

FY 2020 Financial Status Report  
UM

At the September 15 Finance Committee Meeting of the Board of Curators, Vice President Ryan Rapp will present the annual financial status report, reflecting on the University’s performance for Fiscal Year 2020. The report will include an update on the University’s overall financial position along with a breakdown of performance across business units. The report contained within remains preliminary and unaudited with outstanding items remaining in the valuation of investments and benefit liabilities. The Board will receive copies of the financial statements for the University when complete in October.

**UNIVERSITY WEATHERS FIRST YEAR OF PANDEMIC**

COVID-19 presented the University with significant operational changes and related financial impact. The University’s leadership team focused on mitigating the impact on financial performance while maintaining the University’s mission.

The pandemic created revenue disruption across nearly every major operating funding source. Prior to the pandemic, the University projected operating revenues to grow slightly over prior fiscal year. This growth was primarily driven by Healthcare revenues. Beginning in March, operating revenues significantly declined as the University depopulated campus and canceled elective healthcare procedures. From March through June auxiliary enterprises and patient medical services declined by \$37M and \$42M, respectively, compared to the same period the prior year. The auxiliary enterprise decline was a result of loss sales due to the depopulation of campus and student refunds for housing and activity fees. During this same period the State withheld \$55M in appropriations to the University.

Table 1: Change in revenue driven by Pandemic

	July - December		January - June	
	YoY Change		YoY Change	
Auxiliary Enterprises	\$5M	2%	\$(38)M	-24%
Patient Medical Services Net	\$43M	7%	\$(34)M	-5%
State Appropriations	\$5M	2%	\$(49)M	-24%
<b>Total</b>	<b>\$53M</b>	<b>5%</b>	<b>\$(121)M</b>	<b>-12%</b>

In response to the adverse financial impact on the University, the following actions were put into place as of March 27, 2020.

- A hiring and promotion freeze
- A freeze on raises, including merit raises
- Temporary salary reductions for some administrators, faculty and staff
- A freeze on non-essential capital spending and real estate purchases
- Limits on travel and food purchases

September 24, 2020

Table 2: Change in expenses after onset of Pandemic

	July - December YoY Change		January - June YoY Change	
<b>Academic Enterprise:</b>				
Salaries and Wages	\$21M	4%	\$10M	2%
Benefits	\$8M	5%	\$8M	4%
Supplies Services and Other	\$12M	2%	\$(70)M	-24%
<b>Total</b>	<b>\$41M</b>	<b>4%</b>	<b>\$(52)M</b>	<b>-5%</b>
<b>Healthcare Enterprise:</b>				
Salaries and Wages	\$8M	5%	\$2M	1%
Benefits	\$3M	6%	\$2M	3%
Supplies Services and Other	\$14M	6%	\$4M	2%
<b>Total</b>	<b>\$25M</b>	<b>5%</b>	<b>\$8M</b>	<b>2%</b>

These actions taken by the University were a necessary first step to manage through the crisis. The four universities decreased 4<sup>th</sup> quarter non-personnel spending by 28% when compared to prior fiscal year.

Initially focused on depopulating campus and maintaining pay, the majority of the focus on staffing has shifted towards right sizing personnel spend as the new revenue realities become clear. Early actions focused primarily on dealing with the one-time impacts of the shutdown, with furloughs and temporary pay reductions utilized to buy time in decision making and preserve the human capital resources necessary to bring students back to campus in the fall. Most of these actions were executed in the latter part of FY2020 and the early part of FY2021, slowing the University's ability to realize cost savings.

Table 3: Staffing Actions since onset of Pandemic

	MU	UMKC	UMSL	S&T	System	MUHC	Total
Vacancy Elimination	510	47	15	69	29	50	720
Layoff	151	38	57	34	24	64	368
Short-Term Furlough	1,791	119	46	48	92	1,623	3,719
Long-Term Furlough	259	9	107	30	3	8	416
Temporary Pay Decrease	1,485	955	793	13	52	902	4,200

Note: Short-term furloughs represent less than one week of unpaid time. Long-term furloughs are unpaid time which is longer than a week however employees are able to use vacation/personal balance until it runs out.

These actions impacted a large subset of the 27,500 employees that work for the University and resulted in 368 of permanent layoffs to create savings. Throughout the remainder of the FY2021, the University will continue to focus on the size of the workforce and make adjustments its workforce to deal with the lasting impacts of the pandemic. The University will also look to change the programs that maintain pay following separations, as these programs resulted in a draw down on reserves that will not be sustainable for another fiscal year. The plans for a possible second disruption are outlined in the “Downside Risk Still Remains” section below.

### **STRONG BALANCE SHEET HELPS WEATHER STORM**

The University’s one-time actions coupled with the government support from the CARES Act and spring debt issuance allowed the University to maintain a stable spendable cash balance. Cash and Investment balances are the key to a healthy balance sheet in higher education. Higher education institutions have a relatively long business cycle driven by the length of time to degree and relatively firm salary commitments. Within these constraints, significant liquid resources allow institutions to adapt to changes in the operating environment, as highlighted by the recent pandemic.

Figure 1: Trend in Cash and Investments

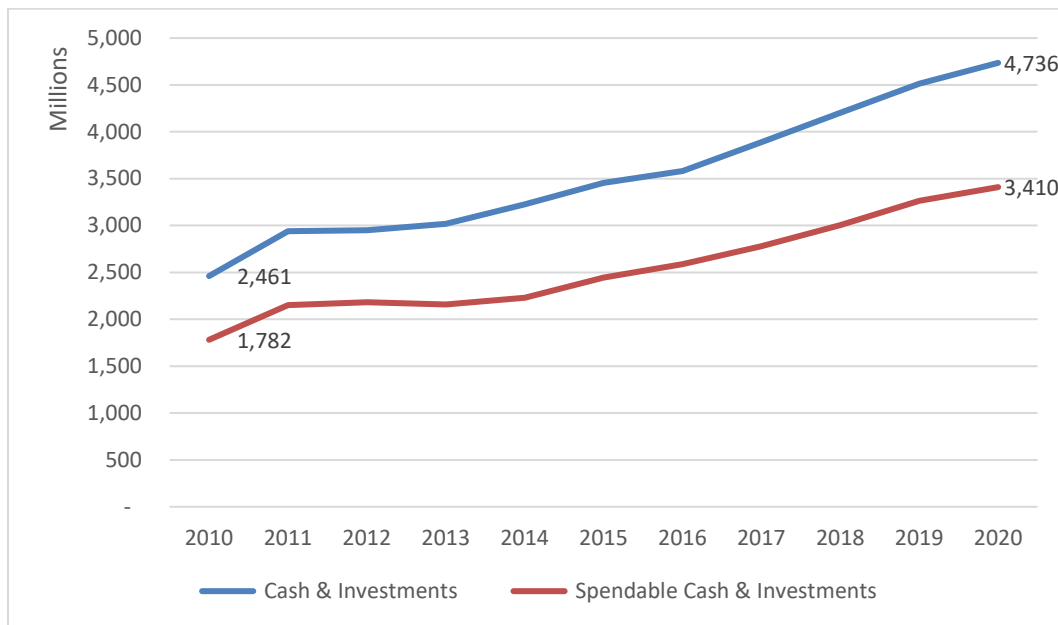


Figure 1 demonstrates the trend in both cash and investments and spendable cash and investments. Permanently endowed gifts represent the difference between total cash and investments and spendable cash and investments. Spendable cash and investments represents usable reserves, as endowment balances are permanently restricted and generally cannot be used for operating needs. Many of the ratios that follow utilize spendable cash and investments for this reason.

The University grew spendable cash and investments by \$146 million in FY2020, with the majority of this growth accounted for with the University’s March debt issuance to finance the Precision Health Initiative and additional working capital. The additional debt amounted to \$124 million in growth in cash for FY2020 much of which will be spent on Precision Health over the coming year. In addition, the University received another \$48 million from the CARES act that further replaced cash spending that increased from the pandemic. In addition to the \$48M covered by the CARES act, the academic units spent \$86 million in cash reserves during the pandemic to fund operations. This level of spending will not be sustainable if a second revenue disruption occurs.

Another key element of the balance sheet is capital assets and the related debt that funds those assets. Capital assets represent the long-term infrastructure of the institution and are recorded at historical cost and depreciated over their expected useful lives.

Figure 2: Capital Assets and Debt 10-year History

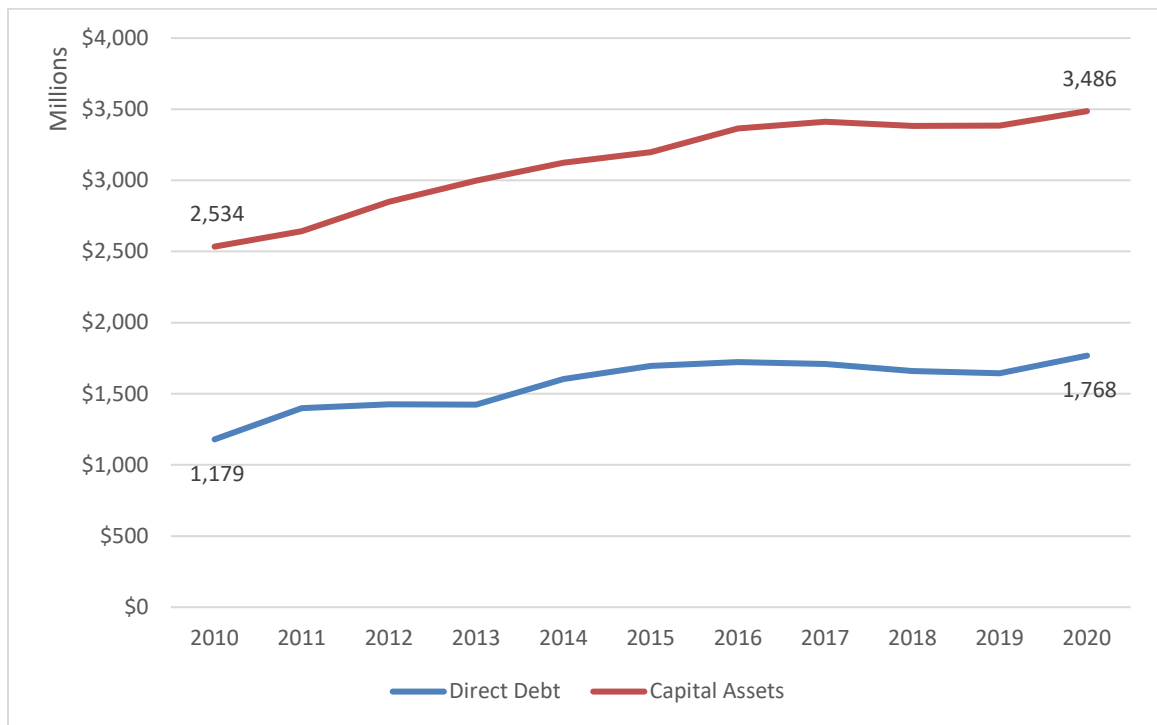
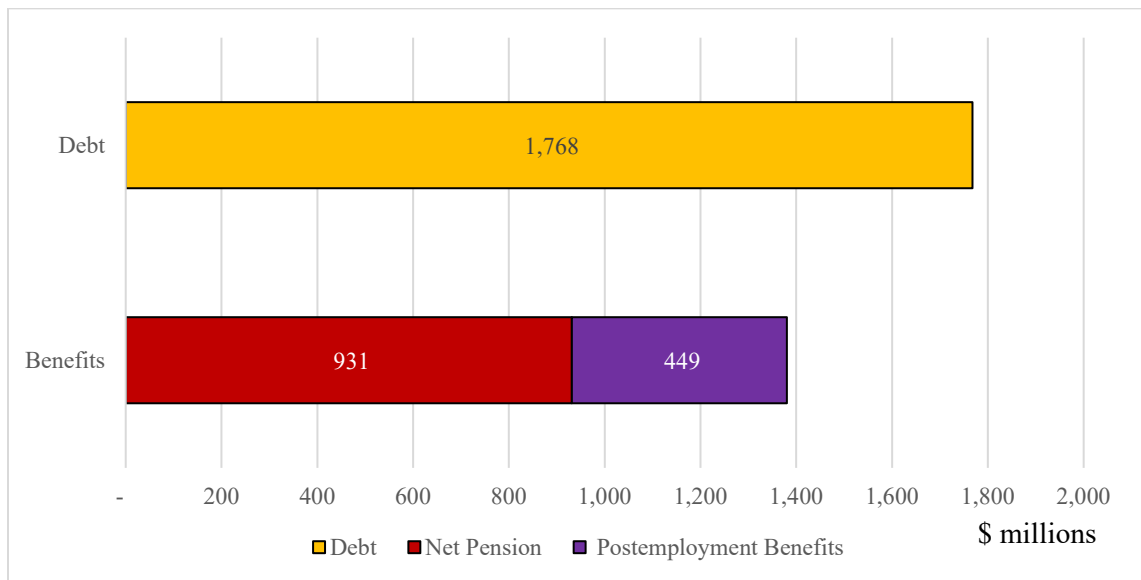


Figure 2 demonstrates capital assets have not grown since FY2016 and related debt growth stopped a year earlier in FY2015. In 2020, both debt and capital assets grew slightly with the addition of the Precision Health Institute. The flattening of both debt and capital investment over the past five years is contrary to the industry trend noted Moody’s annual report. The report notes higher education capital assets grew by an average of 4.5% annually from 2014 to 2018 and related debt grew by 3.7% annually over the same period. For the University, these growth numbers were 2.0% for capital assets and 0.9% for debt on slowed growth in building of capital assets and issuance of debt. This trend slightly increased as the University issued \$590 million in System Facilities Revenue Bonds this spring. \$175 million of the bond proceeds represent new money to be used to finance the

Precision Health Institute and provide flexibility in liquidity through the crisis. The remainder of the bond proceeds refunded all or a portion of System Facilities Revenue Bonds, Series 2009B, 2011, and 2014A and refinancing all of the outstanding Commercial Paper Notes.

Benefit-related liabilities represent a major commitment on the University's balance sheet. These liabilities are not new. However, their inclusion on the financial statements is relatively new, only coming within the past five years. The commitments to future payments in the form of post-employment pensions and benefits represent a significant future commitment for public universities.

Figure 3: Benefit Liabilities



Note: As of mailing date, the University has not finalized the rollforward of the pension liability to 6/30, so numbers represent the liability as of 10/1/2019. The final amount reported on the balance sheet will differ slightly from the presentation in figure 3, as the actuarial report was not finalized as of the date of the mailing.

