

**TEXAS TECH UNIVERSITY  
HEALTH SCIENCES CENTER**



**Annual Financial Report  
Fiscal Year 2021**

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

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### *Financial Statements*

*August 31, 2021*

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Presented herein are the financial statements for Texas Tech University Health Sciences Center for the year ended August 31, 2021. These statements have been prepared in compliance with Governmental Accounting Standards Board pronouncements and the Texas Comptroller of Public Accounts' Annual Financial Reporting Requirements.

This document supplements the Combined Annual Financial Report of the Texas Tech University System and provides a historical record of transactions relating to this particular institution.

The Combined Annual Financial Report of the Texas Tech University System includes primary statements as well as supplemental notes and schedules. The numbers therein are presented on a combined System-wide basis.

# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

UNAUDITED

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# TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

## Annual Financial Report

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### *Organizational Data*

*August 31, 2021*

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#### BOARD OF REGENTS

##### Term Expires

J. Michael Lewis ( <b>Chair</b> ) .....	January 31, 2023.....	Dallas, TX
Mark Griffin ( <b>Vice Chair</b> ).....	January 31, 2025.....	Lubbock, TX
John Steinmetz .....	January 31, 2023.....	Dallas, TX
John Walker.....	January 31, 2023.....	Houston, TX
Ginger Kerrick Davis .....	January 31, 2025.....	Webster, TX
Dusty Womble .....	January 31, 2025.....	Lubbock, TX
Arcilia Acosta.....	January 31, 2027.....	Dallas, TX
Cody Campbell.....	January 31, 2027.....	Fort Worth, TX
Pat Gordon .....	January 31, 2027.....	El Paso, TX
Keaghan Holt ( <b>Student Regent</b> ).....	May 31, 2022.....	Seguin, TX

#### FISCAL OFFICERS

Tedd Mitchell .....	Chancellor
Gary Barnes .....	Vice Chancellor and Chief Financial Officer
Lori Rice-Spearman.....	President
Penny Harkey.....	Vice President and Chief Financial Officer
Michael Crowder .....	Associate Vice President for Business Affairs
Melody Oliphint .....	Director of Accounting Services

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**  
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***Comparative Statement of Net Position***  
***As of August 31, 2021 and 2020***

	<i>2021</i>	<i>2020</i>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 124,171,929.26	\$ 111,022,008.42
Restricted Cash and Cash Equivalents	19,758,256.12	15,736,528.33
Legislative Appropriations	52,555,674.34	45,830,913.66
Receivables:		
Federal	4,498,481.20	5,346,345.25
Patient	14,745,613.33	11,032,395.83
Student	578,162.40	510,803.36
Contracts	19,394,576.12	20,108,898.88
Interest and Dividends	468,957.29	456,674.74
Gifts	745,462.56	606,198.36
Other	436,556.00	389,948.30
Due from Other State Agencies	8,466,347.00	9,990,730.81
Due from Other Component Units	16,995.34	13,418.10
Inventories	1,672,084.64	1,352,159.12
Prepaid Items	14,400,646.86	5,236,854.96
Loans and Notes	315,508.18	331,958.69
Total Current Assets	\$ 262,225,250.64	\$ 227,965,836.81
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ 6,750.10	\$ 13,294.75
Restricted Investments	164,182,054.29	134,104,204.11
Gifts Receivable	-	222,376.91
Loans and Notes	1,070,914.52	1,112,609.46
Investments	307,988,981.25	261,507,542.44
Capital Assets:		
Non-Depreciable or Non-Amortizable	33,566,515.53	15,996,511.47
Depreciable or Amortizable	667,249,922.73	661,770,592.25
less Accumulated Depreciation and Amortization	(375,252,618.00)	(363,108,679.37)
Total Non-Current Assets	\$ 798,812,520.42	\$ 711,618,452.02
<b>TOTAL ASSETS</b>	<b>\$ 1,061,037,771.06</b>	<b>\$ 939,584,288.83</b>

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**  
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***Comparative Statement of Net Position***  
***As of August 31, 2021 and 2020***

