



UVA: Financial Overview

May 2022

UVA Is Essentially a Small City

- On a typical day, 50,000 people on Grounds (students, employees, patients, visitors)
- 26,000 students: roughly 17,300 undergraduate students and 8,700 graduate students
 - Undergrads are 56% female and 68% Virginian; Grads are 53% female and 38% Virginian
 - 7,400 degrees awarded in May 2021
- 30,000 faculty and staff: 18,000 Academic Division; 9,000 Medical Center; 1,000 College at Wise; 1,000 UPG
- 3,300 acres of land, with about 1,200 contiguous around central Grounds.
- 565 buildings: 71% are older than 30 years and 69 are historic
- 671 bed hospital system (not including 3 new hospitals acquired in July 2021 in Northern Virginia)
 - 26,000 inpatient admissions and 950,000 outpatient visits
- Utility plants, police force, bus fleet, other business services
 - 6 miles of tunnels; 222 miles of heating, cooling, water, and sewer lines; 2,500 solar panels on-Grounds and 124,000 off-Grounds
 - 7,200 student beds and more than 20 dining locations. Serve more than 2 million meals annually (not including the hospital)
 - 12 parking garages and 20,000 parking spaces; 44 buses and annual ridership of 3.5 million people
- Libraries, art museums, performance spaces, literary journals
- 27 NCAA sports, 750 student-athletes, and 30 NCAA national titles

UVA Organization

- Board of Visitors
 - President: *Jim Ryan*
 - Executive Vice President and Provost: *Ian Baucom*
 - Executive Vice President and Chief Operating Officer: *Jennifer (J.J.) Davis*
 - Executive Vice President for Health Affairs: *Craig Kent*

UVA Board of Visitors

- 17 voting members, appointed by the Governor and confirmed by the General Assembly
 - Four-year term, eligible for one consecutive re-appointment
- 2 non-voting members, a full-time student and a faculty member appointed by the Board
 - One-year term
- Meets 4 times per year, plus one retreat

UVA President's Organization

- VP for Research
- VP for Advancement
- VP and Chief Student Affairs Officer
- VP for Diversity, Equity, and Inclusion,
- VP for Communications and Marketing
- Chancellor, UVA's College at Wise
- University Counsel, Secretary of the BOV, Athletics, Strategic Initiatives

UVA EVP/Provost's Organization

- Deans of 12 Schools
- University Librarian
- Vice Provosts for Academic Affairs, Academic Outreach, Academic Initiatives, Academic Technology, Faculty Affairs, Enrollment, Global Affairs, Online Learning, UVA Northern Virginia, Arts, and Planning
- Center Directors: Biocomplexity, Democracy, Politics, Applied Research Institute

UVA's 12 Schools

- Architecture
- College of Arts & Sciences
- Continuing & Professional Studies
- Darden School of Business
- Data Science
- Education and Human Development
- Engineering & Applied Science
- Law
- Batten School of Leadership & Public Policy
- McIntire School of Commerce
- Medicine
- Nursing

UVA EVP/COO's Organization

- Sr. VP For Operations and State Relations (includes Facilities Management, Architect, Business Operations)
- VP for Finance
- VP and Chief Human Resources Officer
- VP and Chief Information Officer
- Safety and Security, Economic Development, Organizational Excellence

UVA Finance Organization

- Associate VP for Financial Operations, *Augie Maurelli*: Procurement & Supplier Diversity, Payroll, Accounting and Financial Reporting, Tax and Contracts
- Associate VP for Financial Strategy, *Bill Ashby*: Financial Planning & Analysis, Outreach & Engagement, Training, Communications, Administration
- University Treasury and Risk, *Julie Richardson*
- Managing Director, Finance Strategic Transformation, *James Gorman*

UVAFinance

Mission: UVAFinance provides the financial framework to accurately, effectively, and transparently steward University resources in a complex educational and healthcare environment. We are the source of financial expertise, information, solutions, and insight that informs internal and external stakeholders and enables University students, educators, researchers, and administrators to be their **best**.

Vision: UVAFinance is *the valued and trusted financial partner* that the University community turns to first.

- * Impeccable Source of Information * Service excellence *
- * Strategic Continuous Improvement * Collaborative partner *
- * Diverse and Inclusive Teams *

Who are Some of UVAFinance's Partners?

- UVA Health/Medical Center Finance
- UVIMCO – Endowment
- UVA Foundation – Real Estate and Other
- Gift Accounting
- Internal Audit
- Capital Budgeting
- Sponsored Programs
- Student Financial Services

Who are Some of UVAFinance's Stakeholders?

- Board of Visitors
- University Executive Leadership
- Deans/Schools, Faculty and Administrators
- Centers and Units
- University Associated Organizations, particularly University Physician's Group
- External: Parents and students, legislators and taxpayers, donors, grantors, public

How Financially Strong is UVA?

- AAA bond rating
- \$13 billion cash and investment balance
- Low debt-to-total assets ratio
- Stable enrollment and student demand
- Diversity of revenues: healthcare, tuition, grants and contracts, appropriation, philanthropy
- Successful fundraising campaign

What Keeps Us Up At Night?

- Student affordability
- Stabilizing state support
- Below market faculty and staff salaries, retention
- Maintaining academic excellence and implementing the strategic initiatives
- Key enterprise risks, such as cybersecurity



Financial Statements and Operating Budget

Audited Financial Reports

- Reports financial activity which has occurred over the fiscal year
- Audited by the Auditor of Public Accounts
- Accrual basis, using Generally Accepted Accounting Principles (GAAP)
- Reflects *external* debt and investment activity
- Includes depreciation and capitalized equipment
- Includes pledges, non-cash gifts, and gifts for the endowment or capital
- Includes unrealized gains

Audited Financial Reports

- Commonwealth of Virginia's Auditor of Public Accounts
 - Audit financial statements
 - Evaluate internal controls
- Consolidates Academic Division, Medical Center, College at Wise
- GAAP requires financial information on “component units”
 - After reviewing burden/benefit relationship, we include (but do not consolidate) 9 of 25 UAOs
- GASB (public entities) vs. FASB (private entities)

Audited Financial Reports

- Management's Discussion and Analysis (MD&A)
- Statement of Net Position (Balance Sheet)
- Statement of Revenues, Expenses and Changes in Net Position (Income Statement)
- Statement of Cash Flows
- Notes to Financial Statements
- Required Supplementary Information, if applicable

University of Virginia

FY2021 Statement of Net Position

(in Millions)

Current assets increased \$156 million, which is primarily related to UVAMC's increase in cash in anticipation of the 7/1/22 Novant acquisition.

Endowment assets now sit at \$7.5 billion, which is directly related to positive returns in the LTP and new endowment gifts to the University.

Noncurrent liabilities increased by \$606 million primarily due to the 2020 Series bond issuances and increases in the pension liability.