As demonstrated in Figure 3, the University's pension and post-employment benefits represent significant commitments; pension and post-employment net liabilities are only 20% less than the total amount of bonds outstanding.. This is similar to the industry average, as many higher education institutions have similar outstanding commitments. In order to curb the growth of these commitments, the University took significant action and closed both its pension and post-employment benefit plans. However, these liabilities will remain significant into the future as pension commitments represent commitments to pay employees throughout their lifespan. Even with the plan closure, the pension will remain a significant commitment over the coming decades.

Figure 4: Net Position by Type

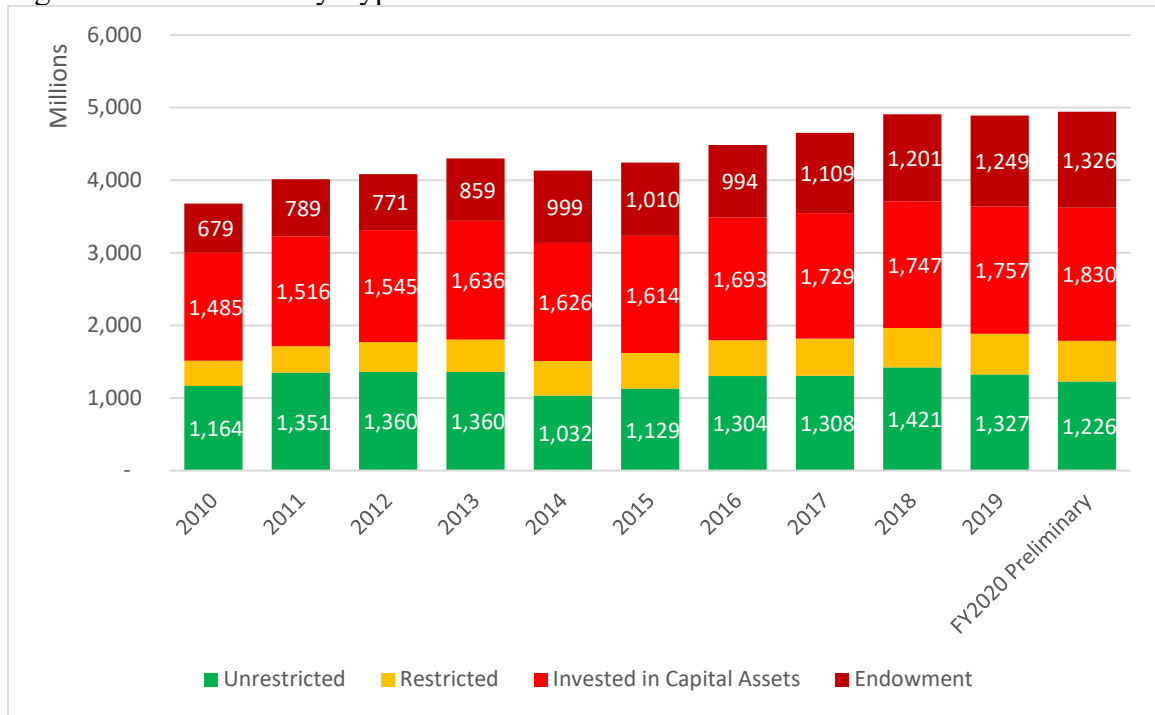


Figure 4 outlines the University’s net position (equity) by restriction type, as presented for governmental accounting purposes. The categories demonstrate that a significant portion of the University’s net position is inaccessible for operating purposes, such as \$1.3 billion in the endowment and \$1.8 billion invested in capital assets such as building, land and equipment. The University’s unrestricted net position declined for the second straight year, largely driven by the operating losses incurred from the pandemic.

### New Accounting Standard

In FY 2020, the University implemented *Governmental Accounting Standards Board Statement No. 84 “Fiduciary Activities.”* The statement requires governmental entities to report fiduciary activity as part of the University’s financial statements if the University has control over the fiduciary’s assets as well as administrative oversight for funds benefiting individuals. Examples of fiduciary funds include related entities such as the MU Law School Foundation, MU Alumni Association, and the MU Medical School Foundation. This accounting standard impacts the Statement of Net Position by eliminating a \$96 million liability from “Funds Held for Others”. Each fiduciary fund is reclassified based on the nature of the operation. The majority of the reclassification increased “Nonexpendable Net Position” as many of the related entities hold large endowment balances.

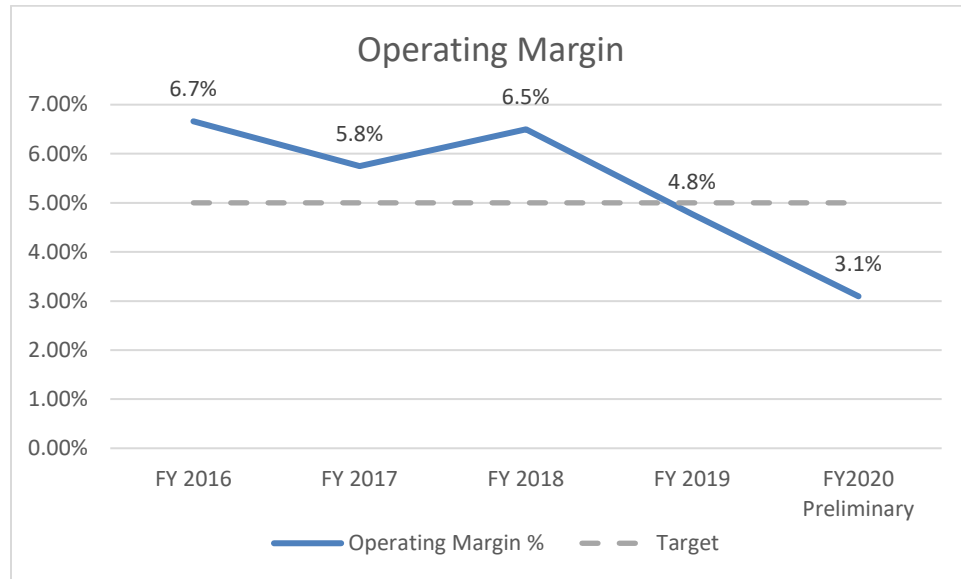
### FINANCIAL PERFORMANCE BY UNIT

The financial performance metrics in this section represent the key metrics the University utilizes to monitor financial performance. These are the same metrics utilized by rating

agencies and are the same metrics which were presented to the Board as a part of the five-year financial plan and FY2021 operating budget.

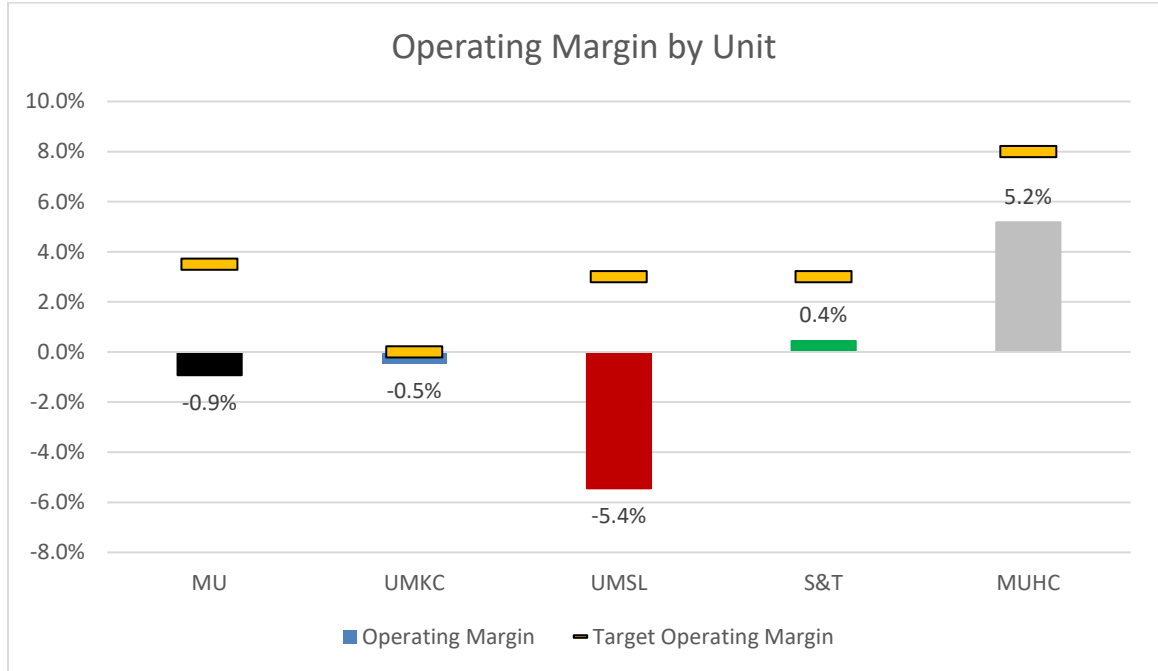
Operating Margin demonstrates management’s ability to adjust expenditures within revenues received in an annual period. Operating margin generally shows management’s ability to control financial performance within the annual planning cycle. A positive operating margin provides the University with resources to support operations and invest in future mission-based activities.

Figure 5: Operating Margin Trend – Consolidated



The University’s operating margin declined from 4.8% in FY2019 to 3.1% in FY2020. This decline is due to revenue disruption created by the pandemic, discussed further below. The mitigating actions put into place by the University and stabilization funding provided by the CARES Act prevented a steeper decline in operating margin.

Figure 6: Operating Margin by Business Unit



Together, MU and MU Healthcare represent 73% of the total revenues for the University of Missouri Enterprise. As such, their financial performance on operating margin drives the consolidated total.

MU’s operating margin declined in FY2020. MU and the other universities experienced a late withhold in state appropriations and loss in auxiliary revenues due to the depopulation of campus and student refunds for housing and activity fees. The expenses in the auxiliary operations such as housing, dining, and the rec center are capital intensive with a heavy debt burden, making cost difficult to move away from quickly. MU was successful in reducing non-personnel cost, cutting monthly expenses of \$23 million down to \$18 million per month over the last three months of FY2020.

MU Healthcare operating margin experienced a decline from prior fiscal year, but maintained a positive operating margin. In the months of March through May, MU Healthcare reported on average a \$12 million per month revenue decline but ended the year with strong volumes in June, as demand for elective procedures rebounded.

Highlights on operating margin from the other three business units include:

- **UMKC:** operating margin remained below breakeven but continued improvement over the prior year. UMKC was the only university to report a positive growth in net tuition and fees, which was attributed to rate increases in specific programs with market demand. Similar to MU, UMKC reduced non-personnel cost, cutting monthly expenses of \$9 million per month down to \$6 million per month over the last three months of FY2020.



- Missouri S&T: operating margin declined over the prior year due to enrollment declines and the pandemic. To start FY2020, S&T saw an enrollment decline of over 500 students. The FY2020 budget process identified savings to offset lost revenues, but these savings took some time to implement during the year. The addition of the pandemic further eroded S&T's margins to near a breakeven level. S&T was the only academic business unit that broke even in FY2020.
- UMSL: experienced a decline in operating margin driven by weak revenues coupled with slight growth in compensation expenses. Over the past 5 years, UMSL experienced consistent declines in enrollment, necessitating further expenditure reductions. Without an ability to turn around the consistent pattern of falling enrollments, UMSL will need to continue with deeper cost reductions.

Compensation accounts for over half of the total operating expense. Compensation increased over FY2019 in every unit but Missouri S&T. Missouri S&T's reductions were largely due to their response to an enrollment drop and addressed via the FY2020 budget process in the spring of 2019. Compensation reductions due to the pandemic did not begin until May and many of the actions taken were one-time in nature, such as furloughs or temporary pay decreases, as noted in Table 3 above. Many of the personnel actions did not have a material impact on FY2020. The University's leadership team will continue to evaluate the ongoing impact of the pandemic on revenues and respond with appropriate expense management as a part of the quarterly budget adjustment process.

Each business unit's operating margin performance missed target for FY2020. The onset of the pandemic had a significant impact on financial performance, quickly shutting off key sources of revenue. However, the pandemic masks trends in financial performance and the trajectory of each unit prior to the onset. Each business unit had a different financial footing and history of performance prior to the onset of the pandemic, but the pandemic accelerated the realization of environmental pressures on higher education. The following table demonstrates the movement of each unit's operating margin performance across time over the course of FY2020:

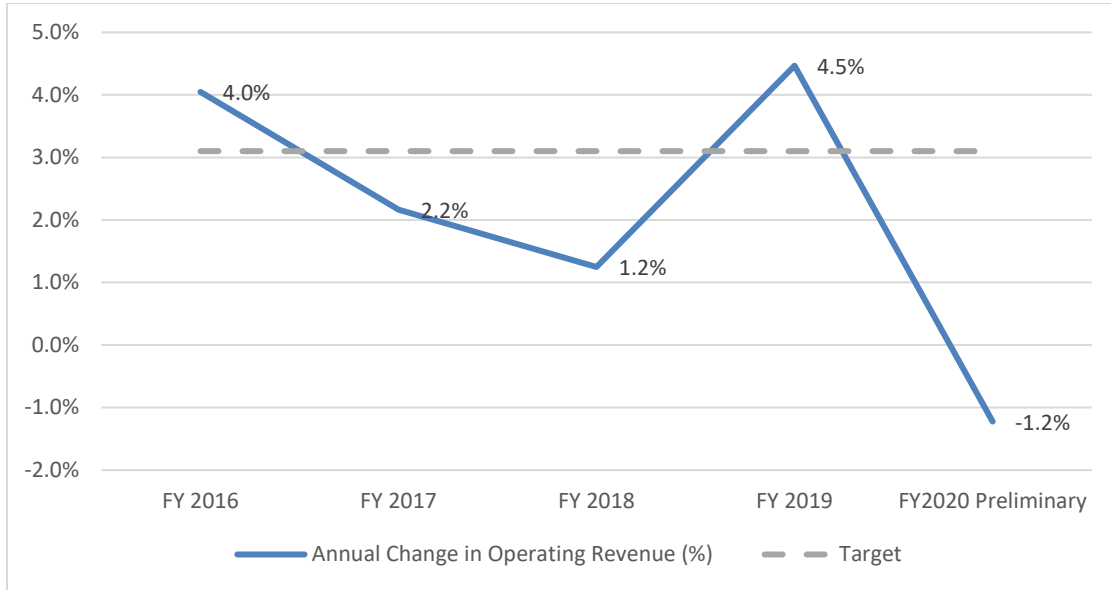
Table 4: Operating Margin Projections for FY20

	FY2019 Actual	FY2020 Budget	FY2020 Projections as of			Target
			December	March	Current	
<b>MU</b>	1.1%	2.4%	1.4%	-1.4%	-0.9%	3.5%
<b>UMKC</b>	-3.3%	-2.1%	-2.7%	-1.7%	-0.5%	0.0%
<b>UMSL</b>	-1.1%	3.4%	-0.9%	-2.4%	-5.4%	3.0%
<b>S&amp;T</b>	5.3%	1.2%	4.3%	-1.4%	0.4%	3.0%
<b>MUHC</b>	8.4%	7.1%	6.8%	4.3%	5.2%	8.0%

Operating Revenue Growth serves as the foundation to future financial health of the University. Revenue growth above inflation provides additional funds to invest in

programs and facilities, enhancing the University’s long-term competitive position. Strong revenue growth allows organizations to expand and deliver upon a broader mission.