	<i>2021</i>	<i>2020</i>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	\$ 23,034,155.04	\$ 25,062,793.77
Payroll Payable	36,113,929.02	32,728,603.30
Unearned Revenue	23,436,854.19	21,785,634.12
Due to Other State Agencies	9,009,132.40	69,550.69
Due to Other Component Units	14,444.44	22,359.25
Claims Payable	-	3,968,977.78
Employees' Compensable Leave	4,001,607.56	2,830,342.41
Funds Held for Others	661,747.60	689,910.36
Other Current Liabilities	47,883.55	31,780.54
Total Current Liabilities	\$ 96,319,753.80	\$ 87,189,952.22
Non-Current Liabilities:		
Employees' Compensable Leave	\$ 27,227,063.62	\$ 27,183,893.24
Other Non-Current Liabilities	98,430.93	96,467.34
Total Non-Current Liabilities	\$ 27,325,494.55	\$ 27,280,360.58
<b>TOTAL LIABILITIES</b>	<b>\$ 123,645,248.35</b>	<b>\$ 114,470,312.80</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	\$ 325,563,820.26	\$ 314,658,424.35
Restricted:		
Nonexpendable		
Endowments	72,889,986.82	70,849,425.19
Expendable		
Capital Projects	-	(93,510.24)
Other	102,720,748.49	76,254,510.15
Unrestricted	436,217,967.14	363,445,126.58
<b>TOTAL NET POSITION</b>	<b>\$ 937,392,522.71</b>	<b>\$ 825,113,976.03</b>

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***Comparative Statement of Revenues, Expenses, and Changes in Net Position***  
***For the Years Ended August 31, 2021 and 2020***

	<i>2021</i>	<i>2020</i>
<b>OPERATING REVENUES</b>		
Tuition and Fee Revenue	\$ 11,863,243.72	\$ 1,630,381.36
Tuition and Fee Revenue - Pledged	65,848,520.06	68,959,884.99
Discounts and Allowances	(10,218,444.73)	(8,650,386.41)
Professional Fees	464,115,057.47	443,398,973.54
Professional Fees - Pledged	566,369.46	514,914.81
Discounts and Allowances	(232,412,738.90)	(211,237,594.36)
Auxiliary Enterprises - Pledged	882,667.90	763,883.08
Other Sales and Services	5,234,503.97	4,720,699.13
Other Sales and Services - Pledged	6,368,240.33	7,459,739.61
Federal Grant and Contract Revenue	20,389,779.10	23,093,636.00
Federal Pass-Through Revenue	1,325,615.76	1,287,278.71
State Grant and Contract Revenue	213,502.80	270,662.86
State Grant and Contract Revenue - Pledged	7,223.58	26,803.98
State Grant and Contract Pass-Through Revenue	14,296,927.93	12,854,691.47
Local Grant and Contract Revenue	86,984,143.70	80,017,606.60
Local Grant and Contract Revenue - Pledged	2,251,153.51	1,994,572.36
Private Grant and Contract Revenue	63,599,144.68	60,939,613.33
Private Grant and Contract Revenue - Pledged	3,310,005.05	5,996,762.87
Other Revenues	15,736,655.12	21,921,542.41
Total Operating Revenues	\$ 520,361,570.51	\$ 515,963,666.34
<b>OPERATING EXPENSES</b>		
Salaries and Wages	\$ 400,701,098.39	\$ 396,270,424.55
Payroll Related Costs	101,663,173.21	101,240,718.88
Professional Fees and Services	59,376,320.94	63,771,024.08
Travel	799,691.84	3,116,555.72
Materials and Supplies	30,610,128.64	32,255,999.68
Communications and Utilities	15,495,598.43	15,924,360.33
Repairs and Maintenance	16,542,303.00	17,054,609.92
Rentals and Leases	4,274,267.69	3,608,784.79
Printing and Production	1,140,092.74	1,257,192.67
Federal Grant Pass-Through Expense	465,816.64	647,652.11
State Grant Pass-Through Expense	44,114.92	-
Depreciation and Amortization	24,440,169.13	23,630,004.69
Bad Debt Expense (Recovery)	(114,358.61)	106,198.39
Interest Expense	2,301.17	2,906.24
Scholarships	5,420,036.95	4,676,174.21
Claims and Judgments	121,110.61	35,215.00
Other Expenses	40,757,299.97	47,795,238.14
Total Operating Expenses	\$ 701,739,165.66	\$ 711,393,059.40
Operating Loss	\$ (181,377,595.15)	\$ (195,429,393.06)

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***Comparative Statement of Revenues, Expenses, and Changes in Net Position***  
***For the Years Ended August 31, 2021 and 2020***

