



WVU BOARD OF GOVERNORS

**AUDIT
COMMITTEE**

November 16, 2023

FY2023 WVU FINANCIAL RESULTS

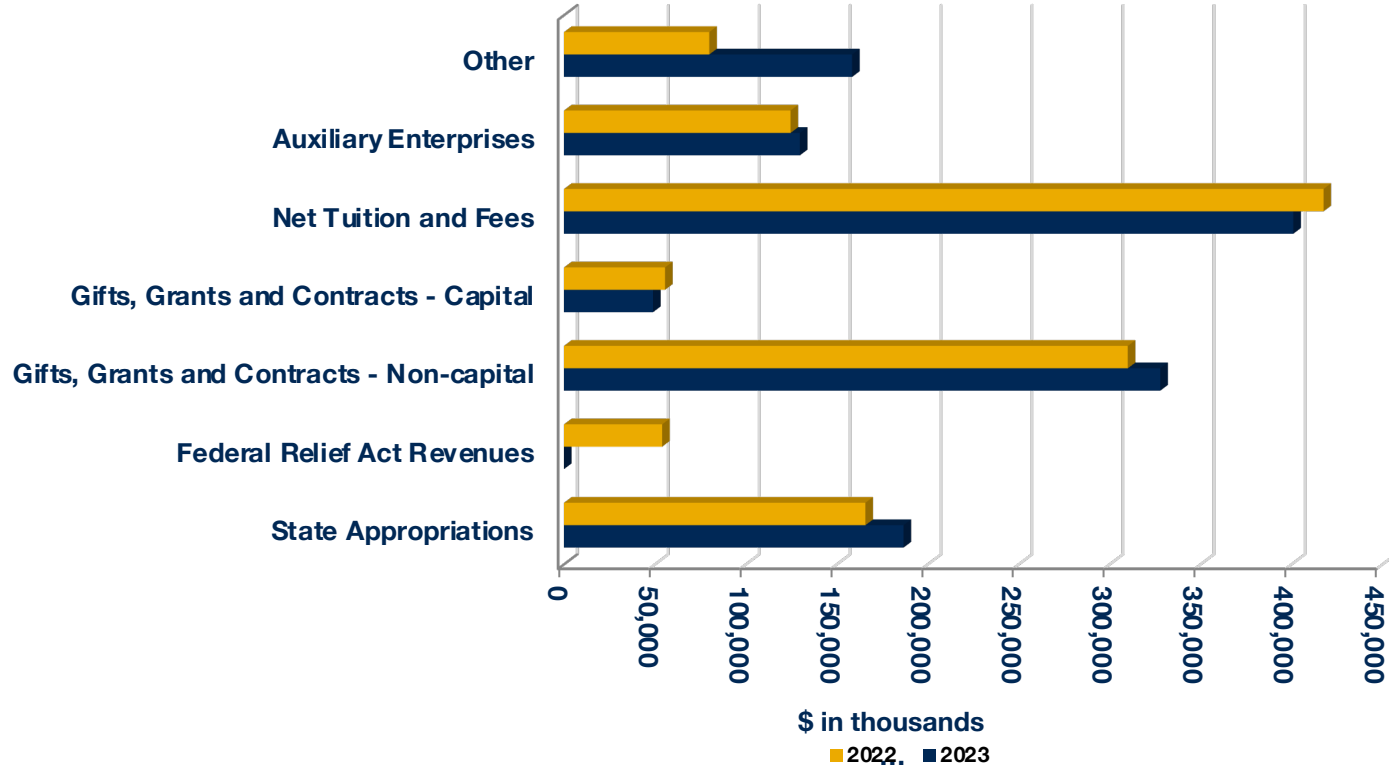
FY2023 FINANCIAL STRATEGIES

- ✓ Preserve cash position while navigating the academic transformation by utilizing one-time gifts and the reduction of spending
- ✓ Focus on diversification of revenue sources, managing costs and using innovation and technology to gain operational efficiencies
- ✓ Maintain current bond ratings