SUMMARY OF THE STATEMENT OF NET POSITION <i>(in thousands)</i>	2021	2020	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Current assets	\$ 1,175,873	\$ 1,019,853	\$ 156,020	15.3%
Noncurrent assets				
Endowment investments	7,521,785	5,151,300	2,370,485	46.0%
Other long-term investments	3,932,557	2,678,450	1,254,107	46.8%
Capital assets, net	4,490,849	4,344,318	146,531	3.4%
Other	845,429	406,799	438,630	107.8%
Total assets	17,966,493	13,600,720	4,365,773	32.1%
Deferred outflows of resources	214,926	200,480	14,446	7.2%
Total assets and deferred outflows of resources	18,181,419	13,801,200	4,380,219	31.7%
Current liabilities	941,873	861,282	80,591	9.4%
Noncurrent liabilities	4,118,512	3,512,525	605,987	17.3%
Total liabilities	5,060,385	4,373,807	686,578	15.7%
Deferred inflows of resources	279,532	301,640	(22,108)	(7.3%)
Total liabilities and deferred inflows of resources	5,339,917	4,675,447	664,470	14.2%
TOTAL NET POSITION	\$ 12,841,502	\$ 9,125,753	\$ 3,715,749	40.7%

University of Virginia

FY2021 Statement of Revenues, Expenses, and Changes in Net Position (in Millions)

Patient services revenue recovered, as elective procedures, surgeries, and clinic visits resumed during the year.

Investment income was \$3.4 billion higher than in the previous year. This is directly related to LTP returns in UVIMCO, 5% in FY20 compared to 49% in FY21.

Capital appropriations and gifts were \$76 million higher than in the previous year, related to Alderman Library Renewal, Data Science building, and Gilmer Chemistry Building.

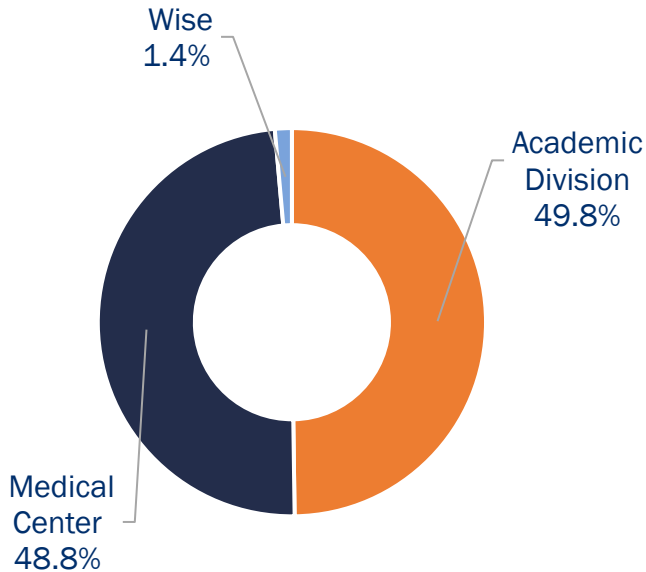
SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)	2021	2020	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Operating revenues				
Student tuition and fees, net	\$ 629,820	\$ 619,517	\$ 10,303	1.7%
Patient services, net	1,806,678	1,654,517	152,161	9.2%
Sponsored programs	407,349	413,058	(5,709)	(1.4%)
Other	183,217	225,354	(42,137)	(18.7%)
Total operating revenues	3,027,064	2,912,446	114,618	3.9%
Operating expenses	3,701,903	3,595,687	106,216	3.0%
Operating loss	(674,839)	(683,241)	8,402	(1.2%)
Nonoperating revenues (expenses)				
State appropriations	195,571	192,642	2,929	1.5%
Gifts	196,687	206,454	(9,767)	(4.7%)
Investment income	3,770,894	359,303	3,411,591	949.5%
Pell grants	15,296	15,010	286	1.9%
Nonoperating grant revenue	88,064	65,009	23,055	35.5%
Interest on capital asset-related debt	(98,651)	(87,410)	(11,241)	12.9%
Build America Bonds (BAB) rebate	8,298	10,837	(2,539)	(23.4%)
Other net nonoperating expenses	(4,446)	(6,123)	1,677	(27.4%)
Net nonoperating revenues	4,171,713	755,722	3,415,991	452.0%
Income before other revenues, expenses, gains, or losses	3,496,874	72,481	3,424,393	4724.5%
Capital appropriations, gifts, and grants	164,881	89,047	75,834	85.2%
Additions to permanent endowments	53,994	46,692	7,302	15.6%
Total other revenues	218,875	135,739	83,136	61.2%
INCREASE IN NET POSITION	3,715,749	208,220	3,507,529	1684.5%
NET POSITION - BEGINNING OF YEAR	9,125,753	8,917,533	208,220	2.3%
NET POSITION - END OF YEAR	\$ 12,841,502	\$ 9,125,753	\$ 3,715,749	40.7%

Annual Budget Plan

- Forward-looking one-year financial plan
- Unaudited
- Cash basis
- Single statement - operating sources and uses
- Reflects *internal* bank borrowing and investing activity
- Excludes depreciation, equipment purchases are uses of funds
- Includes only gifts received and available to use
- Mandatory fees collected for auxiliaries and internal revenues collected from departments are shown as auxiliary revenues
- Excludes unrealized gains

University of Virginia

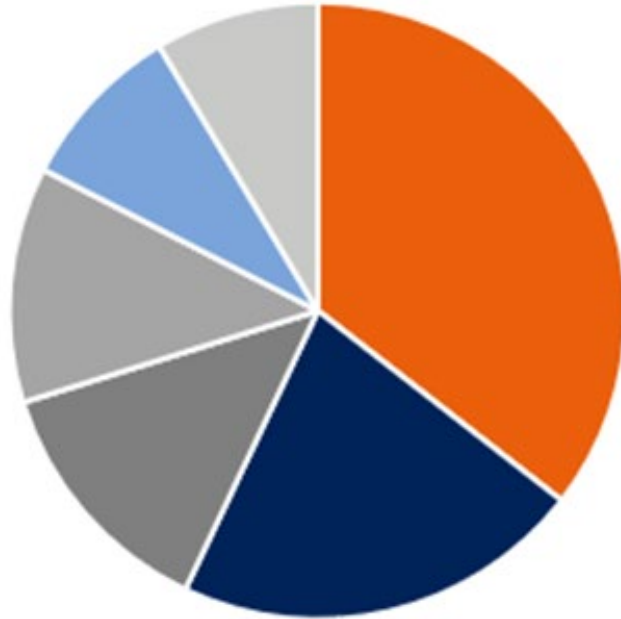
FY2022 Operating Budget (in Millions)



	2020-21	2021-22	Change from FY21 to FY22	
Academic Division	\$1,879.5	\$1,988.5	\$109.0	5.8%
Medical Center	1,827.2	1,950.0	122.8	6.7%
UVA-Wise	48.9	56.3	7.4	15.1%
Total	\$3,755.4	\$3,994.8	\$239.2	6.4%

University of Virginia – Academic Division

FY2022 Operating Budget – Sources of \$2.02B

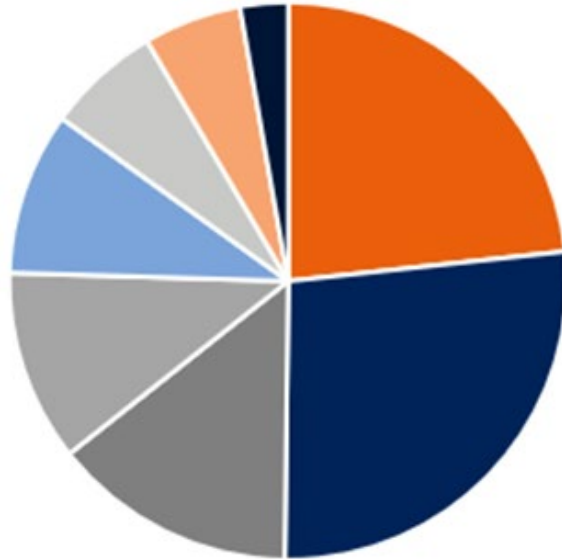


FY2021 - 2022

- Tuition & Fees (36%) \$716.4 million
- Externally Sponsored Programs (22%) \$434.2 million
- Sales & Services and Other (13%) \$264.8 million
- Endowment Distribution (12%) \$249.3 million
- State Appropriations (9%) \$178.1 million
- Expendable Gifts (9%) \$173.3 million