	<i>2021</i>	<i>2020</i>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Legislative Appropriations Revenue	\$ 188,746,871.16	\$ 189,554,022.41
Federal Grant and Contract Revenue	10,059,067.56	1,314,484.50
Federal Pass-Through Revenue	1,773.00	-
State Pass-Through Revenue	25,589.00	60,677.00
Gifts	8,490,283.27	7,348,359.24
Gifts - Pledged	350.00	1,800.00
Investment Income	1,686,759.38	6,381,949.78
Investment Income - Pledged	6,143,205.78	6,953,474.58
Loss on Sale of Capital Assets	(377,518.15)	(1,260,353.81)
Net Increase in Fair Value of Investments	52,584,306.09	(9,047,186.80)
Other Revenues	470,592.14	323,729.99
Other Revenues - Pledged	306,892.85	313,155.41
	<b>\$ 268,138,172.08</b>	<b>\$ 201,944,112.30</b>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>		
Capital Appropriations (HEAF)	\$ 21,652,392.00	\$ 23,372,396.00
Capital Contributions	17,015,811.74	1,516,083.33
Contributions to Permanent and Term Endowments	636,543.74	129,969.33
Legislative Appropriations Lapsed	-	-
Net Legislative Transfers Out	(18,911,303.00)	(20,898,549.61)
Net Decrease from Interagency Transfers of Capital Assets	73,551.07	(1,606,731.56)
Net Transfers from Texas Tech Foundation Inc.	-	-
Net Transfers from Texas Tech University	307,326.52	463,046.65
Net Transfers to Texas Tech University Health Sciences Center at El Paso	51,483.27	147,435.41
Net Transfers from Texas Tech University System Administration	4,652,752.41	5,016,863.43
Net Transfers from Other State Agencies	39,412.00	50,587.00
	<b>\$ 25,517,969.75</b>	<b>\$ 8,191,099.98</b>
<b>TOTAL CHANGE IN NET POSITION</b>	<b>\$ 112,278,546.68</b>	<b>\$ 14,705,819.22</b>
<b>Net Position, September 1st</b>	<b>\$ 825,113,976.03</b>	<b>\$ 810,408,156.81</b>
<b>Net Position, August 31st</b>	<b>\$ 937,392,522.71</b>	<b>\$ 825,113,976.03</b>



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***Comparative Matrix of Operating Expenses by Function***  
***For the Years Ended August 31, 2021 and 2020***

<i>OPERATING EXPENSES</i>	<i>INSTRUCTION</i>	<i>RESEARCH</i>	<i>PUBLIC SERVICE</i>	<i>PATIENT CARE</i>	<i>ACADEMIC SUPPORT</i>	<i>STUDENT SERVICES</i>
Salaries and Wages	\$179,523,826.74	\$ 21,210,902.39	\$ 63,321,882.35	\$ 54,845,164.95	\$ 50,575,003.31	\$ 8,432,627.12
Payroll Related Costs	35,134,624.93	4,909,349.68	18,538,517.53	16,351,151.39	15,664,142.00	2,487,072.84
Professional Fees and Services	2,273,680.62	224,480.78	42,043,705.70	2,230,471.02	5,397,456.98	2,630,682.03
Travel	69,585.00	21,997.33	236,024.11	15,233.32	310,679.28	51,522.34
Materials and Supplies	515,370.20	2,703,042.13	11,076,560.97	9,427,211.43	5,238,627.65	1,189,773.00
Communications and Utilities	182,721.07	48,187.47	461,677.57	653,778.65	5,509,832.10	735,085.54
Maintenance and Repair	113,772.42	620,734.75	1,134,842.22	328,645.07	3,172,100.94	1,112,266.44
Rentals and Leases	22,152.00	48,915.80	1,557,177.64	985,146.95	1,236,319.61	56,665.13
Printing and Production	56,744.83	139,798.95	218,444.25	168,091.94	283,137.25	113,573.07
Federal Grant Pass-Through Expense	-	60,273.19	405,543.45	-	-	-
State Grant Pass-Through Expense	-	44,114.92	-	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	(114,358.61)
Interest Expense	-	80.44	-	24.62	196.10	-
Scholarships	-	131,775.75	-	-	414,884.05	4,093.00
Claims and Judgments	-	-	40,000.00	-	66,249.25	-
Other Expenses	<u>2,367,621.46</u>	<u>4,541,551.66</u>	<u>4,546,603.96</u>	<u>1,559,681.61</u>	<u>16,719,886.28</u>	<u>2,935,479.13</u>
<b>For the Year Ended August 31, 2021</b>	<b><u>\$220,260,099.27</u></b>	<b><u>\$ 34,705,205.24</u></b>	<b><u>\$143,580,979.75</u></b>	<b><u>\$ 86,564,600.95</u></b>	<b><u>\$104,588,514.80</u></b>	<b><u>\$ 19,634,481.03</u></b>
<b>For the Year Ended August 31, 2020</b>	<b><u>\$209,000,605.45</u></b>	<b><u>\$ 37,886,010.99</u></b>	<b><u>\$153,300,879.10</u></b>	<b><u>\$ 84,699,898.63</u></b>	<b><u>\$114,909,695.70</u></b>	<b><u>\$ 17,646,471.34</u></b>