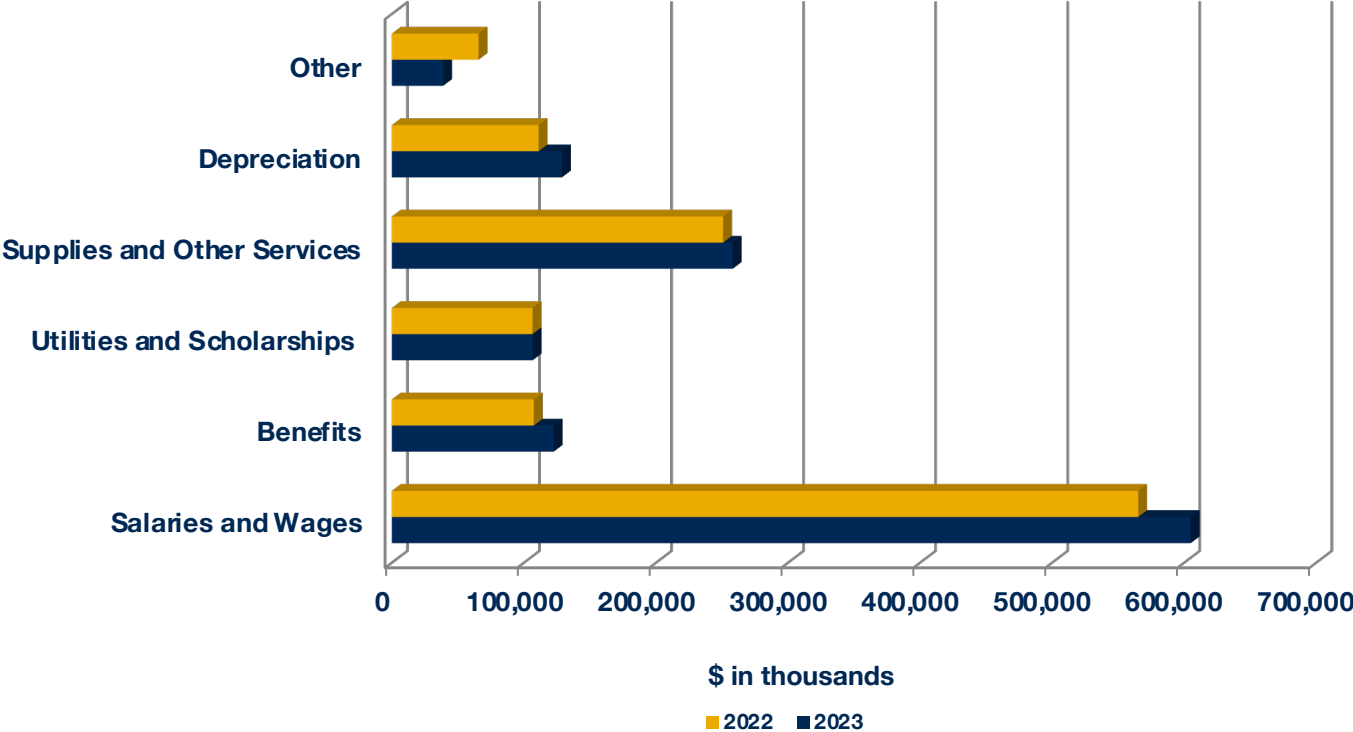
FY2023 FINANCIAL CRITICAL DRIVERS

- ✓ Increased Research Activity, Auxiliary Revenue and Gift Revenue
- ✓ Investment Performance
- ✓ Other Post Employment Benefits (OPEB)
- ✓ Donated Software (Amortization)
- ✓ Issuance of New Accounting Standard, "GASB 96" on Subscription Based IT Arrangements

