

To: Members of the Board of Trustees

Fr: Eva M. Nodine, Vice President and Deputy CFO
Andrew Bean, Associate Vice President, Finance and Accounting

Date: November 21, 2023

Re: FY23 Audited Financial Results

Summary

Please find attached the FY23 Audited Financial Statements of Purdue University. As a reminder, this is a discussion item in the Audit and Risk Management Committee on December 7.

Prior to FY21, the State Board of Accounts (SBOA) performed the Purdue University audit. Plante Moran was engaged as our external audit firm when the SBOA audit focus shifted due to COVID audit requirements. SBOA has notified us that they will continue to focus on other audits and not resume their audit of Purdue at least through FY25.

This has been our third year with Plante Moran PLLC as external auditor, and the third year they have issued an unmodified (or clean) opinion letter on our audited financial statements. As in prior years Plante stayed active and involved with Purdue throughout the fiscal year, including us in continuing education opportunities and providing advice and training opportunities on both accounting and tax issues as they arose.

As Plante performed the audit their questions and data requests were again more targeted to our larger accounting transactions, more complex areas of accounting, and new GASB implementations, not just the same areas of focus as in the prior year. This dynamic focus provides increased confidence to management that new regulation implementations and more complex areas of university accounting are being properly reviewed by an external audit partner that has significant experience across the higher education sector. We expect to continue the successful relationship with Plante in future years.

Results

In August, we reported to you operating results of \$145M for the Purdue West Lafayette campus. That plus a \$9M Regional campus operating increase resulted in total Purdue operating income of \$154M. These operating results combined with non-operating activity, accruals and GASB adjustments provide Purdue University (exclusive of Purdue Global and PARI) with an increase in net position of \$288M.

Figures 1 and 2 below show the reconciliation of the Operating results to the Net Position changes for both Purdue University and Purdue Global with additional commentary.

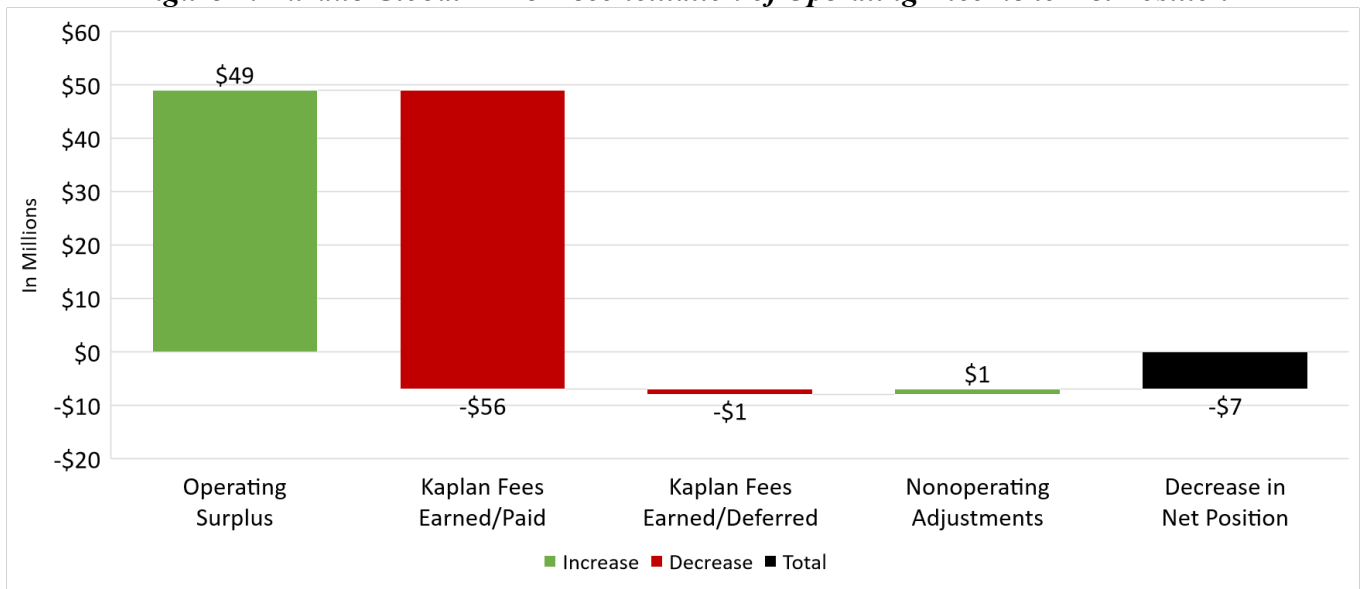
Figure 1: Purdue University FY23 Reconciliation of Operating Income to Net Position



As noted in Figure 1, the largest drivers of the increase in Net Position for Purdue University were the operating surplus and non-operating gift activity.

