated Revenues	Revenues Available for Debt Service: Related Expenses	Revenues Available for Debt Service: Net	Debt Service	Coverage	Required Coverage
2018	University of Nebraska Master Trust Indenture	$ 449,135	$ 139,317	$ 80,827	$ 58,490	$ 35,372	1.65	1.15
	University of Nebraska Facilities Corporation	390,030						
	Nebraska Utility Corporation	18,410						
		$ 857,575						
2017	University of Nebraska Master Trust Indenture	$ 467,365	$ 140,589	$ 80,171	$ 60,418	$ 35,192	1.72	1.15
	University of Nebraska Facilities Corporation	364,515						
	Nebraska Utility Corporation	19,760						
		$ 851,640						
2016	University of Nebraska Master Trust Indenture	$ 476,715	$ 136,702	$ 77,680	$ 59,022	$ 35,193	1.68	1.15
	University of Nebraska Facilities Corporation	328,860						
	Nebraska Utility Corporation	21,050						
		$ 826,625						
2015	University of Nebraska Master Trust Indenture	$ 475,345	$ 133,920	$ 76,228	$ 57,692	$ 32,991	1.75	1.15
	University of Nebraska Facilities Corporation	295,375						
	Nebraska Utility Corporation	22,275						
		$ 792,995						
2014	University of Nebraska Master Trust Indenture	$ 416,530	$ 126,189	$ 73,261	$ 52,928	$ 33,160	1.60	1.15
	University of Nebraska-Lincoln Memorial Stadium Bonds	28,335						
	University of Nebraska Facilities Corporation	289,575						
	Nebraska Utility Corporation	23,525						
		$ 757,965						

	2018	2017	2016	2015	2014
Bonded Debt per student FTE: (in dollars)					
Master Trust Indenture	$ 10,135	$ 10,462	$ 10,697	$ 10,871	$ 9,669
All bonded indebtedness	19,352	19,065	18,549	18,136	17,596

THE UNIVERSITY OF NEBRASKA

DEBT INFORMATION
LEASE AND SUBSCRIPTION OBLIGATIONS PAYABLE
FOR THE PAST TEN YEARS AS OF JUNE 30 (THOUSANDS) (UNAUDITED)

	At June 30,	
Year	Outstanding Lease Obligations*	Outstanding Subscription Obligations**
2023	$ 92,371	$ 18,484
2022	95,972	18,319
2021	94,224	-
2020	52,015	-
2019	49,582	-
2018	49,409	-
2017	49,130	-
2016	48,523	-
2015	12,398	-
2014	1,163	-

* Effective for fiscal year 2022, the University implemented GASB 87 - Leases, which established new requirements for calculating and reporting lease activities. Fiscal year 2021 has been restated.

** Effective for fiscal year 2023, the University implemented GASB 96 - Subscription Based Information Technology Arrangements, which established new requirements for calculating and reporting subscription activities. Fiscal year 2022 has been restated. Information prior to fiscal year 2022 is not available.

THE UNIVERSITY OF NEBRASKA

OPERATING INFORMATION

SCHEDULE OF CAPITAL ASSET INFORMATION (THOUSANDS) (UNAUDITED)

	Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Land	$ 116,775	$ 114,414	$ 109,063	$ 98,887	$ 92,016	$ 91,273	$ 89,773	$ 91,299	$ 88,020	$ 84,660
Land improvements	362,480	358,476	348,892	335,821	322,654	300,125	262,532	251,411	210,805	197,686
Leasehold improvements	50,864	44,510	44,510	44,510	44,445	44,445	42,958	40,626	33,435	31,937
Buildings	3,327,651	3,275,095	3,211,642	3,085,765	2,979,368	2,954,470	2,745,740	2,347,924	2,169,553	2,088,516
Equipment	625,938	595,898	590,790	571,782	539,324	516,422	499,150	470,985	462,487	431,543
Construction work in progress	392,640	227,962	142,561	231,647	224,995	118,840	252,972	426,895	345,823	202,643
Total capital assets	4,876,348	4,616,355	4,447,458	4,368,412	4,202,802	4,025,575	3,893,125	3,629,140	3,310,123	3,036,985
Less accumulated depreciation for:										
Land improvements	141,782	139,711	131,942	118,946	107,511	98,729	88,635	79,943	72,688	66,213
Leasehold improvements	23,138	20,805	19,073	17,107	15,148	13,130	10,394	7,901	11,412	9,780
Buildings	1,012,340	962,218	896,409	858,780	810,208	751,755	678,499	620,296	588,202	562,535
Equipment	490,434	464,413	453,426	423,748	391,157	364,762	347,503	332,194	329,110	306,977
Total capital assets	1,667,694	1,587,147	1,500,850	1,418,581	1,324,024	1,228,376	1,125,031	1,040,334	1,001,412	945,505
Capital assets, net	$ 3,208,654	$ 3,029,208	$ 2,946,608	$ 2,949,831	$ 2,878,778	$ 2,797,199	$ 2,768,094	$ 2,588,806	$ 2,308,711	$ 2,091,480
Age of plant (in years) (1):	12	11	10	10	9	9	9	9	9	8