Figure 7: Operating Revenue Growth Trend



NOTE: Operating revenue growth has been adjusted for smoothing of investment income for the consolidated level, similar to the operating margin.

Prior to the pandemic, operating revenue growth remained close to the credit median average, with a stronger than median increase through FY2019. For FY2020, the University projected revenue growth of 1-2% based upon performance through the first six months of the year. The onset of the pandemic drove approximately \$170 million in losses of state appropriations, auxiliary revenues, and patient service revenues. These declines were partially offset by \$48 million in one-time funding from the federal government from the CARES Act. Going forward, the key drivers of revenue growth for the academic units will continue to be enrollment as the number of students primarily drives tuition and auxiliary services (housing, dining, parking, etc.) on campus along with new tuition pricing models and philanthropy.

Figure 8: Revenues by Business Unit

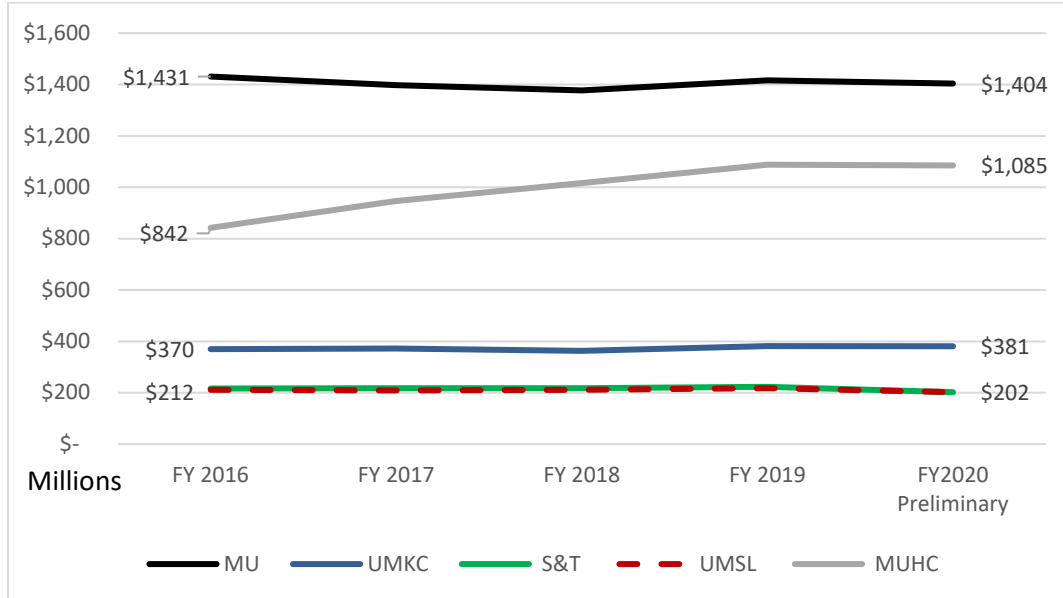
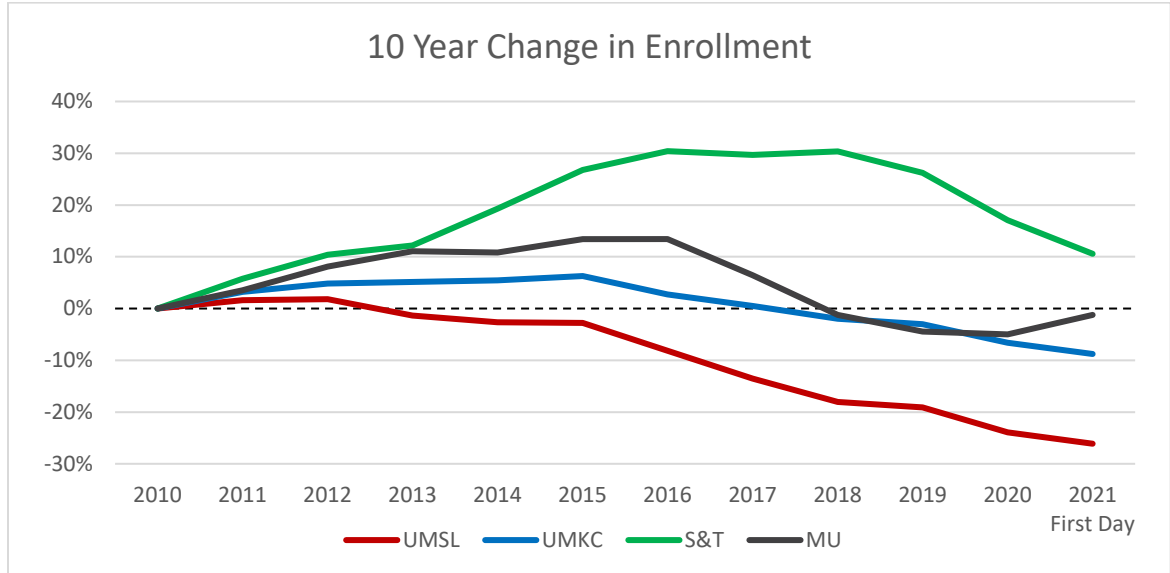


Figure 8 above demonstrates total operating revenues over the preceding five years by operating unit. MU Healthcare is the only unit which has experienced significant revenue growth. Prior to the pandemic MU Healthcare’s revenue growth was on pace to slow over prior year’s growth. MU and MU Healthcare are both significantly larger than the other three operating units and together account for nearly three quarters of the enterprise’s operating revenue. MU Healthcare is nearly three times larger than the next largest campus, and MU itself is 3.5 times larger than the next largest campus. This scale demonstrates MU and MU Healthcare are the primary drivers of the University’s consolidated financial performance. Revenue growth is the key long term indicator for financial health, without revenue growth, institutions remain in a cycle of cost cutting. The gap between the largest institutions in the system and the smaller institutions will likely continue to increase over the coming five years without significant change or unforeseen disruptions.

Figure 9: Change in Enrollment



Since FY2016, enrollments have declined across the University, with declines across all universities except MU which has started to see an upward trend to start FY2021 as it moves past the enrollment declines from November 2015. In total, the University’s enrollment across all four institutions is 7% lower to where it was in FY2010. Declining enrollments impact multiple revenue streams across the University, as payments from students do not just include tuition but impact residence halls, dining, bookstores, and other student service auxiliaries. The flattening enrollments presented in Figure 8 correlate with the flattening of revenue growth noted above in Figure 7, including the UMSL decline that started in FY2012. As student populations across campuses have declined, so have the related revenues paid by students. Turning around enrollments and student related revenues remains a large challenge for the University. Without additional students at the same or increased revenue per student, continued cost reductions will be necessary to maintain financial performance.

Looking forward, tuition strategies will be key to maintaining revenues for the academic units. The revenue outlook for the state remains highly uncertain and the state’s ability to provide support to higher education will be challenged by other spending programs as well. Each university will need to focus on building their brand and pricing their brand to the market. Tuition and fees continue to grow, but scholarships have been growing at a faster rate reducing the total amount of net tuition revenue received from students. Each university will need to examine scholarship strategies together with tuition to build a class profile that is distinct from others in the state that also provides the necessary program revenues. Programs and areas of support from state appropriations will need to be aligned with the state’s priorities and limited resources. The University will utilize the quarterly budget process to ensure this happens.

Figure 10: Revenues by Source

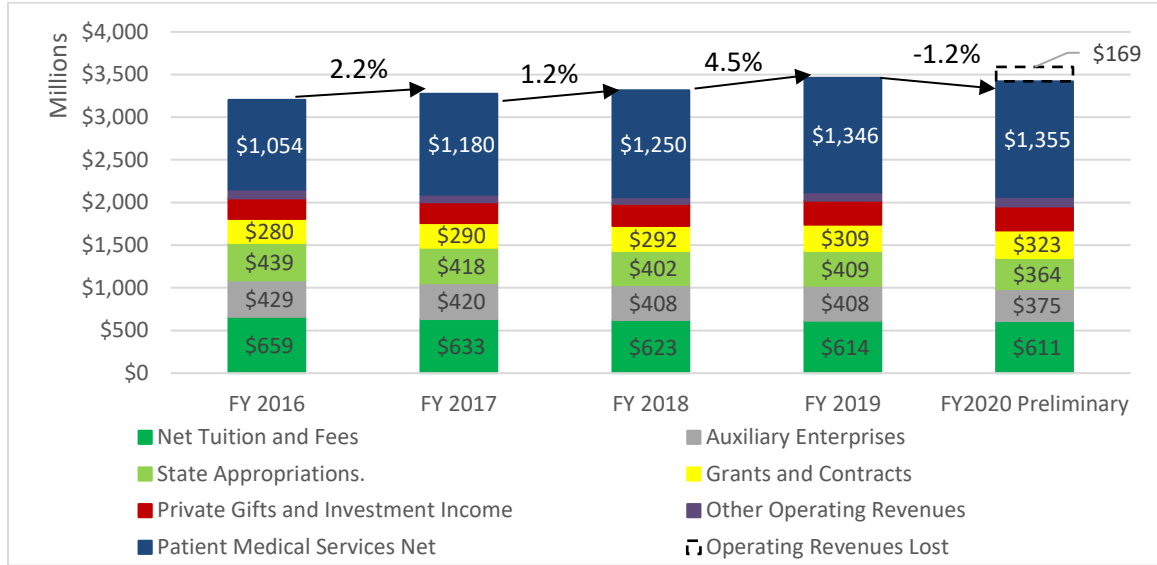
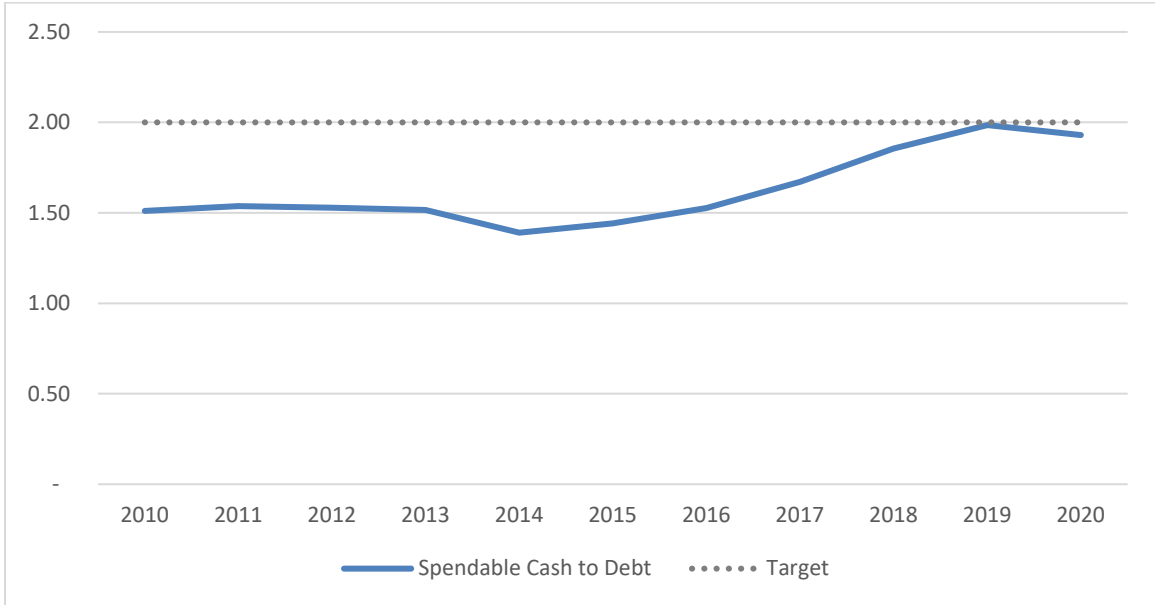


Figure 10 above demonstrates revenues by source over the past five years. FY2019 represents the only year where revenues grew in total faster than inflation. The past five years have presented a challenging picture for the academic enterprise, with flat revenues across all streams. The only area of significant growth for the institution has been the healthcare enterprise, which grew revenue by \$300 million since FY2016. The pandemic only accelerated the revenue disruption, with additional losses in auxiliaries and state appropriations. The one area of growth for the academic enterprise has been the continued growth in grants and contracts, primarily driven by externally funded research. The relative diversity of revenue streams provides a key strength for the System, as strength in one portion of the enterprise offsets weakness in another.

Spendable Cash and Investments to Debt shows the relative size of liquid assets compared to the outstanding debt of the organization. This metric moves over a longer time horizon, eroding when debt is issued and rebuilding as cash grows with positive operating margins. Spendable cash and investments to debt represents one measure of debt capacity.

Figure 11: Spendable Cash & Investments to Debt Trend



Spendable cash to debt declined over prior year due to the spring debt issuance and negative operating margins from the pandemic. Spendable cash to debt of 1.9 remains above the average of 1.5 from 2010-2016 when the University issued significant amounts of debt to fund the building of significant capital assets. The slight decline in FY2020 from the debt issue is largely due to the Precision Health Initiative, the University’s cornerstone strategic initiative to improve its reputation and standing as a research institution.