TREND IN REVENUES



TREND IN EXPENSES



FY2019 – FY2023 FINANCIAL RESULTS

\$ in thousands

	FY 2019	FY2020	FY2021	FY2021 RESTATED (GASB 87)	FY2022	FY2022 RESTATED (GASB 96)	FY2023
REVENUES:							
Tuition and Fees	\$411,253	\$415,201	\$401,854	\$401,854	\$417,624	\$417,624	\$400,975
State Appropriations	180,233	183,044	200,218	200,218	165,738	165,738	186,725
Grants and Contracts - Non-Capital	241,446	251,115	273,707	273,707	310,018	310,018	327,851
Federal Relief Acts -Revenues	-	15,042	35,859	35,859	53,962	53,962	-
Grants and Contracts - Capital	17,107	16,508	92,315	92,315	55,471	55,568	48,935
Auxiliaries	143,383	126,891	94,533	94,400	124,564	124,564	129,710
Other Revenues	116,764	166,328	151,342	150,307	69,496	69,496	145,689
Other Appropriations	8,228	8,639	9,285	9,285	10,372	10,372	12,759
TOTAL REVENUES	\$1,118,414	\$1,182,768	\$1,259,113	\$1,257,945	\$1,207,245	\$1,207,342	\$1,252,644
EXPENSES:							
Salaries and Wages	\$529,730	\$535,606	\$538,308	\$538,308	\$565,072	\$565,176	\$605,065
Benefits	151,973	147,440	118,034	118,034	107,501	107,460	122,544
Supplies and Other Services	236,924	236,081	240,487	234,292	258,548	250,802	258,158
Depreciation and Amortization	74,024	72,815	87,384	90,724	104,084	111,146	128,853
Utilities	30,810	29,323	29,737	29,737	34,130	34,130	40,058
Scholarship and Fellowship	49,596	60,959	63,248	63,248	72,338	72,338	66,592
Federal Relief Acts -Expenses	-	13,644	12,653	12,653	27,272	27,272	-
Debt Service	32,921	27,045	30,395	33,105	33,298	33,736	34,554
Other Expenses	5,989	13,891	11,070	9,792	4,610	4,610	4,234
TOTAL EXPENSES	\$1,111,967	\$1,136,804	\$1,131,316	\$1,129,893	\$1,206,853	\$1,206,670	\$1,260,058
Net Position	\$6,447	\$45,964	\$127,797	\$128,052	\$392	\$672	(\$7,414)
Net Position Excluding Amortization of Donated Software	\$11,631	\$49,644	\$143,539	\$143,794	\$27,937	\$28,217	\$35,671
CONVERSION OF CASH TO ACCRUAL							
Beginning Operational Cash	\$85,298	\$116,290	\$116,090	\$116,090	\$107,993	\$107,993	\$137,900
Financial Statement Gain (Loss)	\$6,447	\$45,964	\$127,797	\$128,052	\$392	\$672	(\$7,414)
Depreciation and Amortization	74,024	72,815	87,384	90,724	104,084	111,146	128,853
Investment (Income) Loss	(10,896)	(11,377)	(45,545)	(45,545)	28,810	28,810	(19,141)
Proceeds from issuance of bonds		152,236	90,936	90,936	20,000	20,000	56,500
Capital purchases	(44,953)	(79,723)	(146,307)	(147,480)	(68,354)	(68,607)	(51,555)
Principal payments on capital debt, leases and subscriptions	(20,558)	(68,860)	(12,389)	(14,968)	(18,304)	(27,889)	(39,409)
Other change in balance sheet accounts affecting cash	26,928	(11,255)	(109,973)	(109,816)	(36,721)	(34,225)	(74,749)
TOTAL ADJUSTMENTS	\$24,545	(\$46,164)	(\$135,894)	(\$136,149)	\$29,515	\$29,235	\$499
Operational Cash Gain /Loss	\$30,992	(\$200)	(\$8,097)	(\$8,097)	\$29,907	\$29,907	(\$6,915)
Ending Operational Cash	\$116,290	\$116,090	\$107,993	\$107,993	\$137,900	\$137,900	\$130,985