(1) Computed as accumulated depreciation divided by depreciation expense.

OPERATING INFORMATION
FRESHMAN SELECTIVITY AND MATRICULATION DATA (UNAUDITED)

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
UNL	Applications	18,354	19,102	17,866	17,497	16,829	14,956	12,321	11,193	9,724	11,865
	Accepted	14,146	15,022	15,110	13,603	13,165	11,906	7,524	8,425	7,425	8,293
	Selectivity	*77.1%*	*78.6%*	*84.6%*	*77.7%*	*78.2%*	*79.6%*	*61.1%*	*75.3%*	*76.4%*	*69.9%*
	Enrolled	*4,699*	4,640	4,736	4,771	4,775	4,816	4,905	4,860	4,628	4,652
	Matriculation	*33.2%*	*30.9%*	*31.3%*	*35.1%*	*36.3%*	*40.5%*	*65.2%*	*57.7%*	*62.3%*	*56.1%*
	Composite ACT Scores	24.4	24.4	24.8	25.4	25.5	25.4	25.3	25.2	25.2	25.4
UNO	Applications	9,891	8,808	8,821	8,864	8,565	8,170	5,036	5,551	5,581	5,750
	Accepted	8,583	7,251	7,696	7,294	7,148	6,673	4,628	4,799	4,238	4,514
	Selectivity	*86.8%*	*82.3%*	*87.2%*	*82.3%*	*83.5%*	*81.7%*	*91.9%*	*86.5%*	*75.9%*	*78.5%*
	Enrolled	2,385	2,340	2,166	2,226	2,069	2,151	2,105	2,069	2,007	1,848
	Matriculation	*27.8%*	*32.3%*	*28.1%*	*30.5%*	*28.9%*	*32.2%*	*45.5%*	*43.1%*	*47.4%*	*40.9%*
	Composite ACT Scores	22.3	22.2	21.7	22.3	22.5	22.6	22.0	22.0	22.5	22.6
UNK	Applications	7,254	6,794	6,076	5,359	5,324	5,518	2,594	2,815	2,511	2,706
	Accepted	6,231	5,842	5,488	4,738	4,535	4,809	2,181	2,395	2,144	2,276
	Selectivity	*85.9%*	*86.0%*	*90.3%*	*88.4%*	*85.2%*	*87.2%*	*84.1%*	*85.1%*	*85.4%*	*84.1%*
	Enrolled	898	846	958	833	863	944	904	1,008	938	990
	Matriculation	*14.4%*	*14.5%*	*17.5%*	*17.6%*	*19.0%*	*19.6%*	*41.4%*	*42.1%*	*43.8%*	*43.5%*
	Composite ACT Scores	21.6	22.4	21.9	22.5	23.2	22.7	21.1	23.0	22.6	22.8
Total	Applications	35,499	34,704	32,763	31,720	30,718	28,644	19,951	19,559	17,816	20,321
	Accepted	28,960	28,115	28,294	25,635	24,848	23,388	14,333	15,619	13,807	15,083
	Selectivity	*81.6%*	*81.0%*	*86.4%*	*80.8%*	*80.9%*	*81.7%*	*71.8%*	*79.9%*	*77.5%*	*74.2%*
	Enrolled	7,982	7,826	7,860	7,830	7,707	7,911	7,914	7,937	7,573	7,490
	Matriculation	*27.6%*	*27.8%*	*27.8%*	*30.5%*	*31.0%*	*33.8%*	*55.2%*	*50.8%*	*54.8%*	*49.7%*

Selectivity computed as accepted freshman as a percent of applications.
Matriculation computed as enrolled freshman as a percent of acceptances.