University of Virginia – Academic Division

FY2022 Operating Budget – Uses of \$1.99B



FY2021 - 2022

- Instruction (23%) \$463.4 million
- Research & Public Service (27%) \$534.9 million
- Academic Support (14%) \$281.6 million
- Auxiliaries (11%) \$221 million
- Financial Aid (9%) \$187.9 million
- O&M of Physical Plant (7%) \$131.5 million
- General Administration & Internal Debt Service (6%) \$113.1 million
- Student Services (3%) \$55.1 million

Capital Budgets

- Investments related to a campus's physical facility and infrastructure, includes new construction, acquisitions, renovations, equipment, systems implementations
- Usually multi-year, with large, non-recurring dollars
- Funding sources include: tuition & fees; appropriations; auxiliary revenues; gifts; cash reserves; or debt
- Operating budget impact:
 - Repayment of any borrowing
 - Operations and maintenance

Interim Financial Reporting

- Unaudited, modified GAAP basis, quarterly balance sheet and income statement
- Unaudited, cash-basis operating sources and uses, budget versus actual results
- Financial metrics
- Miscellaneous reports, such as:
 - Endowment Performance Report
 - Sponsored Programs Restricted Grant and Contract Activity

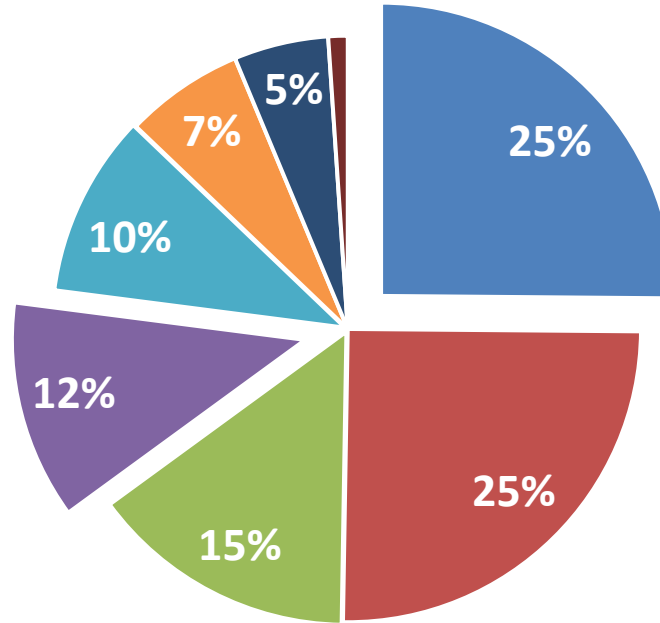


Tuition and State Tax Support



Academic Division Revenue - Proportion from Tuition and State *(FY21 Actuals)*

- **Net Tuition**
- **Research (Direct and Indirect)**
- **Endowment Distribution**
- **State Appropriation**
- **Gifts**
- **Auxiliaries**
- **Fees**
- **Other**



Net Tuition & Fees

Categories: Undergrad, Graduate, Certificate, Continuing Education Programs, Program Fees

Constituents: Parents and Students

Interested Parties: Politicians

Restrictions: Use for core educational activities and administrative support of those activities

Concerns: Rising tuition impacts access and affordability but provide investments to provide successful completion and placement