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**  
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***Comparative Matrix of Operating Expenses by Function***  
***For the Years Ended August 31, 2021 and 2020***

<i>OPERATING EXPENSES</i>	<i>INSTITUTIONAL SUPPORT</i>	<i>OPERATION &amp; MAINTENANCE OF PLANT</i>	<i>SCHOLARSHIPS &amp; FELLOWSHIPS</i>	<i>AUXILIARY ENTERPRISES</i>	<i>DEPRECIATION &amp; AMORTIZATION</i>	<i>TOTAL EXPENSES</i>
Salaries and Wages	\$ 17,040,810.34	\$ 5,461,990.12	\$ 9,000.00	\$ 279,891.07	\$ -	\$400,701,098.39
Payroll Related Costs	6,321,321.17	2,147,158.36	683.80	109,151.51	-	101,663,173.21
Professional Fees and Services	2,908,116.96	1,667,516.85	-	210.00	-	59,376,320.94
Travel	84,690.49	9,959.97	-	-	-	799,691.84
Supplies and Materials	157,097.36	291,654.89	-	10,791.01	-	30,610,128.64
Communications and Utilities	649,566.85	7,252,991.18	-	1,758.00	-	15,495,598.43
Maintenance and Repair	556,771.76	9,499,014.07	-	4,155.33	-	16,542,303.00
Rentals and Leases	17,824.73	349,515.83	-	550.00	-	4,274,267.69
Printing and Production	139,099.19	14,427.39	-	6,775.87	-	1,140,092.74
Federal Grant Pass-Through Expense	-	-	-	-	-	465,816.64
State Grant Pass-Through Expense	-	-	-	-	-	44,114.92
Depreciation and Amortization	-	-	-	-	24,440,169.13	24,440,169.13
Bad Debt Expense	-	-	-	-	-	(114,358.61)
Interest Expense	1,842.28	157.73	-	-	-	2,301.17
Scholarships and Fellowships	-	-	4,869,284.15	-	-	5,420,036.95
Claims and Judgments	14,861.36	-	-	-	-	121,110.61
Other Expenses	<u>2,134,435.21</u>	<u>5,859,888.60</u>	<u>500.00</u>	<u>91,652.06</u>	<u>-</u>	<u>40,757,299.97</u>
<b>For the Year Ended August 31, 2021</b>	<b><u>\$ 30,026,437.70</u></b>	<b><u>\$ 32,554,274.99</u></b>	<b><u>\$ 4,879,467.95</u></b>	<b><u>\$ 504,934.85</u></b>	<b><u>\$ 24,440,169.13</u></b>	<b><u>\$701,739,165.66</u></b>
<b>For the Year Ended August 31, 2020</b>	<b><u>\$ 31,066,727.78</u></b>	<b><u>\$ 34,800,258.19</u></b>	<b><u>\$ 3,976,978.96</u></b>	<b><u>\$ 475,528.57</u></b>	<b><u>\$ 23,630,004.69</u></b>	<b><u>\$711,393,059.40</u></b>

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**  
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***Comparative Statement of Cash Flows***  
***For the Year Ended August 31, 2021 and 2020***