FIVE-YEAR FINANCIAL HIGHLIGHTS

\$ in thousands

	FY 2019	FY 2020	FY2021 RESTATED	FY2022 RESTATED	FY2023	COMMENTS
Total Revenues Without Capital Grants and Gifts	\$1,101,307	\$1,166,260	\$1,165,630	\$1,151,774	\$1,203,709	<i>FY2023 revenues were positively impacted by additional state and federal appropriations, a significant increase in non-capital grants and contracts activity, improved auxiliary enterprise operations, additional gift revenue, and positive returns on investments. FY2023 revenues were negatively impacted by \$17 million in lower net tuition and fees and COVID-19 federal support in 2022 of \$54 million.</i>
Tuition Dependency (% of Non-Capital Revenues)	37%	36%	34%	36%	33%	<i>Shows a decline in 2023.</i>
Total Expenses	\$1,111,967	\$1,136,804	\$1,129,893	\$1,206,670	\$1,260,058	<i>The increase from FY2022 is mainly due to an increase in salaries and supplies, especially related to grant activity, as well as increased utilities, increased OPEB expense and increased amortization of donated software.</i>
Salaries	\$529,730	\$535,606	\$538,308	\$565,176	\$605,065	<i>Increase over FY2022 is mainly due to an increase in grant-funded salaries and supplies.</i>
Supplies	\$236,924	\$236,081	\$234,292	\$250,802	\$258,158	
Student Scholarships	\$142,565	\$153,520	\$161,894	\$174,168	\$179,618	<i>3% increase over FY 2022.</i>
Operating Margin	\$6,447	\$45,964	\$128,052	\$672	(\$7,414)	<i>Operating margin declined compared to FY2022 mainly due to a net decrease in tuition and related revenues and expenses, higher OPEB expenses, and amortization of software expenses</i>
Adjusted Income (Loss) - Net of Amortization of Donated Software	\$11,631	\$49,644	\$143,794	\$28,217	\$35,671	<i>Net income after adjusting for amortization of donated software.</i>
Days Cash on Hand	69	69	73	73	62	<i>Decrease from 2022 to 2023 related to increase in overall expenses combined with decreased cash and investment balances partially due to increased debt service and increased receivables.</i>
Total Long-Term Debt (Excluding OPEB)	\$730,233	\$810,804	\$969,000	\$977,000	\$1,000,000	<i>Represents approximately 74% of total liabilities</i>
Debt Burden (Debt Service as a % of Operating Expenses)	5%	5%	5%	5%	5%	<i>Has held constant</i>