State General Funds

Categories: Educational support, financial aid, research, capital construction

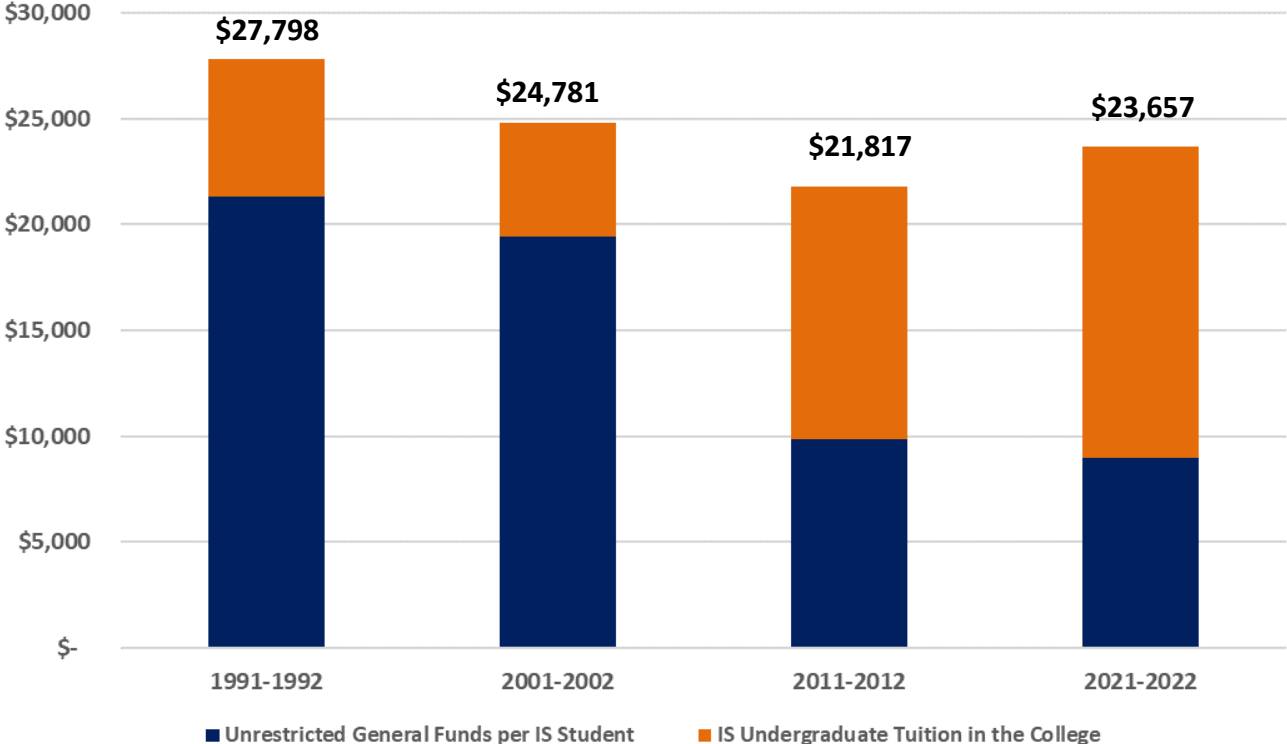
Constituents: Taxpayers

Interested Parties: State officials and legislators

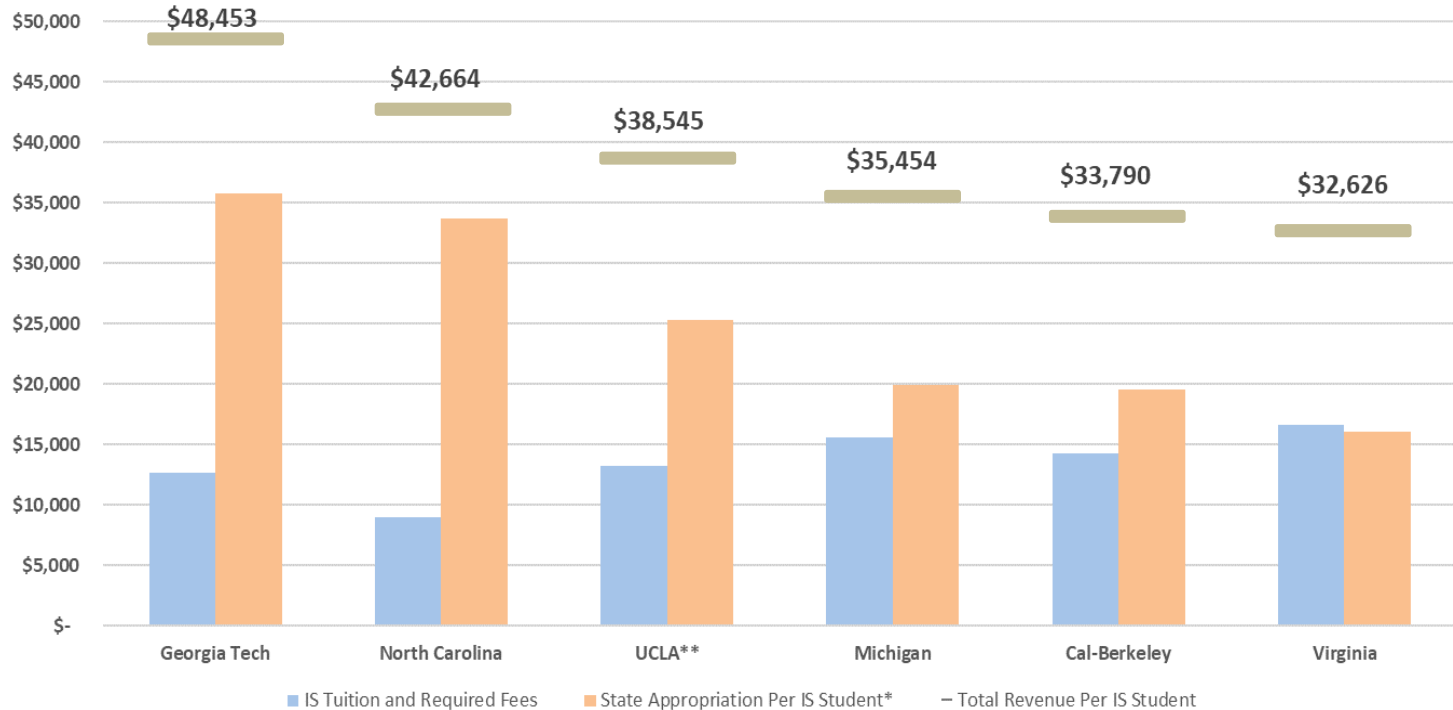
Restrictions: Use for core educational activities and administrative support of those activities, also restricted for financial aid and capital

Concerns: Emphasis on low taxes and increases in healthcare, K12, and other programs

Changing Relationship Between State Appropriation and Tuition In Funding Educational Costs *(in FY2022 dollars)*



2019-20 Tuition and Required Fees vs. State Appropriation Per In-State Student vs. Peers



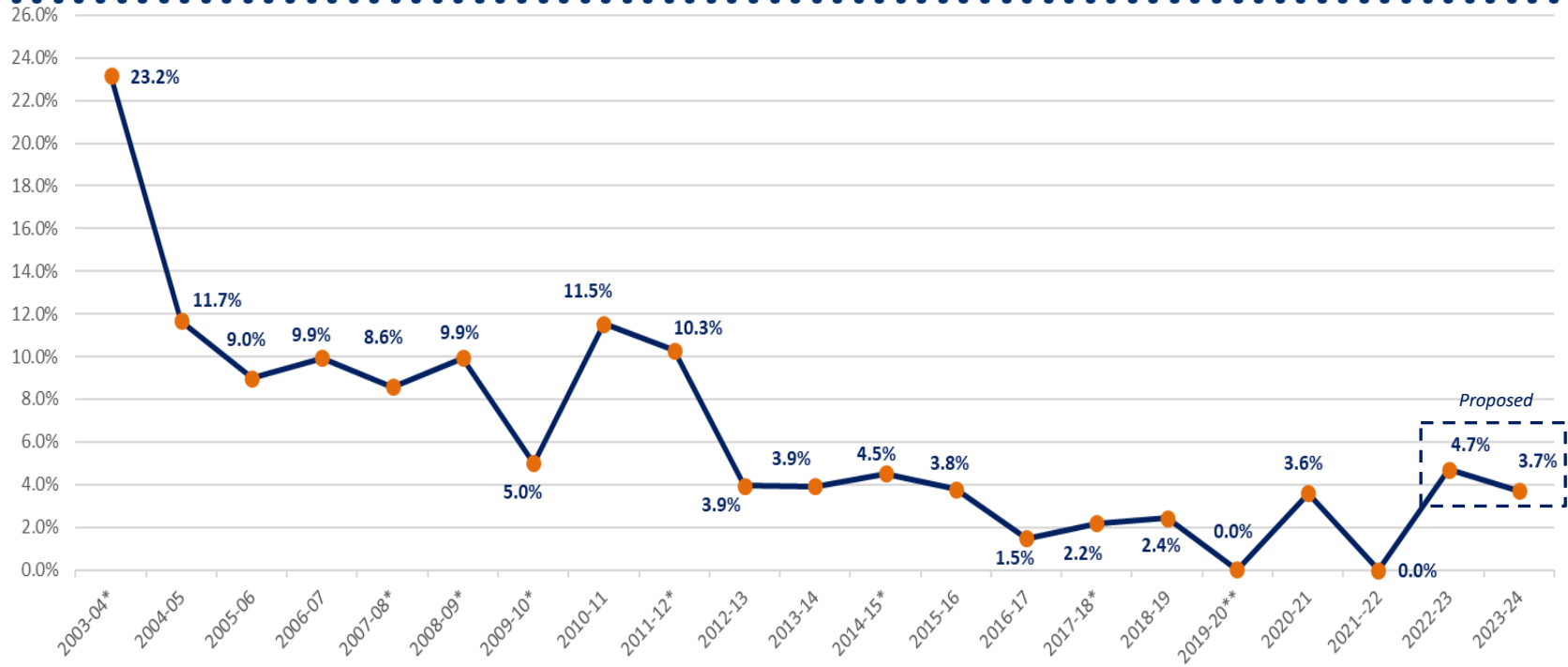
*State appropriation values sourced from the 2020 audited financial statements.