Beginning in 2018, the University moved to one application for resident first-time freshman for UNL, UNO, and UNK for a single application fee. This significantly increased the duplicate applications across campuses, bringing downward pressure on the matriculation rate.

UNMC's curriculum is comprised mainly of professional programs and, therefore, freshman data is not included.
Source: University of Nebraska Office of the President Enterprise Data Solutions (EDS) team

THE UNIVERSITY OF NEBRASKA

OPERATING INFORMATION
STUDENT FTE'S, TUITION, AND DISCOUNTS (UNAUDITED)

	Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Level										
Undergraduate	33,581	33,869	34,581	35,394	35,115	35,524	35,850	35,913	35,260	34,753
Graduate	5,759	5,527	5,848	5,650	5,662	5,839	5,943	5,868	5,797	5,758
Professional	3,279	3,201	2,682	3,134	2,958	2,951	2,878	2,784	2,669	2,566
Total	42,619	42,597	43,111	44,178	43,735	44,314	44,671	44,565	43,726	43,077
Percent										
Undergraduate	79 %	80 %	80 %	80 %	80 %	80 %	80 %	81 %	81 %	81 %
Graduate	14	13	13	13	13	13	13	13	13	13
Professional	7	7	7	7	7	7	7	6	6	6
Total	100%	100%	100	100 %	100 %	100 %	100 %	100 %	100 %	100 %
Gross tuition and fees (thousands)	$ 614,349	$ 621,619	$ 639,529	$ 624,357	$ 601,834	$ 581,240	$ 552,017	$ 493,776	$ 474,057	$ 452,929
Tuition discounts and allowances (thousands)	(205,999)	(199,344)	(193,911)	(179,676)	(169,445)	(142,373)	(126,157)	(117,177)	(111,847)	(105,501)
Net tuition revenue and fees (thousands)	$ 408,350	$ 422,275	$ 445,618	$ 444,681	$ 432,389	$ 438,867	$ 425,860	$ 376,599	$ 362,210	$ 347,428
Net tuition revenue and fees per FTE	$ 9,581	$ 9,913	$ 10,337	$ 10,066	$ 9,887	$ 9,904	$ 9,533	$ 8,451	$ 8,284	$ 8,065
Percent of tuition discounts and allowances (1)	34 %	32 %	30 %	29 %	28 %	24 %	23 %	24 %	24 %	23 %

(1) Tuition discounts and allowances as a percent of gross tuition and fees.
Student FTE excludes NCTA.
Source: University of Nebraska Enterprise Data Solutions

OPERATING INFORMATION
FACULTY AND STAFF FTE (UNAUDITED)

	Years Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Faculty	4,842	4,802	4,679	4,531	4,486	4,365	4,468	4,429	4,159	4,122
Staff *	12,837	12,588	12,201	12,304	12,891	12,270	11,961	12,166	12,404	12,087
Total Employees	17,679	17,390	16,880	16,835	17,377	16,635	16,429	16,595	16,563	16,209
Student FTE per Faculty FTE	9	9	9	10	10	10	10	10	11	11

* Staff includes all non-faculty employees (administrative, managerial-professional, graduate assistants and students.)

Source: University of Nebraska Enterprise Data Solutions

THE UNIVERSITY OF NEBRASKA

OPERATING INFORMATION
TENURE DENSITY DATA
FOR THE YEARS ENDED JUNE 30 (UNAUDITED)