Purdue Global’s Net Position change is shown in Figure 2. The \$49M Operating income excludes fees paid to our service provider, Kaplan. For the current year those fees, both paid and deferred, totaled \$56.9 million.

Figure 2: Purdue Global FY23 Reconciliation of Operating Income to Net Position



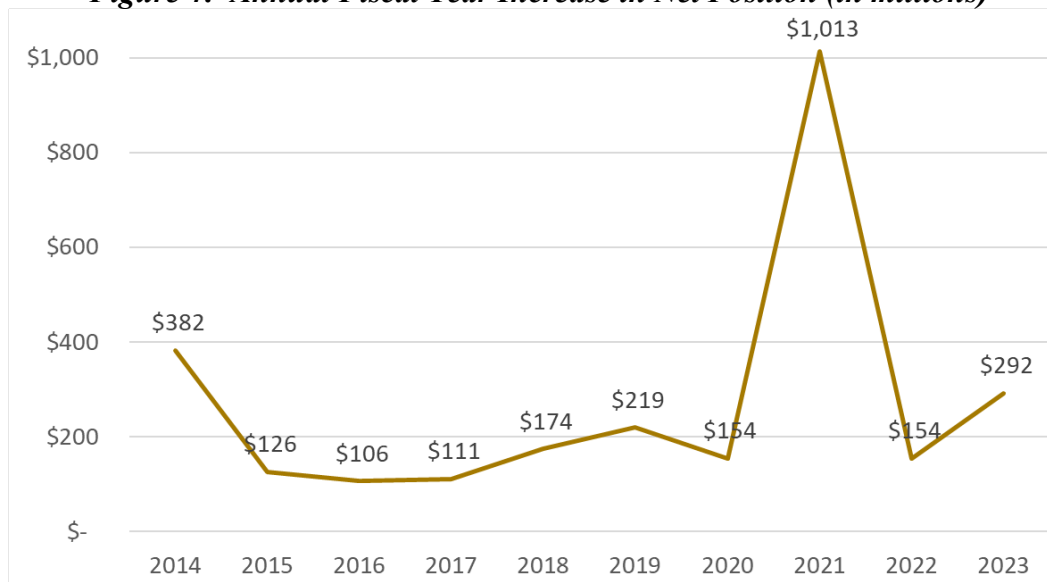
As shown in Figure 3, the combined Net Position increase for blended component units in the financial statement (Purdue University, Purdue Global, and the Purdue Applied Research Institute) is \$292M.

Figure 3: Summary of Blended Net Position
Purdue and Blended Component Units
Summary Stmt of Revenues, Expenses, and Changes in Net Position
(dollars in thousands)
For the year ended June 30, 2023

	Purdue	Purdue Global	Purdue Applied Research Institute
Operating Revenues			
Tuition and Fees, net	\$ 1,019,913	\$ 370,614	\$ -
Grants and Contracts	561,794	-	11,648
Auxiliary Enterprises	271,668	-	-
Other Operating Revenues	149,666	-	14,015
Total Operating Revenues	2,003,041	370,614	25,663
Operating Expenses	2,577,502	465,404	14,227
Operating Loss	(574,461)	(94,790)	11,436
Nonoperating Revenues			
Other Nonoperating Revenues	751,269	86,010	-
Investment Income	110,827	2,087	72
Total Nonoperating Revenues	862,096	88,097	72
Increase in Net Position	287,635	(6,693)	11,508
Net position, Beg of Year	6,279,693	(32,112)	4,038
Net position, End of Year	\$ 6,567,328	\$ (38,805)	\$ 15,546

Figure 4 below shows the trend of annual changes in overall University net position. Even with moderate investment income for the year, FY23's \$292M increase is larger than the average (exclusive of FY21).

Figure 4: Annual Fiscal Year Increase in Net Position (in millions)



A 10-year trend of the university's total net position at year end is shown in Figure 5. Since 2014, the Net Position of Purdue University has increased approximately \$2.35B.

Figure 5: Trend of Net Position at Fiscal Year End (in millions)