**UCLA state appropriation is an estimate due to unavailability of 2020 audited financial statement.

Tuition Philosophy

- Look to other revenues and spending efficiencies first before tuition
- Minimize increases to continuing students.
- Align unique needs with pricing specific programs: required student:faculty and space ratios; needed equipment and student labs; high touch advising and career services; recruiting and retaining excellent faculty.
- Affordability for all: Outstanding 4 year grad rate along with grad school and employment
- AccessUVA: Full demonstrated need is met

In-State Base Undergraduate Tuition Historical Increases

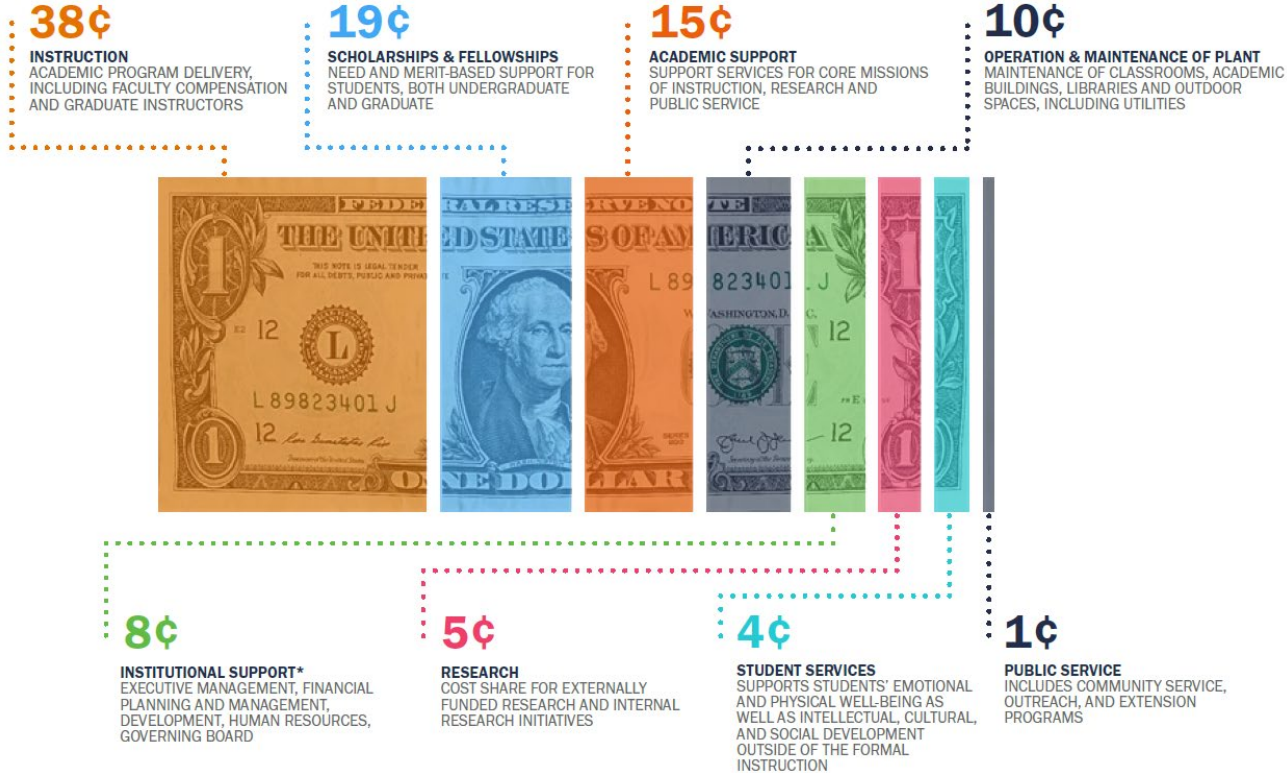


*Denotes year of a general fund decrease.

**The state provided a base \$5.52 million in general funds to offset the 2019-20 tuition freeze.



How We Spend Tuition and State Funds to Educate Students



*Institutional Support includes police and emergency preparedness as well as compliance with state and federal regulations including Title IX, the Clery Act, FERPA, the Americans with Disabilities Act, the Equal Opportunity Act, the Fair Labor Standards Act, the Federal Information Security Management Act, and other federal mandates.



Access and Affordability

AccessUVA

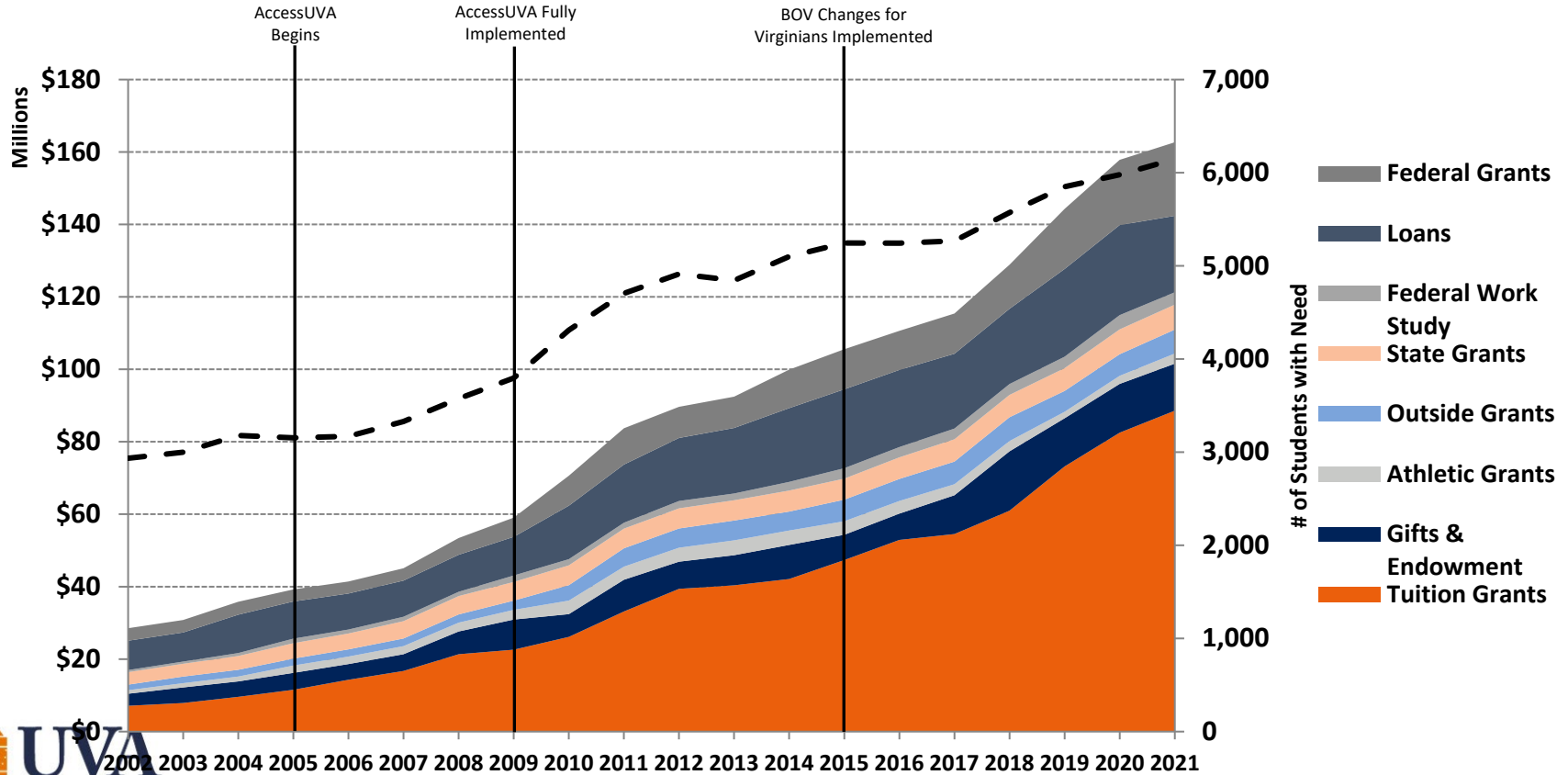
- Full demonstrated need is met for all in-state and out-of-state undergraduates with a combination of grants, loans, and work study
- Virginia families with income <\$80,000 will receive grants = tuition and fees.
Virginia families with income <\$30,000 will receive grants = tuition, fees, room, board
- Need-based loans are capped: \$1,000 for low income Virginians; \$4,500 for other Virginians; \$7,000 for non-Virginians
- Bicentennial Scholars Fund was established by the Board of Visitors in 2016 to create a permanent, sustainable endowment for AccessUVA.