		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
UNL	Tenured Faculty	857	865	855	852	869	855	873	877	847	886
	Tenure-Track	234	227	262	284	311	323	327	326	295	287
	Percent of tenured and tenure track	78.6%	79.2%	76.5%	75.0%	73.6%	72.6%	72.8%	72.9%	74.2%	75.5%
UNMC	Tenured Faculty	277	272	276	271	245	245	264	263	268	276
	Health Professionals	889	860	825	796	677	639	578	564	519	484
	Percent of tenured	23.8%	24.0%	25.1%	25.4%	26.6%	27.7%	31.4%	31.8%	34.1%	36.3%
UNO	Tenured Faculty	332	341	330	327	334	333	332	327	323	338
	Tenure-Track	160	155	165	137	128	131	126	127	114	115
	Percent of tenured and tenure track	67.5%	68.8%	66.7%	70.5%	72.3%	71.8%	72.5%	72.0%	73.9%	74.6%
UNK	Tenured Faculty	186	180	184	178	177	164	169	162	164	168
	Tenure-Track	66	76	81	69	86	93	93	74	81	95
	Percent of tenured and tenure track	73.8%	70.3%	69.4%	72.1%	67.3%	63.8%	64.5%	68.6%	66.9%	63.9%

Source: University of Nebraska Enterprise Data Solutions

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Tenured	1,652	1,658	1,645	1,628	1,625	1,597	1,638	1,629	1,602	1,668
Total Tenure-Track	1,349	1,318	1,333	1,286	1,202	1,186	1,124	1,091	1,009	981
%	55.0%	55.7%	55.2%	55.9%	57.5%	57.4%	59.3%	59.9%	61.4%	63.0%
Total	3,001	2,976	2,978	2,914	2,827	2,783	2,762	2,720	2,611	2,649

UNIVERSITY OF NEBRASKA

OPERATING INFORMATION
RETENTION RATES OF FRESHMAN AND BACCALAUREATE GRADUATION RATES
FOR THE YEARS ENDED JUNE 30 (UNAUDITED)

Retention Rates of First-Time
Full-Time Freshmen After One Year

Fall Cohort	UNL	UNO	UNK
2013	84 %	77 %	75 %
2014	83	77	80
2015	82	78	84
2016	83	76	79
2017	83	75	80
2018	84	75	80
2019	85	76	81
2020	80	69	76
2021	82	74	74
2022	84	76	77

Baccalaureate Graduation Rate After Six Years

Fall Cohort	UNL	UNO	UNK
2008	67 %	45 %	56 %
2009	67	46	57
2010	67	45	57
2011	70	47	61
2012	69	49	58
2013	68	52	60
2014*	67	50	60
2015	62	52	58
2016	67	52	54
2017	64	49	60

Source: University of Nebraska Enterprise Data Solutions

UNIVERSITY OF NEBRASKA

OPERATING INFORMATION
DEGREES EARNED
FOR THE YEARS ENDED JUNE 30 (UNAUDITED)

BACHELOR'S

Year	UNL	UNO	UNMC	UNK
2014	3,864	2,410	466	927
2015	3,716	2,280	434	876
2016	3,657	2,405	420	995
2017	3,964	2,233	639	890
2018	4,102	2,301	660	964
2019	4,464	2,224	646	850
2020	4,302	2,375	659	843
2021	4,418	2,492	695	874
2022	4,188	2,481	696	747
2023	4,255	2,414	623	856

MASTER'S

Year	UNL	UNO	UNMC	UNK
2014	852	698	262	327
2015	859	834	257	397
2016	852	907	248	397
2017	953	880	405	435
2018	943	891	406	435
2019	951	878	409	456
2020	956	793	432	473
2021	917	833	434	498
2022	1,032	872	454	339
2023	971	869	473	487

DOCTOR'S

Year	UNL	UNO	UNMC
2014	445	29	319
2015	464	27	368
2016	442	29	368
2017	412	40	361
2018	403	50	356
2019	453	46	406
2020	454	40	409
2021	403	41	391
2022	456	40	455
2023	454	31	399

Source: University of Nebraska Enterprise Data Solutions

ACCREDITATION

Accreditation in colleges and universities indicates the dedication of the faculty and administration of the University to meet rigorous standards of academic quality. These standards include such factors as professional attainments of faculty, quality of research, library holdings, physical facilities and general support for programs by funding authorities.

The University of Nebraska has been accredited by the North Central Association of Colleges and Secondary Schools since the Association first began accrediting colleges and universities in 1913. In addition, various colleges, schools, and departments are accredited by their respective professional agencies.