WVU COMBINED STATEMENT OF NET POSITION

\$ in thousands

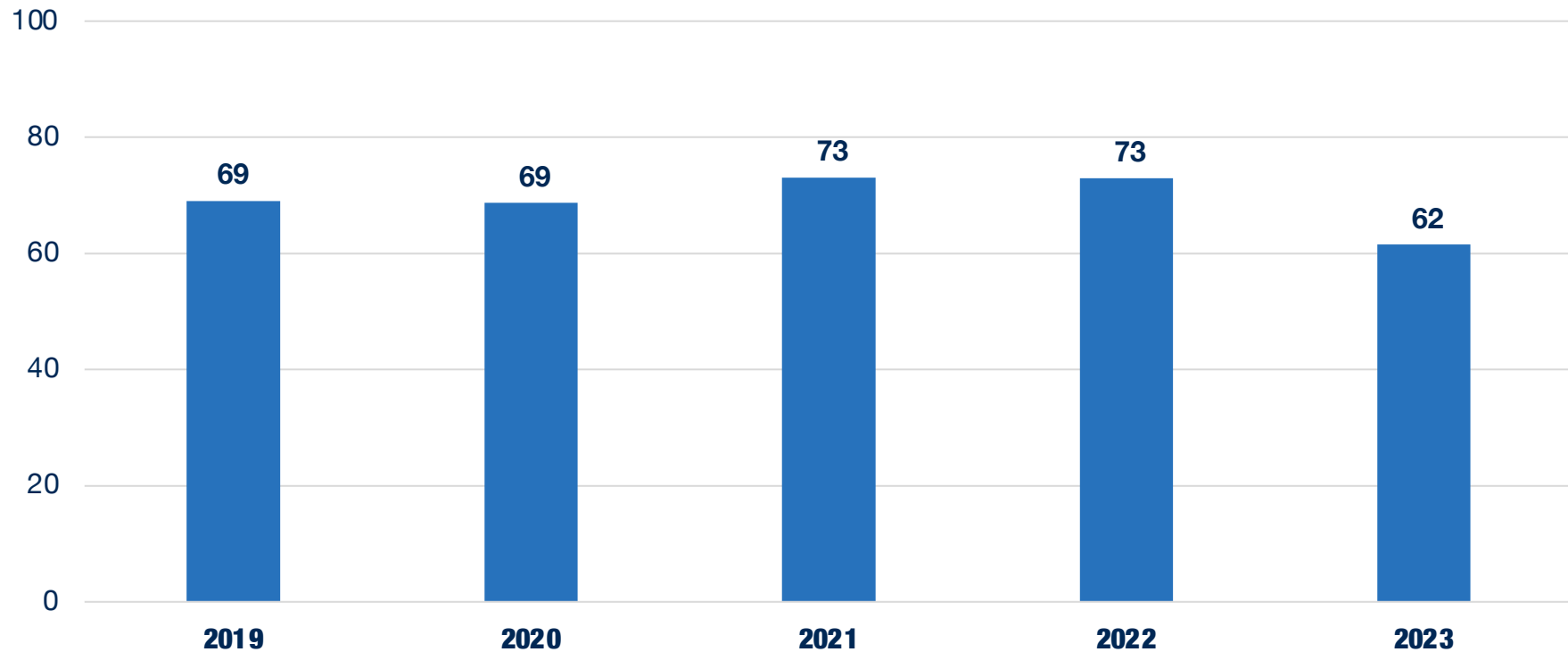
	2023	2022 RESTATED	DIFFERENCE
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
CASH:			
Unrestricted	\$130,985	\$137,900	(\$6,915)
Restricted	74,124	65,861	8,263
INVESTMENTS:			
Short-Term	65,923	84,849	(18,926)
Long-Term	104,907	99,192	5,715
NET ACCOUNTS RECEIVABLE:			
AR - Customers	124,676	113,060	11,616
AR - PPPs	12,742	14,345	(1,603)
AR - State	1,649	1,285	364
Loans Receivable	20,052	21,158	(1,106)
Notes and Leases Receivable	4,042	3,859	183
Prepaid Expenses	2,647	4,813	(2,166)
Capital Assets	1,948,898	1,974,210	(25,312)
Other Assets	2,618	5,540	(2,922)
Deferred Outflows of Resources	27,291	25,556	1,735
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$2,520,554	\$2,551,628	(\$31,074)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts Payable	\$62,788	\$62,808	(\$20)
Accrued Liabilities	14,290	15,077	(787)
Accrued Payroll	31,301	44,727	(13,426)
Unearned Revenue	76,457	73,101	3,356
Compensated Absences	33,027	31,360	1,667
CAPITAL DEBT:			
Real Estate Purchase Agreements	10,582	10,895	(313)
Debt Service Assessment to HEPC	26,671	31,168	(4,497)
Subscriptions	15,943	13,807	2,136
Leases	80,646	84,112	(3,466)
Bonds	804,095	772,089	32,006
Notes	61,785	64,448	(2,663)
OPEB Liability	7,321	-	7,321
Pension Liability	2,158	1,690	468
Advances from Federal Government	12,029	14,284	(2,255)
Other Liabilities	38,311	37,229	1,082
Deferred Inflows of Resources	77,352	121,621	(44,269)
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$1,354,756	\$1,378,416	(\$25,796)
NET POSITION			
Net Investment in capital assets	\$1,006,960	\$1,041,668	(\$34,708)
RESTRICTED			
Expendable	58,958	59,598	(640)
Non-Expendable	15,776	15,109	667
Unrestricted	84,104	56,837	27,267
TOTAL NET POSITION	\$1,165,798	\$1,173,212	(\$7,414)