Increase in Students with Demonstrated Financial Need

- UVA has sought to enroll greater numbers of first-generation students and students with need
- To attract these students, over the past five years, UVA has decreased the loan cap for in-state students, provided free tuition/tuition, room, and board at certain income levels for in-state students, and extended AccessUVA to in-state DACA students.

Year	In-State				Out-of-State			
	% of Students w/Need	% of Students w/Pell Grants	Total Need-Based Grants	% Funded from Tuition	% of Students w/Need	% of Students w/Pell Grants	Total Need-Based Grants	% Funded from Tuition
2016-2017	34%	13%	\$47.6M	45%	30%	11%	\$44.2M	74%
2017-2018	36%	14%	\$54.4M	45%	31%	12%	\$50.7M	72%
2018-2019	37%	14%	\$61.1M	50%	33%	13%	\$56.6M	75%
2019-2020	37%	15%	\$66.9M	52%	33%	13%	\$62.2M	77%
2020-2021	37%	15%	\$69.9M	52%	35%	14%	\$68.5M	76%

AccessUVA Historical Funding and Number of Students with Need



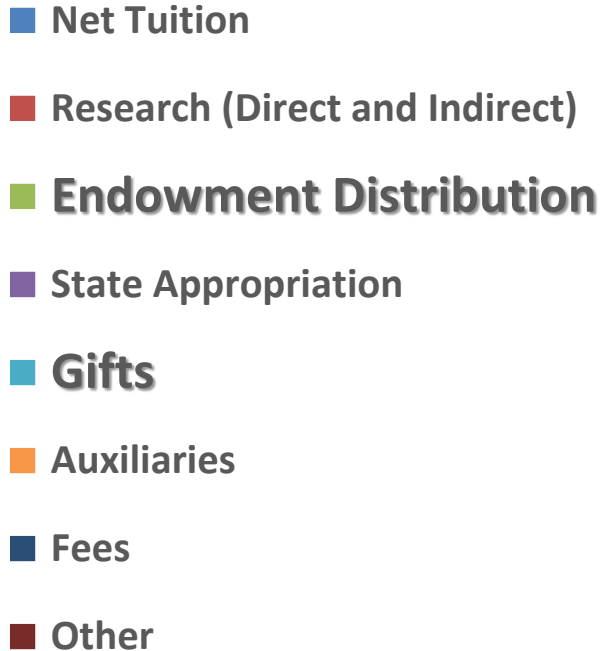


The Role of the Private Funds



Academic Division Revenue - Proportion from Philanthropy

(FY21 Actuals)



Key Take-Aways:

1. The endowment distribution is already fully deployed in the operating budget, funding professorships, scholarship, and other (see next slide).
2. 76% of the annual distribution on the endowment is donor restricted.
3. Contributions from UAOs flow into the University as gifts and must be expended in accordance with the purpose of the UAO.

Private Funds

Categories: Endowment, Annual Giving, Major Gifts, Non-cash Gifts, Strategic Investment Funds

Constituents: Donors

Restrictions: 70-80% of gifts and endowments has a restriction placed on it by donor; usually professorship, scholarship, building

Concerns: Usually used for spending that tuition or state appropriation can't fund. To provide a measure of excellence and cutting edge

Role of Private Funds

- The endowment provides long-term sustainability, as well as protection against inflation
- Private gifts are critical to capital projects, matching state contributions (Alderman Library, Biotech Institute) and funding facilities not funded by the state (Health & Wellness, Contemplative Sciences, Data Science, Democracy Institute, Athletics Masterplan)
- The endowment distribution, gifts, and investment earnings (Strategic Investment Funds) supplement base tuition and appropriations to allow UVA to be excellent:
 - Fund strategic priorities outlined in *Great and Good: The 2030 Plan*
 - Recruit world class faculty and researchers
 - Fund the best undergraduate financial aid program (AccessUVA) among publics
 - Incentivize greater philanthropy through matching programs

Total Endowment

December 31, 2021

Key Take-Aways:

1. The principal is not expendable; the annual expendable distribution is 3-5%.

2. For R&V, 76% of the annual distribution is donor restricted.

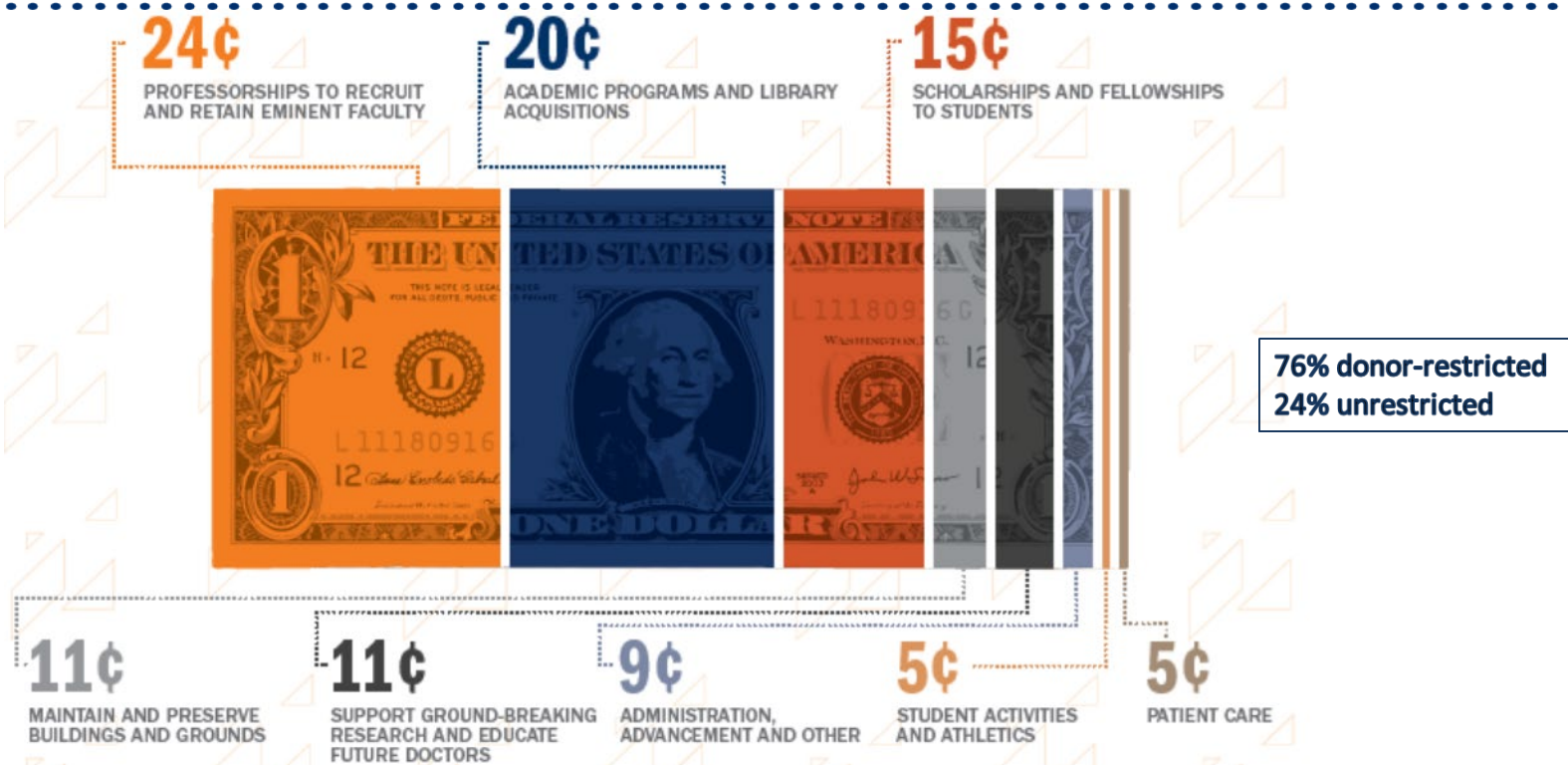
3. For the UAOs, 100% of the distribution is related to the purpose of the UAO.