Figure 12: Spendable Cash to Debt by Business Unit

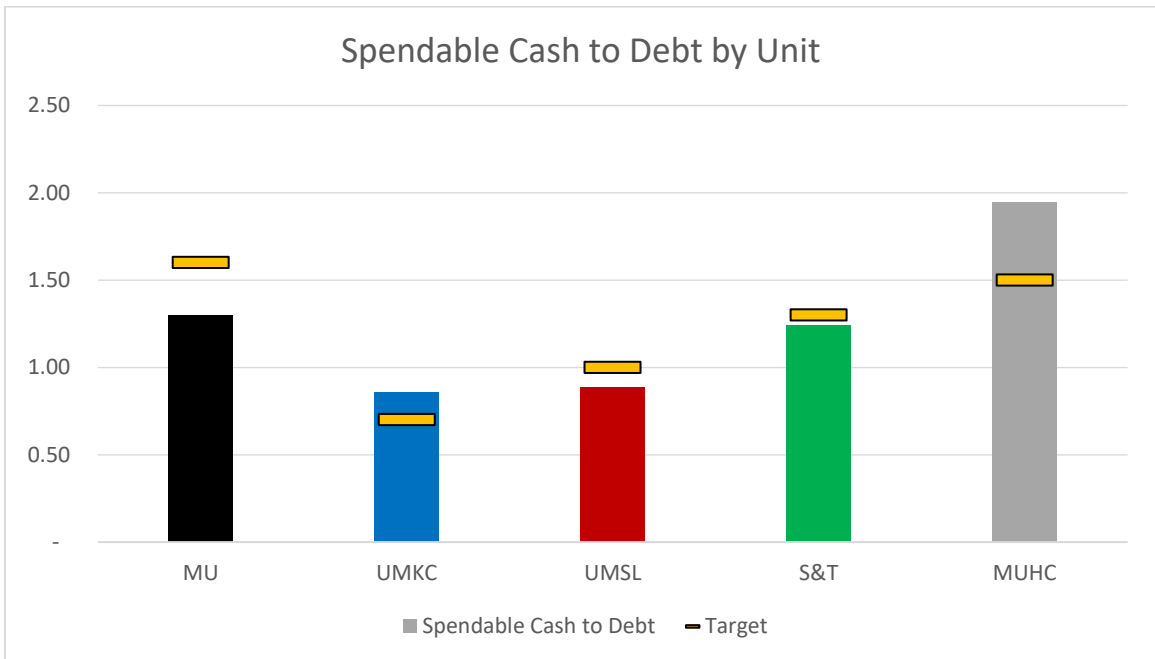
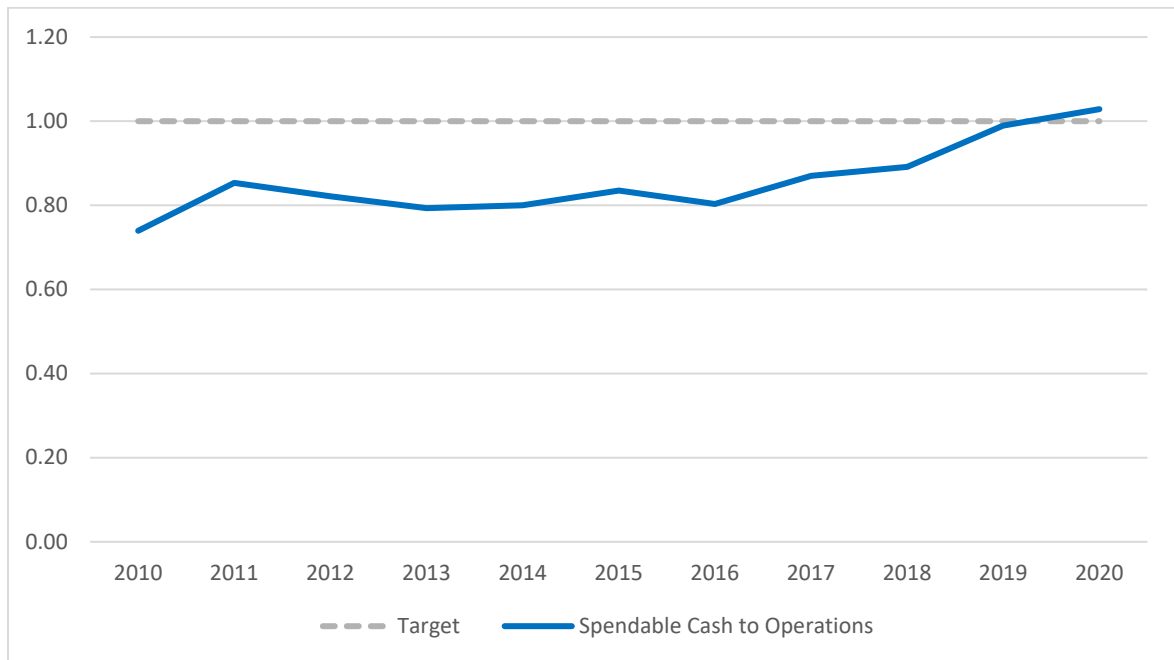


Figure 12 demonstrates spendable cash to debt varies significantly by business unit. The two largest units (MU and MU Health) are the two with the strongest position on this ratio. MU's ratio declined from 1.48 in the prior year to 1.30 in FY2020 due to the issuance of debt to fund the Precision Health Institute. The urban campuses maintain a ratio below 1.0, as debt issuance and building projects over the past two decades have increased their leverage without a corresponding recovery in spendable cash and investments. UMKC's ratio improved significantly in FY2020, as the university received insurance proceeds for Oak Place apartments and a cash estate gift to fund a building built on debt. The urban universities will need several years of positive cash flows coupled with the amortization of debt to improve this ratio in the future.

Spendable Cash to Operations shows the relative size of cash balances to the operating expenses of the organization. This metric shows the organization's capacity to adapt to unexpected changes in revenue streams or unexpected increases in cost. The cash to operations measure grew in FY2020 as the University flattened the expense base in response to the pandemic and increased cash balances with CARES funding and the issuance of debt for capital projects and liquidity.

Figure 13: Spendable Cash to Operations Trend



Spendable cash provides the University with time to implement actions that reduce expenditures. However, the liquidity portion of the debt financing cannot be maintained into perpetuity and further spend down of reserves to respond to the pandemic will impair the University's competitive position in the future. Additionally, the strength of MU, MU Healthcare and S&T underwrite the overall strength of the enterprise's balance sheet, and that strength will not shield UMSL and UMKC from the need for more aggressive action.

Figure 14: Spendable Cash to Operations by Business Unit

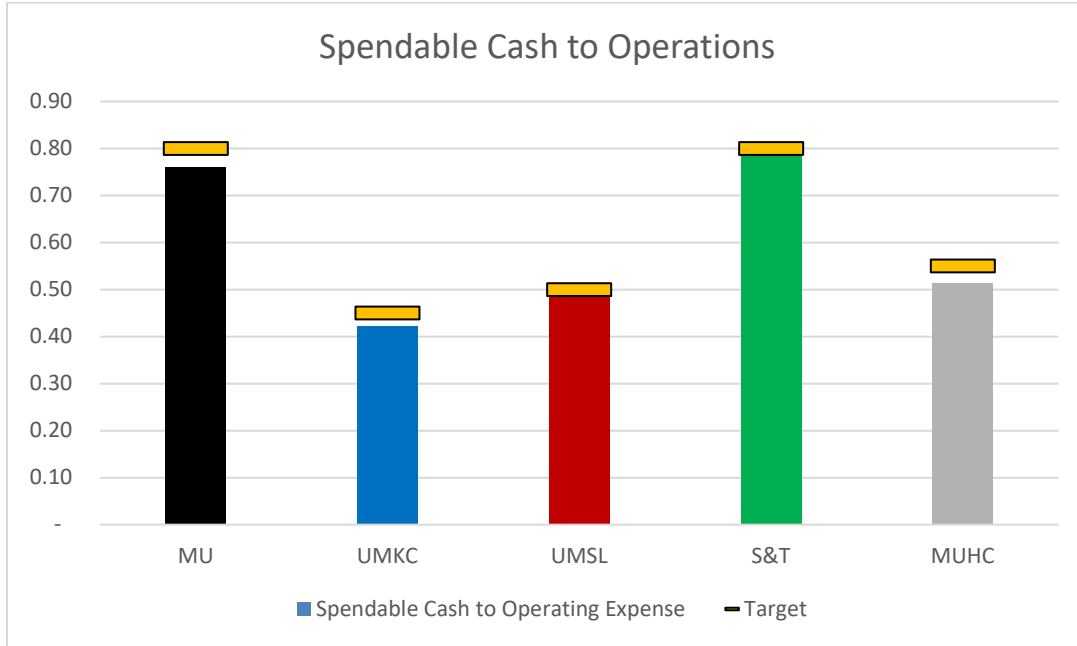


Figure 14 demonstrates the relative performance of the business units on the spendable cash to operations metric. Whereas MU Healthcare is comparable to MU on cash to debt, MU Healthcare falls lower when the cash balance is compared to the size of the operation. Their target on this metric is also lower to reflect the nature of healthcare industry compared to higher education. UMKC remains well below target on this metric as well, reflecting years of low operating cash flow margins. UMKC needs several years of positive cash flows to replenish cash balances before making further investments. UMKC has little ability to absorb disruption to revenue with cash reserves.

### QUARTERLY UPDATE PROCESS

The University will provide a quarterly update to the board on the FY2021 budget and any related updates on the use of the revenue and expense contingencies in the budget. Related to the FY2021 budget, each University realized a reduction in state appropriations due to the withholding announced in July. This withhold could be released if conditions improve. Each University has booked the withhold against the revenue contingency, effectively realizing a budgeted, expected decrease in revenues.

Each campus also began classes in August, making enrollments clearer against plans. MU saw growth in enrollment, with the other three universities experiencing a decline:



Table 5: Opening Day Enrollment by University

	FY2020	FY2021	Change	
MU	29,677	30,849	1,172	3.9%
UMKC	12,556	12,266	(290)	(2.3%)
UMSL	9,812	9,527	(285)	(2.9%)
S&T	7,978	7,533	(445)	(5.6%)
Total	60,023	60,175	152	0.3%

Enrollments generally trended close to budgeted numbers. For campuses that built an enrollment contingency, there are no plans to release the contingency in additional spend at this point in time. In a normal year, revenues would become more predictable for the universities now that opening day enrollment is known. However, with the pandemic continuing, there remains a possibility that student demand patterns could change, leading to a further loss of revenues especially in auxiliary enterprises. As such, each university plans to maintain a revenue contingency for tuition through to the next quarter.

Each university also continues to work to make lasting adjustments to expense structures as a result of the pandemic. With the uncertainty in revenues, the expense contingencies remain in place. The universities continue to evaluate administrative and other organizational structures to eliminate cost over the long term, as revenues will likely remain depressed for several years as a result of the pandemic. While furloughs and other temporary measures were a necessary step to manage current cost, each university must continue to work to ensure the changes in cost structure remain permanent in the future to respond to likely lower revenues.

### **RISK OF REVENUE DISRUPTION REMAINS**

The risk of a virus resurgence and additional revenue losses over budgets remains. Revenue loss may occur without a campus closure, if students do not feel safe on campus or the student experience does not meet expectations, students may choose to take classes from home. While this likely maintains some level of tuition, a loss of campus population or a change in consumption patterns will impact auxiliary operations like bookstores, recreation centers, parking, and residential life. Excluding the hospital and related healthcare operations, the University budgeted nearly \$400 million in auxiliary revenues for FY2021, with many of those operations depending on a presence of both students and staff on campus for operation.

To help prepare for these potential risks, each university identified potential unbudgeted negative changes from the pandemic. The risks identified a potential \$120M-\$320M additional decline in revenue above a budgeted revenue decline of \$120M. The \$440M in potential revenue loss is comparable to the worst-case scenario loss of \$500M presented to the board in April. A significant negative event in FY2021 is still possible even absent a shut down, the University only needs to experience a significant shift in student consumption as a result of the pandemic.

Based on the experience from last spring, the University was successful in reducing non-personnel spend, but less successful in reducing spend on personnel. The University attempted to maintain jobs and pay through the shutdown. Each university used their reserves to fund personnel costs for FY2020, and two campuses (UMKC and UMSL) were thin on reserve levels to begin with. Additionally, the one-time money from the CARES Act further bolstered the University's cash position, providing funding for both students and lost revenues experienced by each university. The unexpected nature of the shutdown in the spring and related federal stimulus bought the universities time to weather the storm for FY2020.

While beneficial to employees, the decision did come at a cost as every university lost money for FY2020. For FY2021, the University will not be able to take the same approach as FY2020. As personnel costs represent 60% of total cost, any significant revenue reduction cannot be balanced without personnel action. The campus leadership teams identified payroll continuation policies as a key to reducing expenses in FY2021. The pace of change will also need to vary by university, as UMSL and UMKC have smaller operating reserve bases to respond to any change in revenue. As such, their leadership teams will need to take swifter action to respond to additional disruptions in revenues. These are also the only two universities with temporary across the board pay decreases, reflecting this reality.

## Projected Performance - Key Financial Metrics - PRELIMINARY

	Target	Consolidated	MU	S&T	UMKC	UMSL	MU Healthcare
<b>Operating Margin</b> - Total Operating Revenues less Total Operating Expenses divided by Total Operating Revenues Demonstrates management's ability to manage expenditures within revenues.	5.00%	↓ 3.10% ●	↓ -0.93% ●	↓ 0.44% ●	↑ -0.46% ●	↓ -5.44% ●	↓ 5.18% ●
<b>Operating Revenue Growth</b> - Change in Total Operating Revenues from prior year divided by Total Operating Revenues from prior year Demonstrates growth of operation. Core of long-term financial health.	3.10%	↓ -1.22% ●	↓ -0.85% ●	↓ -9.34% ●	↓ -0.18% ●	↓ -7.10% ●	↓ -0.25% ●
<b>Cash to Debt</b> - Total Spendable Cash divided by Total Debt Outstanding Shows the relative size of debt burden against available liquid sources to fund debt.	2.00	↓ 1.93 ●	↓ 1.30 ●	↓ 1.24 ●	↑ 0.85 ●	↓ 0.89 ●	↑ 1.95 ●
<b>Cash to Operations</b> - Total Spendable Cash divided by Operating Expenses Shows the amount of cash available to weather unexpected disruptions in revenue or expense.	1.00	↑ 1.03 ●	↓ 0.76 ●	↓ 0.79 ●	↑ 0.42 ●	↓ 0.50 ●	↓ 0.51 ●

Arrows indicate trend over prior year performance, higher is better on all ratios. Dots indicate if projected metric is over /at target (green) or under target (red). All ratios from Moody's Higher Education Scorecard.