STATEMENT OF CASH FLOWS

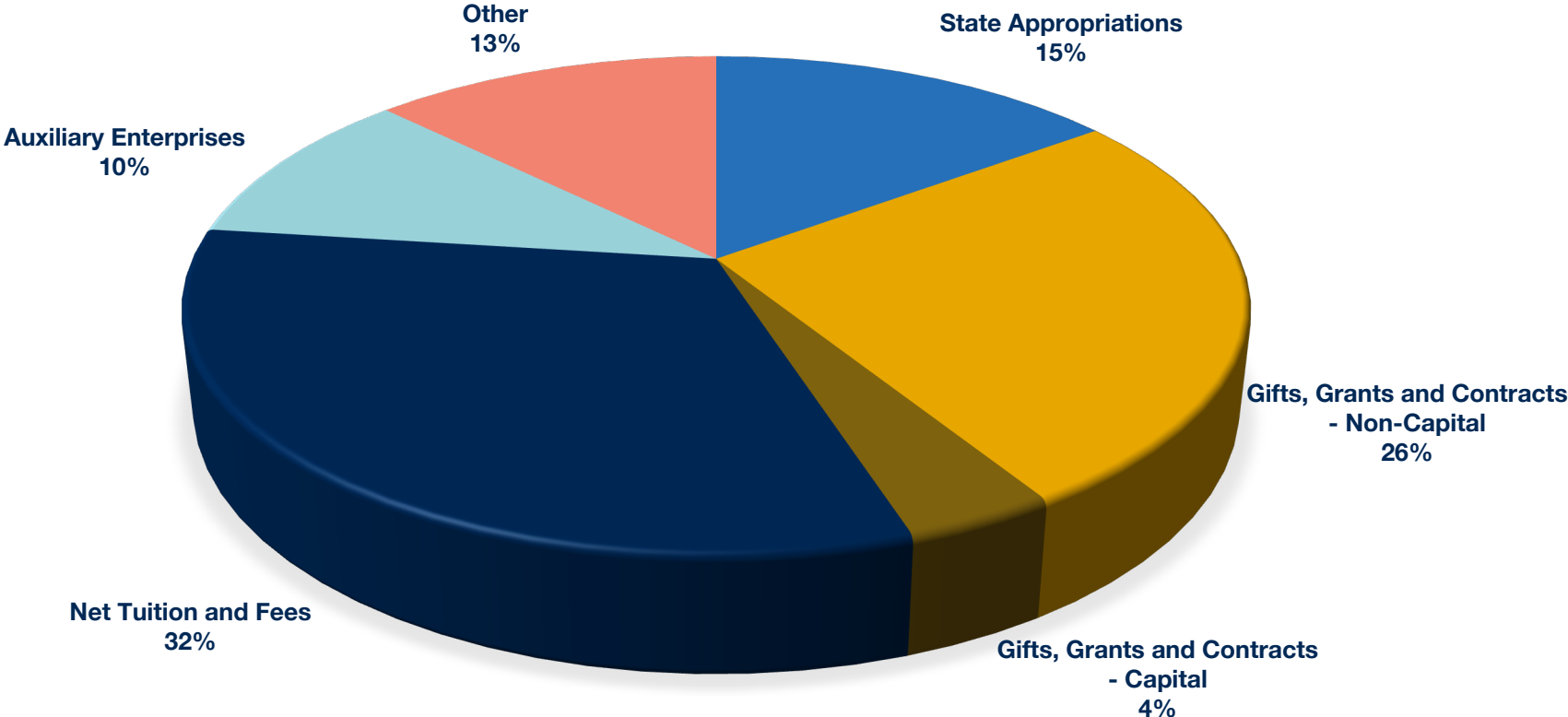
\$ in thousands

	2023	2022 RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees	\$360,023	\$381,396
Grants and Contracts	289,663	280,463
Auxiliary Enterprise Charges	126,775	116,870
Federal and Local Land Grants	12,758	10,372
Payments to Employees	(618,761)	(561,898)
Payment to Suppliers	(249,561)	(206,891)
Payment for Benefits	(118,841)	(116,275)
Payment for Scholarships	(64,650)	(71,672)
Payment for Utilities	(41,115)	(32,634)
Other Operating Receipts (Payments)	21,634	7,270
Federal Relief Acts Expenses	-	(27,272)
Net cash used in operating activities	(\$282,075)	(\$220,271)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	\$183,269	\$182,627
Gifts	107,124	55,894
Federal Pell grants	25,421	25,838
Other Non-Operating Receipts (Payments)	3,850	2,927
Federal Relief Acts Revenues	-	53,962
Net cash from noncapital financing activities	(\$319,664)	(\$321,248)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Debt Service	(\$79,715)	(\$67,140)
Capital gifts and grants	5,372	8,600
Purchase of capital assets	(51,555)	(68,607)
Proceeds from issuance of capital debt	56,500	20,000
Other Capital Financing Receipts (Payments)	933	818
Net cash from investing activities	(\$68,465)	(\$106,329)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	\$6,048	\$13,827
Other investment activity	26,176	(10,174)
Net cash from investing activities	\$32,224	\$3,653
INCREASE (DECREASE) IN CASH	\$1,348	(\$1,699)
CASH AND CASH EQUIVALENTS, Beginning	\$203,761	\$205,460
CASH AND CASH EQUIVALENTS, Ending	\$205,109	\$203,761