	Rector & Visitors			University Associated Organizations			Total
	@ UVIMCO	Elsewhere	Total	@ UVIMCO	Elsewhere	Total	
The University of Virginia Medical School and UAO	\$ 1,602	\$ -	\$ 1,602	\$ 135	\$ -	\$ 135	\$ 1,737
The College and Graduate School of Arts and Sciences and UAO	877	-	877	237	9	246	1,123
The University of Virginia Law School and UAO	158	-	158	601	152	753	911
Darden School and UAO	344	-	344	479	30	509	853
School of Engineering and UAO	209	-	209	50	3	53	262
Batten School of Leadership and Public Policy	237	-	237	10	-	10	247
The McIntire School of Commerce and UAO	112	-	112	120	7	127	239
University of Virginia's College at Wise and UAO	139	-	139	36	-	36	175
School of Data Science	193	-	193	-	-	-	193
School of Nursing	89	-	89	5	-	5	94
School of Education and Human Development and UAO	39	-	39	33	-	33	72
School of Architecture and UAO	37	-	37	12	-	12	49
School of Continuing and Professional Studies	13	-	13	-	-	-	13
University of Virginia	2,109	38	2,147	-	-	-	2,147
University of Virginia Medical Center and UAOs	977	-	977	212	-	212	1,189
Jefferson Scholars Foundation	-	-	-	610	3	613	613
Alumni Association (Including Funds Held for Others)	-	-	-	352	37	389	389
Athletics and UAO	145	-	145	104	-	104	249
Provost	225	-	225	-	-	-	225
University of Virginia Foundation and related entities	-	-	-	163	-	163	163
University Libraries	125	-	125	-	-	-	125
Miller Center and UAO	93	-	93	26	-	26	119
Alumni Board of Trustees	-	-	-	111	-	111	111
University Investment Management Company	-	-	-	24	-	24	24
Total Endowment	7,723	38	7,761	3,320	241	3,561	11,322

Distributions from Endowment

- Investment return is re-invested and some amount is distributed from the endowment to the operating budget.
- Goals:
 - Benefit the institution forever (in perpetuity) and provide funds in present
 - Reliable and predictable – to have funds for professorships and scholarships
- Generally restricted by donor and not available for salary increases, utilities, etc.
- Consider inflation to maintain the purchasing power
 - With a 6.5% investment return and 2-3%+ annual inflation, do not spend more than 5% every year

How The Rector & Visitors Endowment Distribution Is Used



86 cents of every dollar spent from the endowment distribution directly supports the University's excellent student experience, which means the University doesn't have to pass these costs along to students in the form of tuition and fees. In essence, this portion of the endowment spending provides a hidden scholarship of nearly \$7,400 per student.

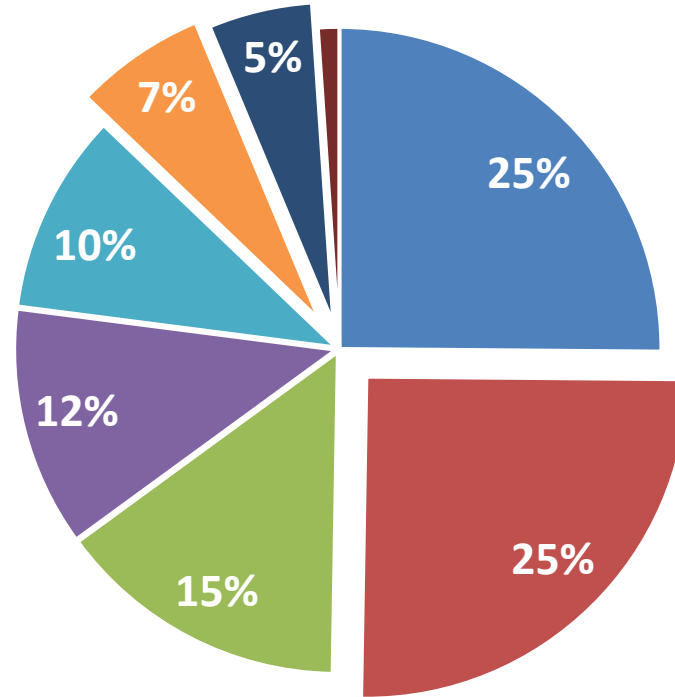




Research and Auxiliaries

Academic Division Revenue - Proportion from Research & Auxiliaries (FY21 Actuals)

- Net Tuition
- Research (Direct and Indirect)
- Endowment Distribution
- State Appropriation
- Gifts
- Auxiliaries
- Fees
- Other



Externally Funded Research

Categories: Federal, State, Local, Private and Industry

Constituents: Federal agencies, foundations, other grantors

Interested Parties: Federal accounting and compliance agencies

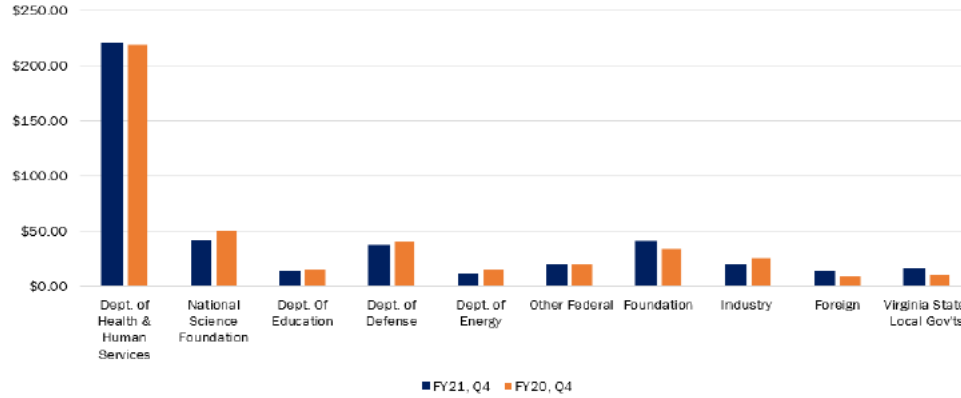
Restrictions: Direct Costs (actual cost of doing the research) and Indirect Costs (space, utilities, accounting, human resources, compliance, and other)