### Summary of Current Ratings

Rating Agency	Rating	UM Outlook	Industry Outlook
Moody's	AA1	Stable	Negative
Standard & Poor's	AA+	Stable	Negative

**University of Missouri System - UNAUDITED - PRELIMINARY**  
**Statement of Net Position**  
**For the Year Ended June 30, 2020 and June 30, 2019** (in thousands)

Line No.		FY 2020	FY 2019	\$ Change	% Change
<b>Assets</b>					
<b>Current Assets</b>					
1	Cash and Cash Equivalents	\$ 585,822	\$ 538,680	\$ 47,142	8.8%
2	Short-Term Investments	54,827	55,510	\$ (683)	-1.2%
3	Investment of Cash Collateral	1,261	3,616	(2,355)	-65.1%
4	Accounts Receivable, Net	377,739	351,959	25,780	7.3%
5	Pledges Receivable, Net	23,483	21,846	1,637	7.5%
6	Investment Settlements Receivable	351,165	279,696	71,469	25.6%
7	Notes Receivable, Net	7,854	8,489	(635)	-7.5%
8	Due (To) From Component Unit	(9,415)	(8,855)	(560)	6.3%
9	Inventories	37,721	36,674	1,047	2.9%
10	Prepaid Expenses and Other Current Assets	19,937	38,286	(18,349)	-47.9%
11	<b>Total Current Assets</b>	<b>1,450,393</b>	<b>1,325,901</b>	<b>124,492</b>	<b>9.4%</b>
<b>Noncurrent Assets</b>					
12	Pledges Receivable, Net	40,125	40,677	(552)	-1.4%
13	Notes Receivable, Net	52,306	64,638	(12,332)	-19.1%
15	Other Assets	7,254	8,826	(1,572)	-17.8%
14	Long-Term Investments	4,094,922	3,919,023	175,899	4.5%
16	Capital Assets, Net	3,485,414	3,384,061	101,353	3.0%
17	<b>Total Noncurrent Assets</b>	<b>7,680,022</b>	<b>7,417,225</b>	<b>262,797</b>	<b>3.5%</b>
18	Deferred Outflow of Resources	329,000	335,808	(6,808)	-2.0%
19	<b>Total Assets and Deferred Outflow of Resources</b>	<b>\$ 9,459,416</b>	<b>\$ 9,078,934</b>	<b>\$ 380,482</b>	<b>4.2%</b>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
25	Accounts Payable	146,790	182,879	\$ (36,089)	-19.7%
26	Accrued Liabilities	173,683	169,392	4,291	2.5%
27	Deferred Revenue Current	87,701	94,957	(7,256)	-7.6%
28	Funds Held for Others	-	92,981	(92,981)	-100.0%
29	Investment Settlements Payable	674,260	455,975	218,285	47.9%
30	Collateral Held for Securities Lending	1,261	3,616	(2,355)	-65.1%
31	Commercial Paper and Current Portion of Long-Term	6,968	395,882	(388,914)	-98.2%
32	Long-Term Debt Subject to Remarketing Agreement	78,755	82,540	(3,785)	-4.6%
33	<b>Total Current Liabilities</b>	<b>1,169,418</b>	<b>1,478,222</b>	<b>(308,804)</b>	<b>-20.9%</b>

**University of Missouri System - UNAUDITED - PRELIMINARY**  
**Statement of Net Position**  
**For the Year Ended June 30, 2020 and June 30, 2019 (in thousands)**

Line No.		FY 2020	FY 2019	\$ Change	% Change
	<b>Liabilities, Continued</b>				
	<b>Noncurrent Liabilities</b>				
34	Long-Term Debt	1,682,270	1,166,062	516,208	44.3%
35	Deferred Revenue	3,718	15,119	(11,401)	-75.4%
36	Asset Retirement Obligation	62,433	62,433	(0)	0.0%
37	Derivative Instrument Liability	45,959	35,542	10,417	29.3%
38	Other Postemployment Benefits Liability	449,104	453,640	(4,536)	-1.0%
39	Net Pension Liability	931,232	814,210	117,022	14.4%
40	Other Noncurrent Liabilities	86,210	79,990	6,220	7.8%
41	<b>Total Noncurrent Liabilities</b>	<b>3,260,924</b>	<b>2,626,996</b>	<b>633,928</b>	<b>24.1%</b>
41	Deferred Inflow of Resources	83,126	83,480	(354)	-0.4%
	<b>Total Liabilities and Deferred</b>				
<b>42</b>	<b>Inflow of Resources</b>	<b>\$ 4,513,469</b>	<b>\$ 4,188,698</b>	<b>\$ 324,771</b>	<b>7.8%</b>
	<b>Net Position</b>				
43	Net Investment in Capital Assets	1,830,455	1,756,882	73,573	4.2%
	Restricted				
	Nonexpendable -				
44	Endowment	1,325,641	1,248,860	76,781	6.1%
	Expendable -				
45	Scholarship, Research, Instruction and Other	442,176	406,533	35,643	8.8%
46	Loans	80,131	85,038	(4,907)	-5.8%
47	Capital Projects	41,205	66,364	(25,159)	-37.9%
48	Unrestricted	1,226,338	1,326,559	(100,221)	-7.6%
<b>49</b>	<b>Total Net Position</b>	<b>4,945,947</b>	<b>4,890,236</b>	<b>55,711</b>	<b>1.1%</b>
	<b>Total Liabilities, Deferred Inflow of</b>				
<b>50</b>	<b>Resources and Net Position</b>	<b>\$ 9,459,415</b>	<b>\$ 9,078,934</b>	<b>\$ 380,481</b>	<b>4.2%</b>

All information contained herein is as of 9/8/20. The Office of Finance has not finalized investment income and related entries for benefits so the numbers contained herein represent a projection. A final version of financial statements will be completed in October and any comparisons to FY20 will represent audited versions. These financial statements exclude CRMC, which is presented as a blended component unit on the University's audited financial statements but maintains a separate credit.

**University of Missouri System - UNAUDITED - PRELIMINARY**

**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP  
For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in thousands)**

Line No.		Actuals FY 2020	Actuals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ 873,177	\$ 857,456	\$ 15,721
2	Less Scholarship Allowances	374,716	333,682	41,034
3	Net Tuition and Fees	498,461	523,774	(25,313)
4	Federal Pell Grants	54,480	56,595	(2,115)
5	Government Scholarship Funding	29,038	33,551	(4,513)
6	CARES Act Funding	29,040	-	29,040
7	Grants and Contracts	323,468	309,500	13,968
8	Auxiliary Enterprises	374,964	408,320	(33,356)
9	Patient Medical Services Net	1,355,093	1,345,638	9,455
10	Other Operating Revenues	84,346	69,763	14,583
11	State Appropriations	364,412	408,797	(44,385)
12	Federal Appropriations	27,108	27,026	82
13	Private Gifts	70,454	85,809	(15,355)
14	Spendable Investment Income (Moody's)	210,100	194,567	15,533
15	<b>Total Operating Revenues</b>	<b>3,420,964</b>	<b>3,463,340</b>	<b>(42,375)</b>
<b>Operating Expenses</b>				
16	Salaries and Wages	1,588,331	1,547,032	41,299
17	Benefits	481,673	461,479	20,194
18	Supplies, Services and Other Operating Expenses	974,843	1,020,750	(45,907)
19	Depreciation	207,216	203,860	3,356
20	Interest Expense	63,009	65,058	(2,049)
21	<b>Total Operating Expenses</b>	<b>3,315,072</b>	<b>3,298,179</b>	<b>16,892</b>
22	<b>Net Operating Income</b>	<b>105,892</b>	<b>165,162</b>	<b>(59,268)</b>
23	<b>Net Operating Margin</b>	<b>3.1%</b>	<b>4.8%</b>	<b>-1.7%</b>
<b>Nonoperating Revenues (Expenses)</b>				
24	Investment Income (Losses), Net of Fees	18,767	194,426	(175,659)
25	Spendable Investment Income (Moody's)	(210,100)	(194,567)	(15,533)
26	Other Nonoperating Revenues (Expenses)	42,419	210	42,209
27	State Capital Appropriations	-	-	-
28	Capital Gifts and Grants	40,648	67,106	(26,458)
29	Private Gifts for Endowment Purposes	47,047	30,524	16,523
30	Pension and OPEB Impact on Income Statement	(89,671)	(96,094)	6,423
31	Mandatory Transfers	-	-	-
32	Non-Mandatory Transfers	-	-	-
33	<b>Net Nonoperating Revenues (Expenses)</b>	<b>(150,890)</b>	<b>1,605</b>	<b>(152,495)</b>
34	<b>Increase in Net Position</b>	<b>(44,998)</b>	<b>166,767</b>	<b>(211,763)</b>
35	<b>Net Position, Beginning of Year</b>	<b>4,890,236</b>	<b>4,725,967</b>	<b>164,269</b>
36	Cumulative Effect of Change in Accounting Principle	100,709	(2,497)	103,206
37	<b>Net Position, Beginning of Year, Adjusted</b>	<b>4,990,945</b>	<b>4,723,469</b>	<b>267,476</b>
38	<b>Net Position, End of Period</b>	<b>\$ 4,945,947</b>	<b>\$ 4,890,236</b>	<b>\$ 55,713</b>

**University of Missouri System - Columbia - UNAUDITED - PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP**  
**For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in thousands)**

Line No.		Acutals FY 2020	Acutals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ 432,603	\$ 419,279	\$ 13,324
2	Less Scholarship Allowances	200,028	171,671	28,356
3	Net Tuition and Fees	232,575	247,608	(15,032)
4	Federal Pell Grants	22,520	21,702	819
5	Government Scholarship Funding	14,894	18,955	(4,061)
6	CARES Act Funding	15,421	-	15,421
7	Grants and Contracts	219,370	210,471	8,899
8	Auxiliary Enterprises	258,060	274,339	(16,279)
9	Patient Medical Services Net	256,271	246,068	10,203
10	Other Operating Revenues	46,635	38,916	7,718
11	State Appropriations	188,295	208,149	(19,854)
12	Federal Appropriations	17,237	17,198	39
13	Private Gifts	38,095	43,752	(5,657)
14	Spendable Investment Income (Moody's)	94,453	88,646	5,807
15	<b>Total Operating Revenues</b>	<b>1,403,826</b>	<b>1,415,804</b>	<b>(11,978)</b>
<b>Operating Expenses</b>				
16	Salaries and Wages	814,590	785,164	29,426
17	Benefits	226,991	216,353	10,638
18	Supplies, Services and Other Operating Expenses	256,831	281,558	(24,727)
19	Depreciation	88,849	87,245	1,604
20	Interest Expense	29,582	29,432	150
21	<b>Total Operating Expenses</b>	<b>1,416,842</b>	<b>1,399,751</b>	<b>17,091</b>
22	<b>Net Operating Income</b>	<b>(13,016)</b>	<b>16,053</b>	<b>(29,069)</b>
23	<b>Net Operating Margin</b>	<b>-0.9%</b>	<b>1.1%</b>	<b>-2.1%</b>
<b>Nonoperating Revenues (Expenses)</b>				
24	Investment Income (Losses), Net of Fees	21,105	63,863	(42,757)
25	Spendable Investment Income (Moody's)	(94,453)	(88,646)	(5,807)
26	Other Nonoperating Revenues (Expenses)	12,529	967	11,562
27	State Capital Appropriations	-	-	-
28	Capital Gifts and Grants	14,304	24,304	(10,000)
29	Private Gifts for Endowment Purposes	40,368	22,141	18,227
30	Mandatory Transfers	(4,677)	61	(4,738)
31	Non-Mandatory Transfers	56,938	27,828	29,109
32	<b>Net Nonoperating Revenues (Expenses)</b>	<b>46,114</b>	<b>50,517</b>	<b>(4,403)</b>
33	<b>Increase in Net Position</b>	<b>33,098</b>	<b>66,571</b>	<b>(33,472)</b>
34	<b>Net Position, Beginning of Year</b>	<b>2,932,281</b>	<b>2,868,042</b>	<b>64,238</b>
35	Cumulative Effect of Change in Accounting Principle	80,197	(2,332)	82,529
36	<b>Net Position, Beginning of Year, Adjusted</b>	<b>3,012,478</b>	<b>2,865,710</b>	<b>146,768</b>
37	<b>Net Position, End of Period</b>	<b>\$ 3,045,576</b>	<b>\$ 2,932,281</b>	<b>\$ 113,296</b>

**University of Missouri System - Hospital - UNAUDITED - PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP**  
**For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in thousands)**

Line No.		Actuals FY 2020	Actuals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ -	\$ -	\$ -
2	Less Scholarship Allowances	-	-	-
3	Net Tuition and Fees	-	-	-
4	Federal Pell Grants	-	-	-
5	Government Scholarship Funding	-	-	-
6	Grants and Contracts	137	159	(21)
7	Auxiliary Enterprises	23,255	23,631	(376)
8	Patient Medical Services Net	1,060,215	1,062,023	(1,809)
9	Other Operating Revenues	2	159	(157)
10	State Appropriations	-	-	-
11	Federal Appropriations	-	-	-
12	Private Gifts	1,564	1,878	(314)
13	Spendable Investment Income (Moody's)	-	-	-
14	<b>Total Operating Revenues</b>	<b>1,085,173</b>	<b>1,087,849</b>	<b>(2,677)</b>
<b>Operating Expenses</b>				
15	Salaries and Wages	333,810	323,980	9,831
16	Benefits	110,721	105,964	4,757
17	Supplies, Services and Other Operating Expenses	525,096	506,987	18,109
18	Depreciation	48,164	46,935	1,229
19	Interest Expense	11,190	12,134	(944)
20	<b>Total Operating Expenses</b>	<b>1,028,980</b>	<b>995,999</b>	<b>32,981</b>
21	<b>Net Operating Income</b>	<b>56,192</b>	<b>91,850</b>	<b>(35,658)</b>
22	<b>Net Operating Margin</b>	<b>5.2%</b>	<b>8.4%</b>	<b>-3.3%</b>
<b>Nonoperating Revenues (Expenses)</b>				
23	Investment Income (Losses), Net of Fees	(6,412)	1,715	(8,126)
24	Spendable Investment Income (Moody's)	-	-	-
25	Other Nonoperating Revenues (Expenses)	19,153	(1,040)	20,193
26	State Capital Appropriations	-	-	-
27	Capital Gifts and Grants	3,845	2,998	847
28	Private Gifts for Endowment Purposes	42	10	32
29	Mandatory Transfers	-	-	-
30	Non-Mandatory Transfers	(28,229)	(26,607)	(1,622)
31	<b>Net Nonoperating Revenues (Expenses)</b>	<b>(11,600)</b>	<b>(22,923)</b>	<b>11,323</b>
32	<b>Increase in Net Position</b>	<b>44,592</b>	<b>68,927</b>	<b>(24,335)</b>
33	<b>Net Position, Beginning of Year</b>	<b>850,808</b>	<b>781,881</b>	<b>68,927</b>
34	Cumulative Effect of Change in Accounting Principle	-	-	-
35	<b>Net Position, Beginning of Year, Adjusted</b>	<b>850,808</b>	<b>781,881</b>	<b>68,927</b>
36	<b>Net Position, End of Period</b>	<b>\$ 895,400</b>	<b>\$ 850,808</b>	<b>\$ 44,592</b>

Note: Income Statement presentation is based on the current Moody's Higher Education methodology which includes interest expense as part of operating expenses. Numbers presented to Health Affairs show interest expense as non-operating.