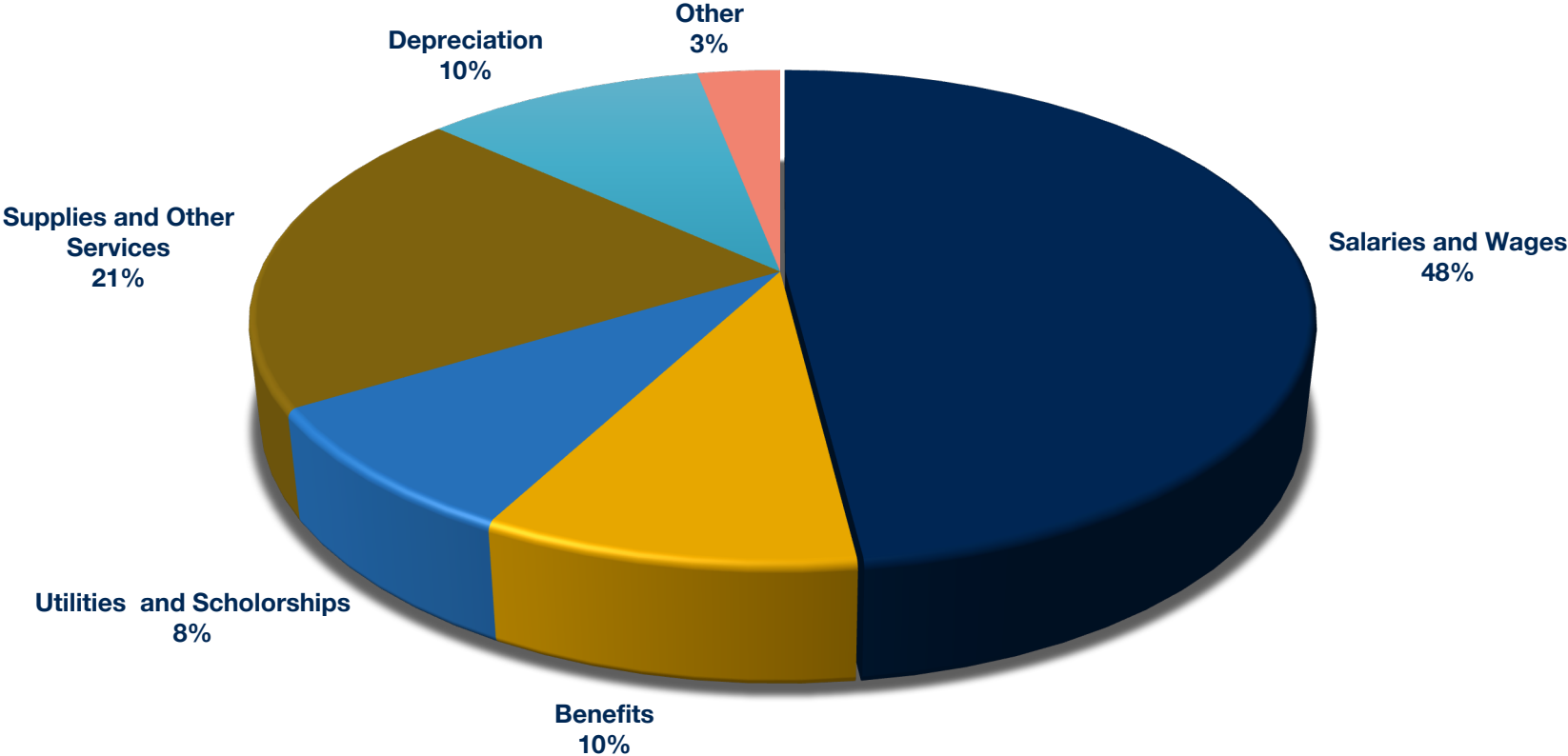
DAYS CASH ON HAND



FY2023 TOTAL REVENUES (\$1.25 BILLION)



FY2023 TOTAL EXPENSES (\$1.26 BILLION)



QUESTIONS?