- Reimbursement of Direct Costs
 - Identified specifically with a particular sponsored project: faculty effort, cost share
 - Billed after activity occurs
- Reimbursement of Indirect or Overhead Costs
 - Facilities & Administrative (F&A) - incurred for common costs
 - % applied to direct costs, based on negotiation

Concerns: Federal deficits, large compliance burden, grantors reluctance to pay for indirect costs

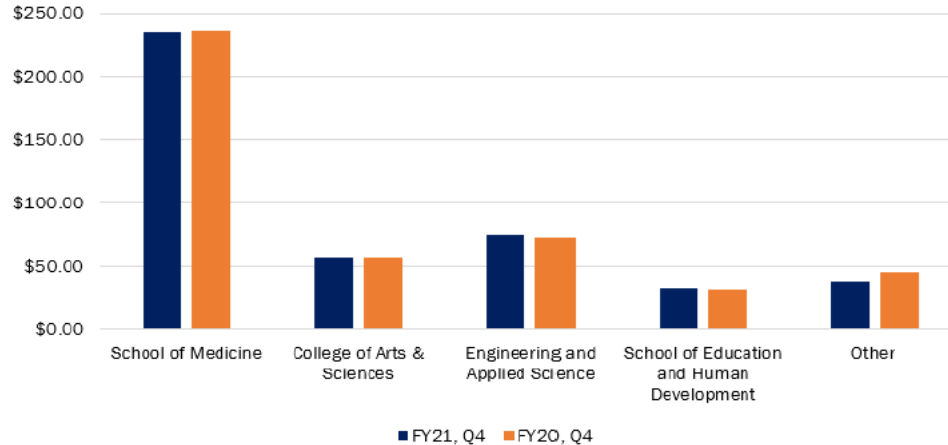
FY21 External Grant Awards at \$437M

Awards by Sponsor Agency through June 30, 2021 (in millions)



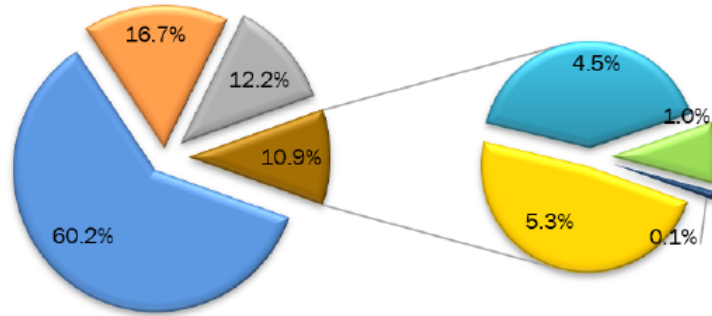
The top 2 sponsors within Other Federal for FY2021, Q4 include, in order: U.S. Department of Transportation (\$4.97M) and U.S. Natl Fdn on the Arts & Humanities (\$3.82M).

Awards by School through June 30, 2021 (in millions)

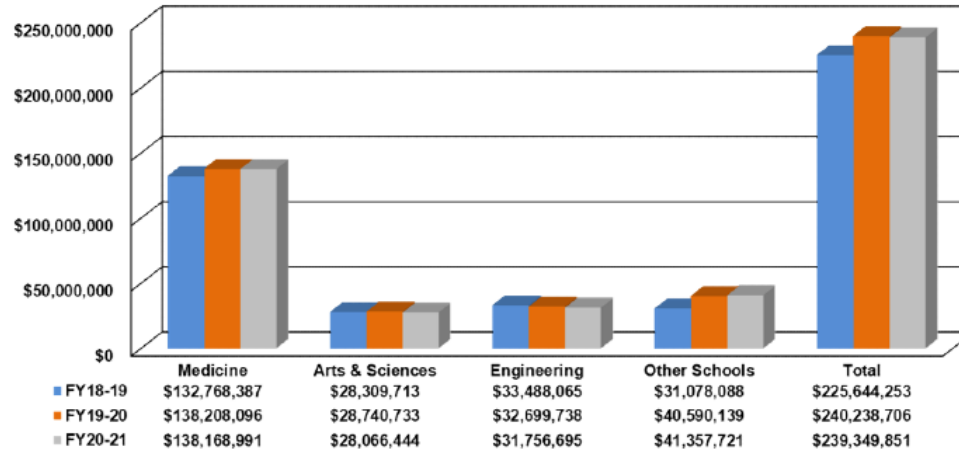


FY21 F&A Recoveries

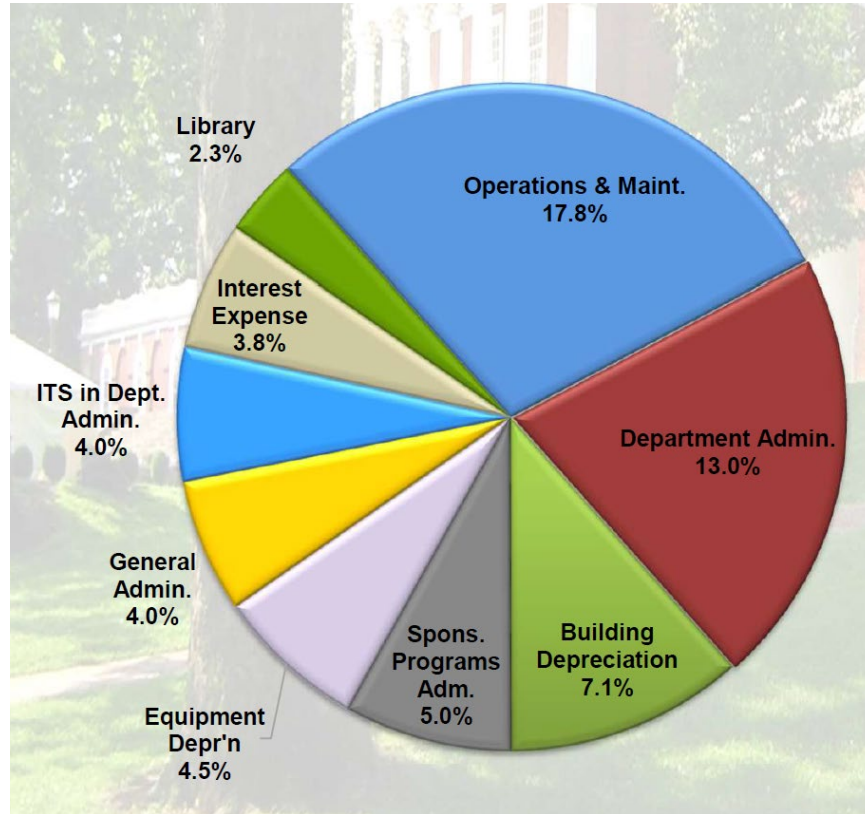
- Medicine
- Engineering
- Arts and Sciences
- Miscellaneous
- Education
- Other Schools
- UVA Wise



FY2021 Base by School
June 30, 2021 YTD



Components of Current 61.5% F&A Rate



Auxiliaries

Categories: Student Charges (Housing and Dining), Ticket Sales, Conference Revenues, Permits and Fines (Parking, etc.), Sales of Goods (Bookstores, etc.)

Constituents: Families and students, NCAA, Outsourced contractors

Restrictions: Revenues offset costs of activities

Concerns: Student desires vs cost (singles, lazy river)



Questions???