**University of Missouri System - Kansas City - UNAUDITED - PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GA**  
**For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in**  
**thousands)**

Line No.		Acutals FY 2020	Acutals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ 196,226	\$ 189,699	\$ 6,527
2	Less Scholarship Allowances	63,006	59,821	3,186
3	Net Tuition and Fees	133,219	129,879	3,341
4	Federal Pell Grants	12,949	13,599	(650)
5	Government Scholarship Funding	4,061	4,079	(18)
6	CARES Act Funding	5,897	-	5,897
7	Grants and Contracts	41,551	36,998	4,553
8	Auxiliary Enterprises	36,345	41,676	(5,331)
9	Patient Medical Services Net	38,567	37,515	1,052
10	Other Operating Revenues	14,190	11,861	2,329
11	State Appropriations	64,058	73,852	(9,794)
12	Federal Appropriations	-	-	-
13	Private Gifts	16,537	19,092	(2,555)
14	Spendable Investment Income (Moody's)	13,537	13,030	507
15	<b>Total Operating Revenues</b>	<b>380,912</b>	<b>381,582</b>	<b>(670)</b>
<b>Operating Expenses</b>				
16	Salaries and Wages	194,944	193,297	1,647
17	Benefits	57,109	55,606	1,503
18	Supplies, Services and Other Operating Expenses	97,421	110,872	(13,451)
19	Depreciation	24,597	25,166	(569)
20	Interest Expense	8,611	9,140	(529)
21	<b>Total Operating Expenses</b>	<b>382,682</b>	<b>394,082</b>	<b>(11,400)</b>
22	<b>Net Operating Income</b>	<b>(1,770)</b>	<b>(12,500)</b>	<b>10,730</b>
23	<b>Net Operating Margin</b>	<b>-0.5%</b>	<b>-3.3%</b>	<b>2.8%</b>
<b>Nonoperating Revenues (Expenses)</b>				
24	Investment Income (Losses), Net of Fees	7,371	12,622	(5,251)
25	Spendable Investment Income (Moody's)	(13,537)	(13,030)	(507)
26	Other Nonoperating Revenues (Expenses)	22,552	1,051	21,500
27	State Capital Appropriations	-	-	-
28	Capital Gifts and Grants	12,784	36,657	(23,872)
29	Private Gifts for Endowment Purposes	471	436	35
30	Mandatory Transfers	39	25	14
31	Non-Mandatory Transfers	6,917	1,375	5,543
32	<b>Net Nonoperating Revenues (Expenses)</b>	<b>36,597</b>	<b>39,135</b>	<b>(2,538)</b>
33	<b>Increase in Net Position</b>	<b>34,828</b>	<b>26,635</b>	<b>8,192</b>
34	<b>Net Position, Beginning of Year</b>	<b>447,115</b>	<b>420,480</b>	<b>4,519</b>
35	Cumulative Effect of Change in Accounting Principle	19,281	-	19,281
36	<b>Net Position, Beginning of Year, Adjusted</b>	<b>466,395</b>	<b>420,480</b>	<b>23,800</b>
37	<b>Net Position, End of Period</b>	<b>\$ 501,223</b>	<b>\$ 447,115</b>	<b>\$ 31,992</b>

**University of Missouri System - Missouri S&T - UNAUDITED - PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP**  
**For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in thousands)**

Line No.		Acutals FY 2020	Acutals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ 128,227	\$ 132,300	\$ (4,073)
2	Less Scholarship Allowances	64,047	58,280.48	5,766
3	<b>Net Tuition and Fees</b>	<b>64,180</b>	<b>74,019</b>	<b>(9,839)</b>
4	Federal Pell Grants	6,412	7,310	(897)
5	Government Scholarship Funding	6,127	6,587	(460)
6	CARES Act Funding	3,921	-	3,921
7	Grants and Contracts	34,797	33,029	1,768
8	Auxiliary Enterprises	19,982	24,114	(4,132)
9	Patient Medical Services Net	-	-	-
10	Other Operating Revenues	4,216	5,102	(886)
11	State Appropriations	43,543	50,186	(6,642)
12	Federal Appropriations	-	-	-
13	Private Gifts	3,398	7,815	(4,417)
14	Spendable Investment Income (Moody's)	15,559	14,809	749
15	<b>Total Operating Revenues</b>	<b>202,136</b>	<b>222,971</b>	<b>(20,835)</b>
<b>Operating Expenses</b>				
16	Salaries and Wages	102,582	106,061	(3,479)
17	Benefits	30,385	30,532	(148)
18	Supplies, Services and Other Operating Expenses	44,245	51,609	(7,364)
19	Depreciation	18,970	17,540	1,430
20	Interest Expense	5,067	5,357	(290)
21	<b>Total Operating Expenses</b>	<b>201,248</b>	<b>211,099</b>	<b>(9,851)</b>
22	<b>Net Operating Income</b>	<b>888</b>	<b>11,872</b>	<b>(10,984)</b>
23	<b>Net Operating Margin</b>	<b>0.4%</b>	<b>5.3%</b>	<b>-4.9%</b>
<b>Nonoperating Revenues (Expenses)</b>				
24	Investment Income (Losses), Net of Fees	3,637	11,613	(7,976)
25	Spendable Investment Income (Moody's)	(15,559)	(14,809)	(749)
26	Other Nonoperating Revenues (Expenses)	1,664	(73)	1,737
27	State Capital Appropriations	-	-	-
28	Capital Gifts and Grants	6,009	2,037	3,972
29	Private Gifts for Endowment Purposes	4,118	5,120	(1,002)
30	Mandatory Transfers	10	12	(2)
31	Non-Mandatory Transfers	4,491	3,109	1,382
32	<b>Net Nonoperating Revenues (Expenses)</b>	<b>4,369</b>	<b>7,008</b>	<b>(2,639)</b>
33	<b>Increase in Net Position</b>	<b>5,256</b>	<b>18,880</b>	<b>(13,624)</b>
34	<b>Net Position, Beginning of Year</b>	<b>520,944</b>	<b>502,229</b>	<b>28,992</b>
35	Cumulative Effect of Change in Accounting Principle	357	(165)	(980)
36	<b>Net Position, Beginning of Year, Adjusted</b>	<b>521,301</b>	<b>502,064</b>	<b>28,012</b>
37	<b>Net Position, End of Period</b>	<b>\$ 526,557</b>	<b>\$ 520,944</b>	<b>\$ 14,388</b>

**University of Missouri System - St. Louis - UNAUDITED -PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position non-G**  
**For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in**  
**thousands)**

Line No.		Acutals FY 2020	Acutals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ 116,122	\$ 116,178	\$ (56)
2	Less Scholarship Allowances	47,452	43,758	3,694
3	Net Tuition and Fees	68,670	72,420	(3,750)
4	Federal Pell Grants	12,598	13,984	(1,386)
5	Government Scholarship Funding	3,956	3,930	26
6	CARES Act Funding	3,801	-	3,801
7	Grants and Contracts	27,101	28,707	(1,606)
8	Auxiliary Enterprises	15,175	18,456	(3,281)
9	Patient Medical Services Net	40	32	8
10	Other Operating Revenues	2,166	2,690	(524)
11	State Appropriations	48,436	55,817	(7,381)
12	Federal Appropriations	-	-	-
13	Private Gifts	10,749	12,601	(1,853)
14	Spendable Investment Income (Moody's)	9,577	9,090	487
15	<b>Total Operating Revenues</b>	<b>202,269</b>	<b>217,726</b>	<b>(15,456)</b>
<b>Operating Expenses</b>				
16	Salaries and Wages	107,866	105,659	2,208
17	Benefits	33,811	32,026	1,785
18	Supplies, Services and Other Operating Expenses	47,828	58,532	(10,703)
19	Depreciation	17,999	17,882	117
20	Interest Expense	5,776	5,985	(209)
21	<b>Total Operating Expenses</b>	<b>213,281</b>	<b>220,083</b>	<b>(6,802)</b>
22	<b>Net Operating Income</b>	<b>(11,012)</b>	<b>(2,357)</b>	<b>(8,654)</b>
23	<b>Net Operating Margin</b>	<b>-5.4%</b>	<b>-1.1%</b>	<b>-4.4%</b>
<b>Nonoperating Revenues (Expenses)</b>				
24	Investment Income (Losses), Net of Fees	3,512	6,378	(2,866)
25	Spendable Investment Income (Moody's)	(9,577)	(9,090)	(487)
26	Other Nonoperating Revenues (Expenses)	72	38	34
27	State Capital Appropriations	-	-	-
28	Capital Gifts and Grants	1,501	1,110	391
29	Private Gifts for Endowment Purposes	2,048	2,815	(768)
30	Mandatory Transfers	(94)	(139)	46
31	Non-Mandatory Transfers	1,563	1,994	(432)
32	<b>Net Nonoperating Revenues (Expenses)</b>	<b>(976)</b>	<b>3,107</b>	<b>(4,082)</b>
33	<b>Increase in Net Position</b>	<b>(11,987)</b>	<b>750</b>	<b>(12,737)</b>
34	<b>Net Position, Beginning of Year</b>	<b>368,364</b>	<b>367,615</b>	<b>750</b>
35	Cumulative Effect of Change in Accounting Principle	321	-	321
36	<b>Net Position, Beginning of Year, Adjusted</b>	<b>368,685</b>	<b>367,615</b>	<b>1,070</b>
37	<b>Net Position, End of Period</b>	<b>\$ 356,698</b>	<b>\$ 368,364</b>	<b>\$ (11,666)</b>

**University of Missouri System - System Administration - UNAUDITED - PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP**  
**For the Year Projected Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in**  
**thousands)**

Line No.		Acutals FY 2020	Acutals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ -	\$ -	\$ -
2	Less Scholarship Allowances	154	118	36
3	<b>Net Tuition and Fees</b>	<b>(154)</b>	<b>(118)</b>	<b>(36)</b>
4	Federal Pell Grants	-	-	-
5	Government Scholarship Funding	-	-	-
6	Grants and Contracts	512	136	376
7	Auxiliary Enterprises	22,148	26,104	(3,956)
8	Patient Medical Services Net	-	-	-
9	Other Operating Revenues	5,887	11,288	(5,401)
10	State Appropriations	10,612	11,326	(714)
11	Federal Appropriations	-	-	-
12	Private Gifts	109	669	(560)
13	Spendable Investment Income (Moody's)	21,800	17,985	3,815
14	<b>Total Operating Revenues</b>	<b>60,914</b>	<b>67,390</b>	<b>(6,476)</b>
<b>Operating Expenses</b>				
15	Salaries and Wages	34,617	33,435	1,181
16	Benefits	11,336	11,192	144
17	Supplies, Services and Other Operating Expenses	2,520	20,179	(17,659)
18	Depreciation	3,871	4,326	(454)
19	Interest Expense	-	-	-
20	<b>Total Operating Expenses</b>	<b>52,344</b>	<b>69,132</b>	<b>(16,789)</b>
21	<b>Net Operating Income</b>	<b>8,570</b>	<b>(1,743)</b>	<b>10,313</b>
22	<b>Net Operating Margin</b>	<b>14.1%</b>	<b>-2.6%</b>	<b>16.7%</b>
<b>Nonoperating Revenues (Expenses)</b>				
23	Investment Income (Losses), Net of Fees	11,935	43,132	(31,197)
24	Spendable Investment Income (Moody's)	(21,800)	(17,985)	(3,815)
25	Other Nonoperating Revenues (Expenses)	(31)	(637)	606
26	State Capital Appropriations	-	-	-
27	Capital Gifts and Grants	-	-	-
28	Private Gifts for Endowment Purposes	-	-	-
29	Mandatory Transfers	-	-	-
30	Non-Mandatory Transfers	(38,348)	63,270	(101,618)
31	<b>Net Nonoperating Revenues (Expenses)</b>	<b>(48,245)</b>	<b>87,779</b>	<b>(136,024)</b>
32	<b>Increase in Net Position</b>	<b>(39,675)</b>	<b>86,037</b>	<b>(125,711)</b>
33	<b>Net Position, Beginning of Year</b>	<b>253,143</b>	<b>167,106</b>	<b>86,037</b>
34	Cumulative Effect of Change in Accounting Principle	633	-	633
35	<b>Net Position, Beginning of Year, Adjusted</b>	<b>253,776</b>	<b>167,106</b>	<b>86,670</b>
36	<b>Net Position, End of Period</b>	<b>\$ 214,102</b>	<b>\$ 253,143</b>	<b>\$ (39,041)</b>

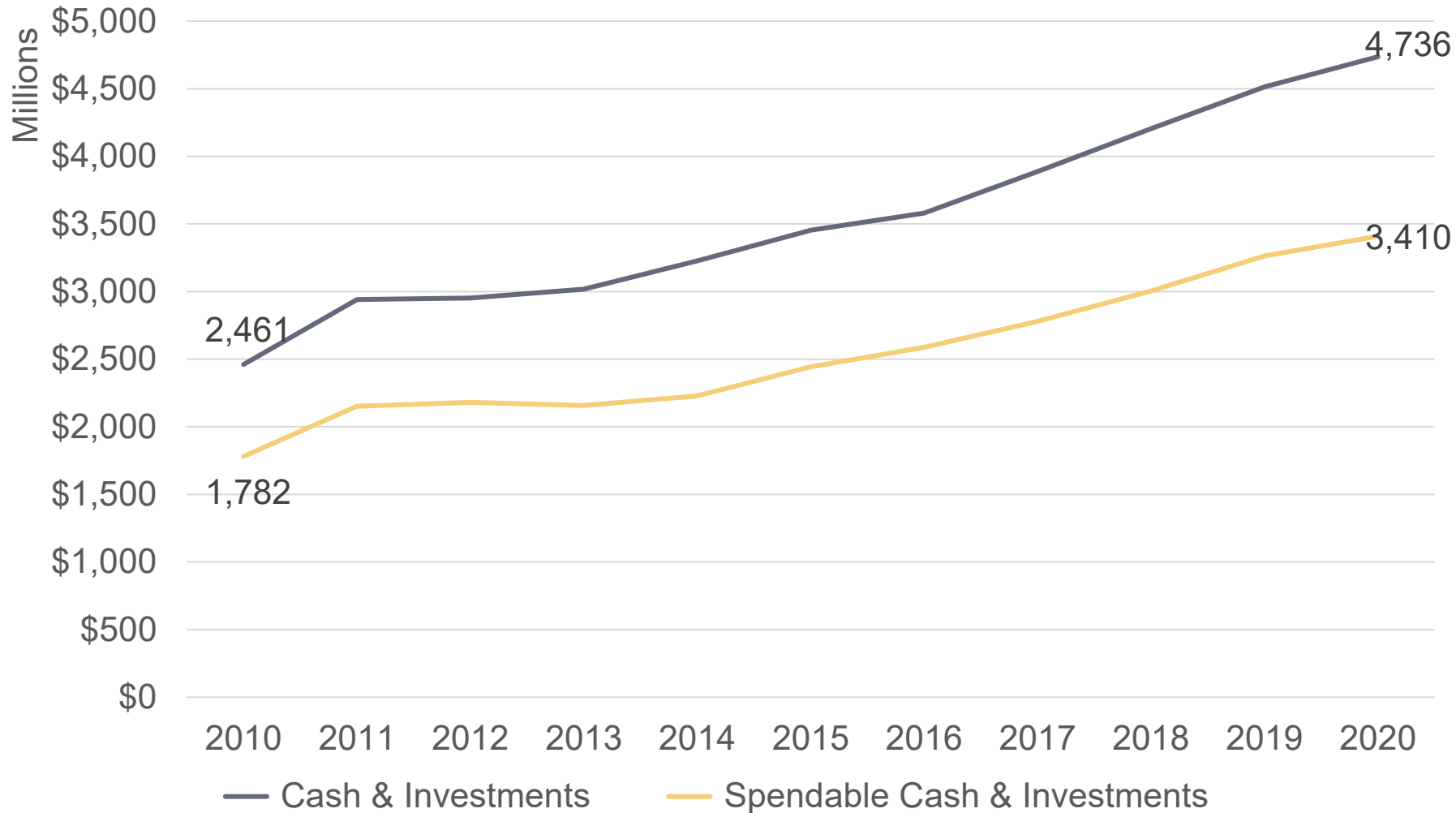
**University of Missouri University-wide - UNAUDITED - PRELIMINARY**  
**Simplified View Statement of Revenues, Expenses, and Changes in Net Position - non-GAAP**  
**For the Year Ending June 30, 2020 Compared to Year Ended June 30, 2019 (in thousands)**