	<i>2021</i>	<i>Restated 2020</i>
<b>Cash Flows from Operating Activities</b>		
Proceeds from Patients and Insurers	\$ 238,613,166.49	\$ 233,379,119.12
Proceeds from Tuition and Fees	68,783,375.79	62,168,789.05
Proceeds from Grants and Contracts	194,543,313.66	175,070,280.65
Proceeds from Loans	4,992,166.79	4,836,486.22
Proceeds from Fiduciary Activities	74,385,853.35	73,667,850.94
Proceeds from Auxiliaries	882,667.90	763,883.08
Proceeds from Other Operating Revenues	27,461,911.39	38,501,815.93
Payments to Suppliers	(145,356,232.42)	(141,330,422.85)
Payments to Employees for Salaries	(397,417,107.83)	(392,775,507.56)
Payments to Employees for Benefits	(100,347,402.52)	(101,794,243.09)
Payments for Loans Issued	(5,059,912.41)	(4,215,409.92)
Payments for Fiduciary Activities	(74,319,066.09)	(73,584,765.27)
Payments for Other Operating Expenses	(45,093,285.85)	(51,293,565.05)
Net Cash Used for Operating Activities	\$ (157,930,551.75)	\$ (176,605,688.75)
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds from Legislative Appropriations	\$ 182,022,110.48	\$ 198,897,099.24
Proceeds from Gifts	9,210,289.72	7,705,339.92
Proceeds from Nonoperating Grants and Contracts	10,086,429.56	3,455,777.61
Proceeds from Other Noncapital Financing Activities	682,534.97	968,465.32
Proceeds from Agency Transactions	-	-
Proceeds from Transfers - Texas Tech Foundation, Inc.	-	-
Proceeds from Transfers - Texas Tech University	307,326.52	463,046.65
Proceeds from Transfers - Other State Agencies	4,538,909.00	2,621,839.29
Payments for Transfers - Texas Tech University Health Sciences Center at El Paso	51,483.27	147,435.41
Payments for Transfers - Texas Tech University System Administration	(4,068,307.05)	(2,112,787.04)
Payments for Other Uses	-	-
Net Cash Provided by Non-Capital Financing Activities	\$ 202,830,776.47	\$ 212,146,216.40
<b>Cash Flows from Capital and Related Financing Activities</b>		
Proceeds from Sale of Capital Assets	\$ 104,800.59	\$ 61,593.80
Proceeds from Legislative Appropriations for Capital	21,652,392.00	23,372,396.00
Proceeds from Capital Gifts - Texas Tech Foundation, Inc.	4,166,668.00	1,333,332.00
Proceeds from Transfers - Texas Tech University System Administration	7,525,214.46	5,891,303.47
Payments for Transfers - Texas Tech University System Administration	(22,214,955.00)	(22,231,454.90)
Payments for Additions to Capital Assets	(22,905,188.97)	(30,291,858.89)
Net Cash Used for Capital and Related Financing Activities	\$ (11,671,068.92)	\$ (21,864,688.52)

**TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER**  
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***Comparative Statement of Cash Flows***  
***For the Year Ended August 31, 2021 and 2020***

	<i>2021</i>	<i>Restated 2020</i>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	\$ 83,630,784.33	\$ 113,241,730.74
Proceeds from Interest and Investment Income	15,035,455.65	15,379,775.83
Payments for Acquisition of Investments	<u>(114,730,291.80)</u>	<u>(134,922,624.41)</u>
Net Cash Used for Investing Activities	<u>\$ (16,064,051.82)</u>	<u>\$ (6,301,117.84)</u>
TOTAL NET CASH FLOWS	<u>\$ 17,165,103.98</u>	<u>\$ 7,374,721.29</u>
Cash and Cash Equivalents, September 1st	<u>\$ 126,771,831.50</u>	<u>\$ 119,397,110.21</u>
Cash and Cash Equivalents, August 31st	<u>\$ 143,936,935.48</u>	<u>\$ 126,771,831.50</u>

**Reconciliation of Operating Loss to Net Cash Used for Operating Activities**

Operating Loss	\$ (181,377,595.15)	\$ (197,510,009.17)
Adjustments		
Depreciation Expense	24,440,169.13	23,630,004.69
Decrease (Increase) in Receivables	(2,264,997.43)	(2,285,830.46)
Decrease (Increase) in Loans and Notes Receivable	58,145.45	505,915.84
Decrease (Increase) in Inventories	(319,925.52)	(113,723.38)
Decrease (Increase) in Due from Other Agency	1,427,558.10	(1,857,520.60)
Decrease (Increase) in Prepaid Expenses	(9,163,791.90)	(338,361.03)
Increase (Decrease) in Payables	1,356,686.99	680,894.50
Increase (Decrease) in Deferred Revenue	1,651,220.07	222,631.18
Increase (Decrease) in Compensable Leave	1,214,435.53	4,324,282.57
Increase (Decrease) in Due to Other Agency	8,931,666.90	54,292.67
Increase (Decrease) in Fiduciary Funds Held 3 Months or Less	66,787.26	83,085.67
Increase (Decrease) in Other Liabilities	<u>18,066.60</u>	<u>18,196.99</u>
Net Cash Used for Operating Activities	<u>\$ (157,930,551.75)</u>	<u>\$ (176,605,688.75)</u>

**Non-Cash Transactions**

Donations of Capital Assets	\$ 17,015,811.74	\$ 182,751.33
Net Increase (Decrease) in Fair Value of Investments	52,584,306.09	(9,047,186.80)
Disposal of Capital Assets	(482,318.74)	(1,321,947.61)