**FY2023 WVU
RESEARCH CORP.
FINANCIAL RESULTS**

COMPONENTS OF THE WVURC AUDIT

1. Audit of WVURC financial statements
2. Single audit or compliance with Uniform Guidance
 - a. Schedule of Expenditures of Federal Awards (SEFA)
 - b. Compliance Audit of Federal Awards Expended
3. Both financial and single audits received an unmodified or clean audit opinion in FY2023

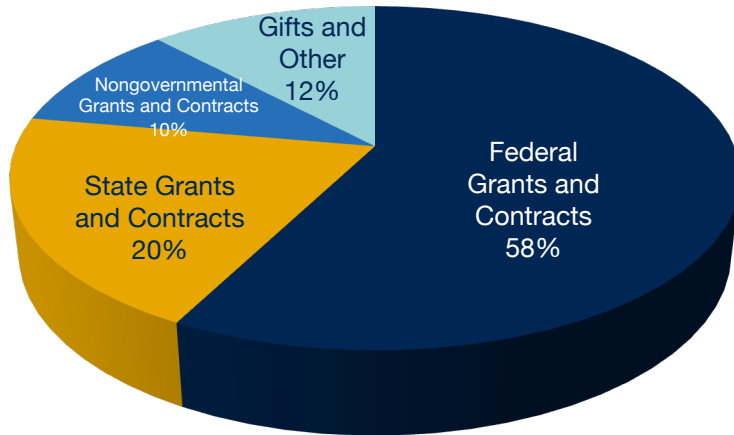
WVU RESEARCH CORPORATION STATEMENT OF NET POSITION

\$ in thousands

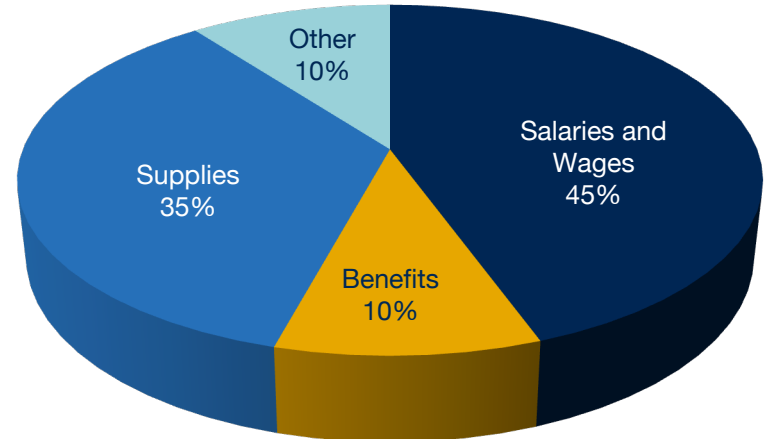
	2023	2022 RESTATED	DIFFERENCE
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Cash	\$34,029	\$39,683	(\$5,654)
Investments	15,271	14,209	1,062
Net Accounts Receivable	49,147	40,556	8,591
Notes Receivable	300	300	-
Prepaid Expenses	537	320	217
Capital Assets	65,488	66,439	(951)
Leases Receivable	339	668	(329)
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$165,111	\$162,175	\$2,936
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Accounts Payable	\$35,233	\$27,106	\$8,127
Accrued Liabilities	194	3	191
Accrued Payroll	4,605	5,332	(727)
Unearned Revenue	24,950	29,267	(4,317)
Compensated Absences	1,615	1,428	187
Notes Payable	55,114	56,334	(1,220)
Leases Payable	1,607	2,156	(549)
Subscriptions Payable	47	396	(349)
Deferred Inflows of Resources	441	161	280
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$123,806	\$122,183	\$1,623
NET POSITION			
Net Investment in capital assets	\$15,775	\$15,418	\$357
Restricted - Expendable	-	-	-
Unrestricted	25,530	24,574	956
TOTAL NET POSITION	\$41,305	\$39,992	\$1,313

FY2023 FINANCIAL AUDIT

Total Revenues (\$177.7 Million)



Total Expenses (\$176.4 Million)



FY2023 SINGLE AUDIT

- / Compliance audit of Schedule of Expenditures of Federal Awards (SEFA)
- / Single audit highlights
 - / Major programs audited
 - / Research and Development (R&D) Cluster
 - / Total expenditures on federal awards - **\$136 million**
 - / R&D expenditures - **\$103 million**
 - / Other program expenditures - **\$33 million**
- / Agencies with the highest federal expenditures during FY2023
 - / Department of Health and Human Services (DHHS) - **\$71 million**
 - / Department of Energy (DOE) - **\$15 million**
 - / National Science Foundation (NSF) - **\$15 million**

QUESTIONS?