Line No.		Actuals FY 2020	Actuals FY 2019	Change
<b>Operating Revenues</b>				
1	Tuition and Fees	\$ -	\$ -	\$ -
2	Less Scholarship Allowances	29	34	(4)
3	<b>Net Tuition and Fees</b>	<b>(29)</b>	<b>(34)</b>	<b>4</b>
4	Federal Pell Grants	-	-	-
5	Government Scholarship Funding	-	-	-
6	Grants and Contracts	-	-	-
7	Auxiliary Enterprises	-	-	-
8	Patient Medical Services Net	-	-	-
9	Other Operating Revenues	11,251	(253)	11,503
10	State Appropriations	9,467	9,467	(0)
11	Federal Appropriations	9,871	9,828	43
12	Private Gifts	2	2	1
13	Spendable Investment Income (Moody's)	55,173	51,006	4,167
14	<b>Total Operating Revenues</b>	<b>85,735</b>	<b>70,016</b>	<b>15,719</b>
<b>Operating Expenses</b>				
15	Salaries and Wages	(77)	(564)	487
16	Benefits	11,321	9,806	1,514
17	Supplies, Services and Other Operating Expenses	455	(14,458)	14,912
18	Depreciation	4,766	4,766	(0)
19	Interest Expense	2,783	3,010	(227)
20	<b>Total Operating Expenses</b>	<b>19,248</b>	<b>2,561</b>	<b>16,687</b>
21	<b>Net Operating Income</b>	<b>66,487</b>	<b>67,455</b>	<b>(968)</b>
22	<b>Net Operating Margin</b>	<b>77.5%</b>	<b>96.3%</b>	<b>-18.8%</b>
<b>Nonoperating Revenues (Expenses)</b>				
23	Investment Income (Losses), Net of Fees	(22,381)	55,103	(77,484)
24	Spendable Investment Income (Moody's)	(55,173)	(51,006)	(4,167)
25	Other Nonoperating Revenues (Expenses)	(13,519)	(94)	(13,425)
26	State Capital Appropriations	-	-	-
27	Capital Gifts and Grants	2,205	-	2,205
28	Private Gifts for Endowment Purposes	1	2	(1)
29	Pension and OPEB Impact on Income Statement	(89,671)	(96,094)	6,423
30	Mandatory Transfers	4,722	41	4,680
31	Non-Mandatory Transfers	(8,669)	(76,440)	67,771
32	<b>Net Nonoperating Revenues (Expenses)</b>	<b>(182,486)</b>	<b>(168,488)</b>	<b>(13,998)</b>
33	<b>Increase in Net Position</b>	<b>(115,999)</b>	<b>(101,033)</b>	<b>(14,966)</b>
34	<b>Net Position, Beginning of Year</b>	<b>(482,419)</b>	<b>(381,386)</b>	<b>(101,033)</b>
35	Cumulative Effect of Change in Accounting Principle	(79)	-	(79)
36	<b>Net Position, Beginning of Year, Adjusted</b>	<b>(482,498)</b>	<b>(381,386)</b>	<b>(101,112)</b>
37	<b>Net Position, End of Period</b>	<b>\$ (598,497)</b>	<b>\$ (482,419)</b>	<b>\$ (116,078)</b>





# Cash Balances remain strong

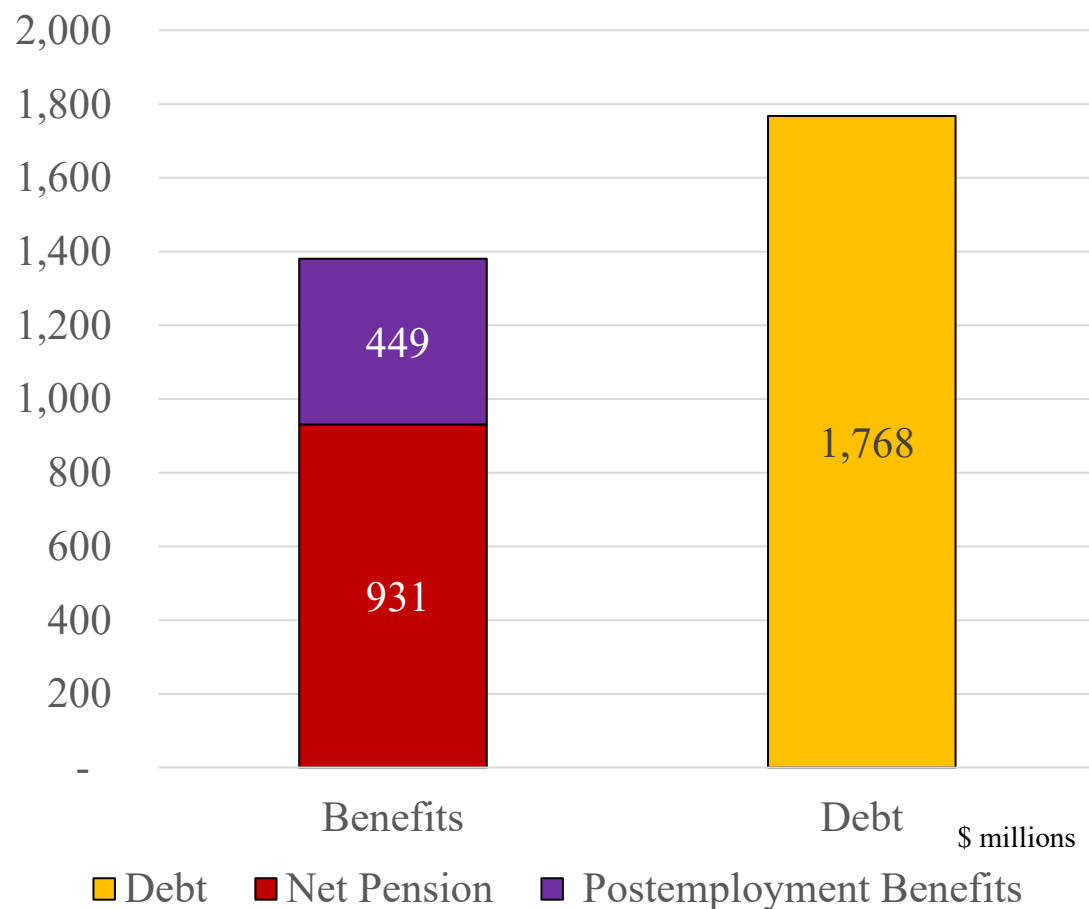


- Spendable Cash (investments outside the endowment) grew by \$111M in FY21
- \$124M of growth relates to debt issue for PHI – will be spent
- Academic units drew down on \$86M in reserves from pandemic



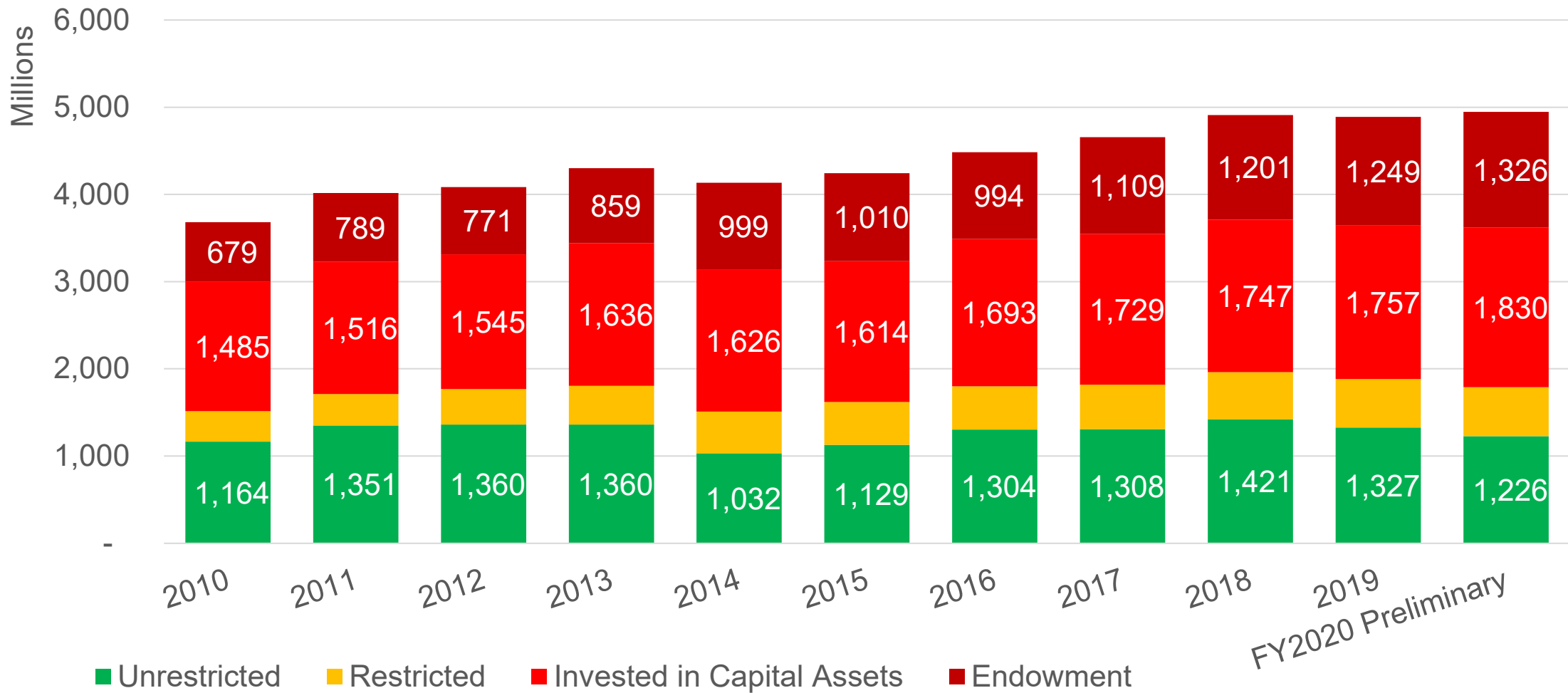


# Benefit liabilities remain significant



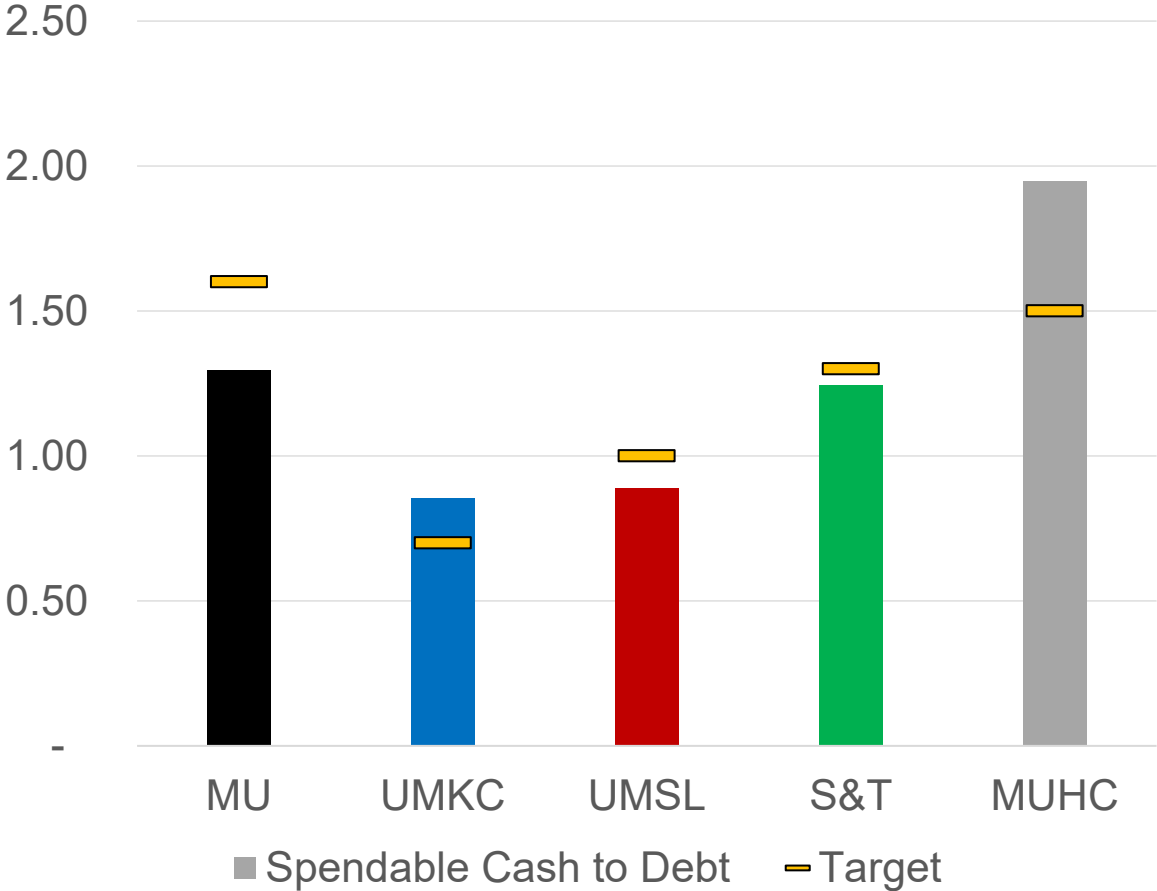
- Nationally, pension and post-employment benefits continue to grow faster than direct debt
- Plan is 80% funded, with \$3.8 billion in investments for \$4.7 billion liability.
- Pension is sensitive to investment returns, with a 1% miss on assumed return of 7.2% impacting the liability by \$500M over plan lifespan
- \$4.7 billion total liability will continue to grow for more than a decade even with plan closure

# The majority of net position is restricted

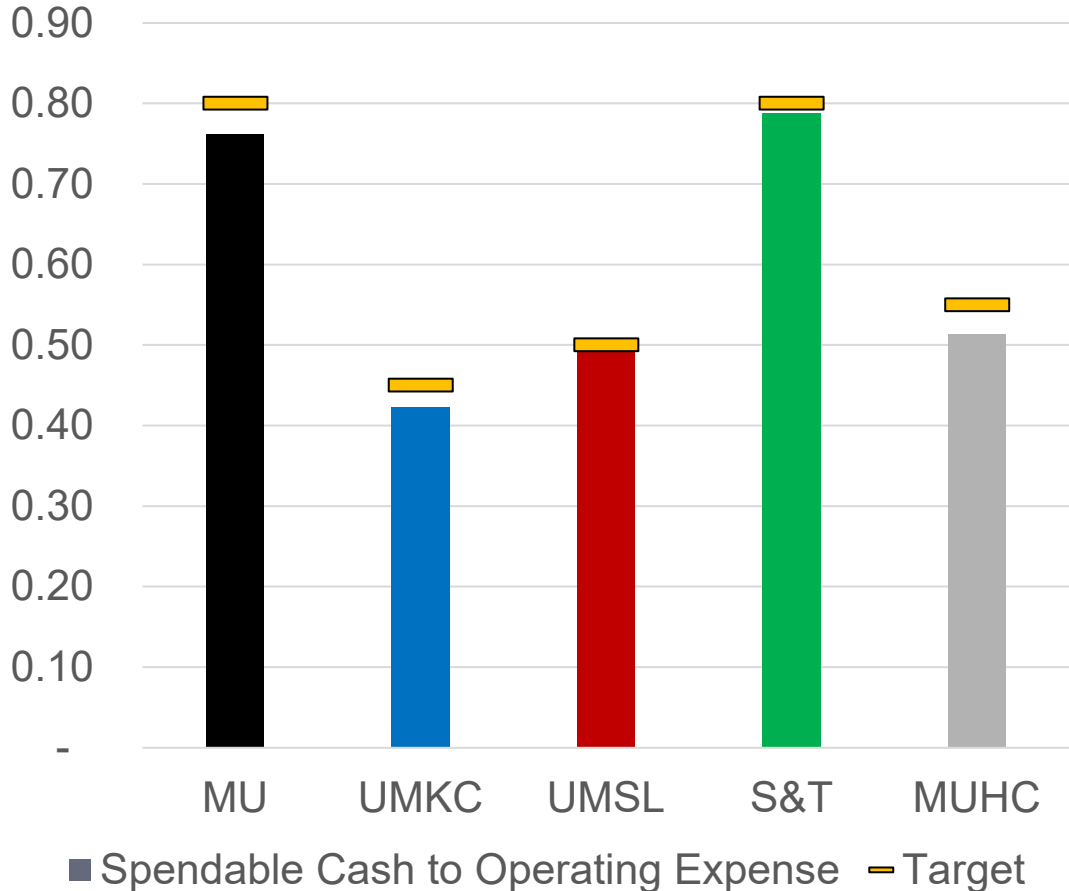


# Balance sheet strength varies by unit

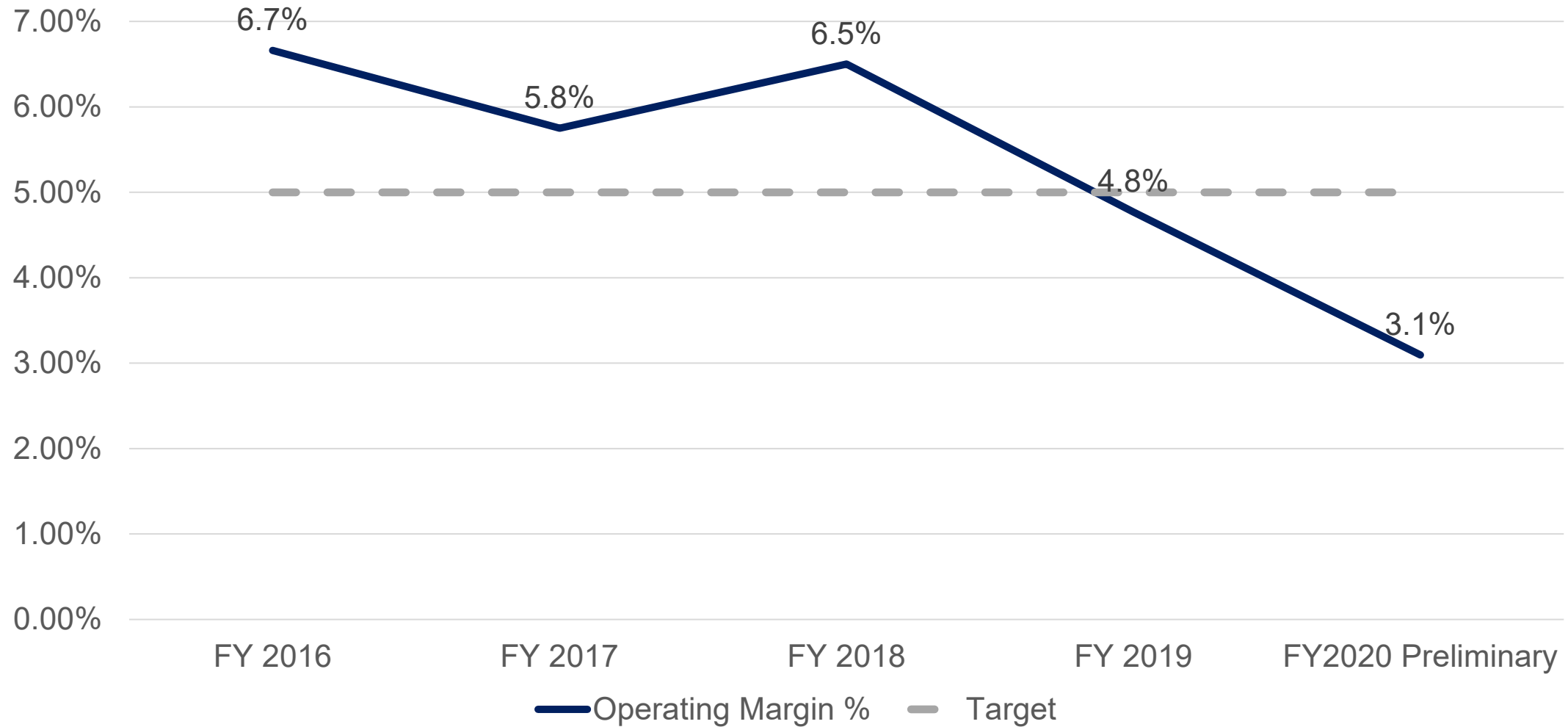
Spendable Cash to Debt by Unit



Spendable Cash to Operations

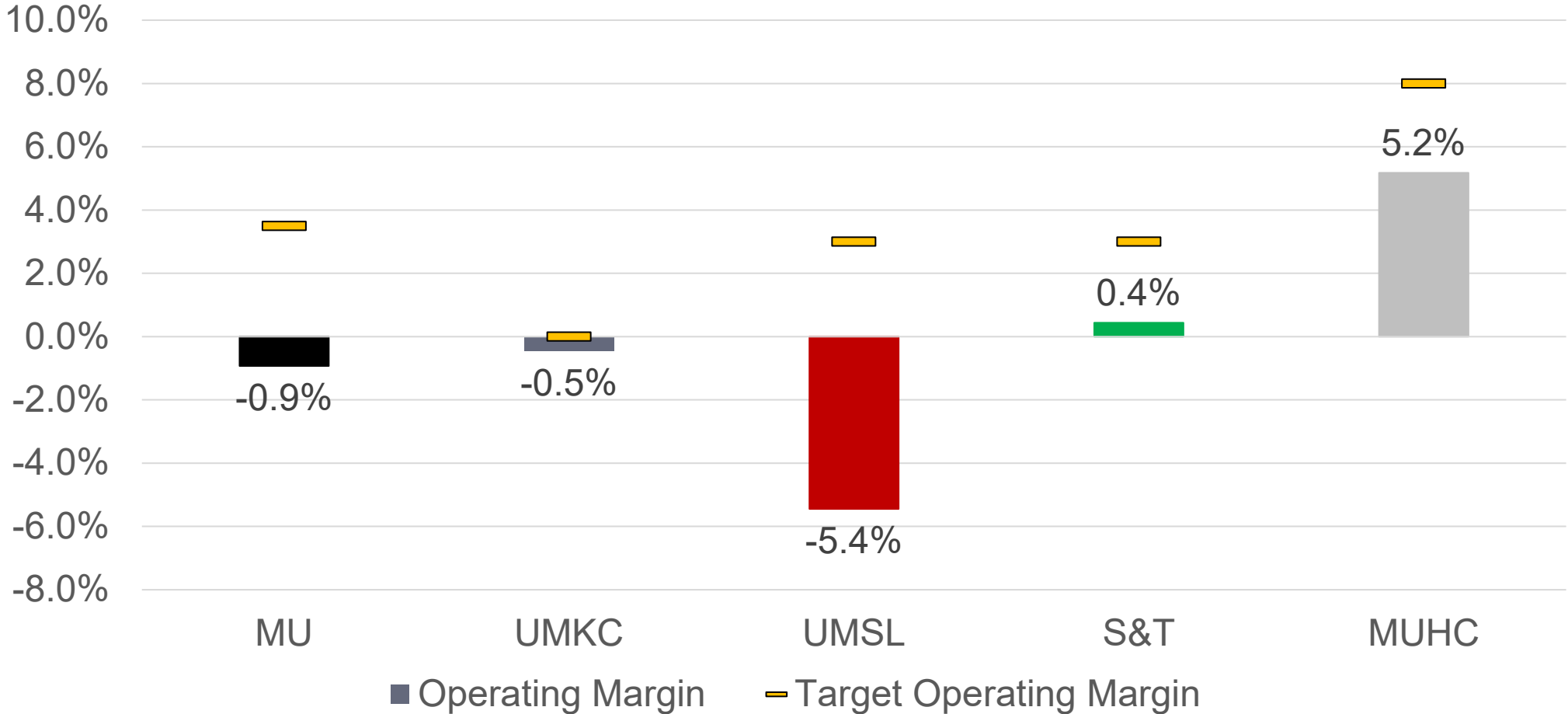


# Operating margin fell

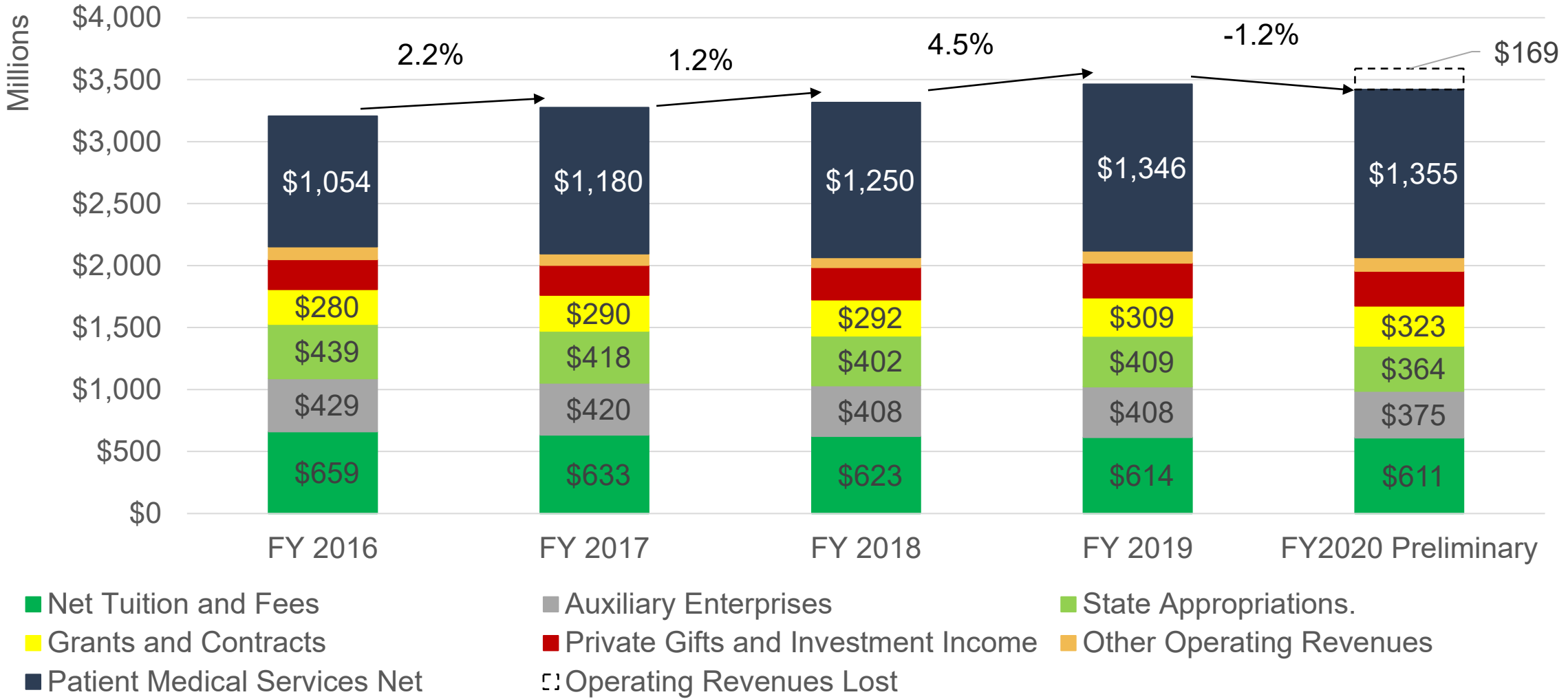


# Academic units underperformed with pandemic

Operating Margin by Unit



# Revenue growth challenged outside healthcare



# Work Still Remains

- UM will continue to update budgets quarterly throughout the coming year
- Each University continues to evaluate the lasting revenue impact from the pandemic
- Expense management activities will continue – including structural changes where necessary
- Additional personnel actions are likely as more becomes known, many actions to date have been temporary in nature



# Questions?