

TEXAS TECH UNIVERSITY
HEALTH SCIENCES CENTER



Annual Financial Report
Fiscal Year 2024

TEXAS TECH UNIVERSITY HEALTH SCIENCE CENTER

Annual Financial Report

UNAUDITED

Financial Statements

August 31, 2024

Presented herein are the financial statements for Texas Tech University Health Sciences Center for the year ended August 31, 2024. 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.

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Organizational Data

August 31, 2024

BOARD OF REGENTS

Term Expires

Mark Griffin (**Chair**).....January 31, 2025..... Lubbock, TX
Ginger Kerrick Davis (**Vice Chair**).....January 31, 2025..... Webster, TX
Dusty WombleJanuary 31, 2025..... Lubbock, TX
Arcilia AcostaJanuary 31, 2027.....Dallas, TX
Cody CampbellJanuary 31, 2027..... Fort Worth, TX
Pat GordonJanuary 31, 2027..... El Paso, TX
Clay Cash.....January 31, 2029..... Lubbock, TX
Tim CulpJanuary 31, 2029..... Midland, TX
Shelley SweattJanuary 31, 2029..... Wichita Falls, TX
Jad Zeitouni (**Student Regent**)May 31, 2025..... Lubbock, TX

FISCAL OFFICERS

Lori Rice-Spearman..... President
Penny Harkey..... Executive Vice President for Finance and Operations
Micheal West..... Associate Vice President for Accounting and Reporting

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Comparative Statement of Net Position

As of August 31, 2024 and 2023

	<u>2024</u>	<i>Restated</i> <u>2023</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 99,574,780.01	\$ 91,762,018.61
Restricted Cash and Cash Equivalents	14,998,281.33	12,443,718.43
Legislative Appropriations	53,161,853.11	45,714,554.77
Receivables:		
Federal	3,086,345.60	7,395,331.01
Patient	15,985,355.46	14,627,285.64
Student	724,791.10	717,174.90
Contracts	32,382,880.31	23,141,475.02
Interest and Dividends	1,038,448.76	751,292.43
Gifts	-	-
Leases	158,303.71	103,666.32
Other	540,871.40	502,601.88
Due from Other State Agencies	8,167,387.39	13,592,783.47
Due from Other Component Units	69,972.06	17,719.55
Inventories	1,592,638.79	1,930,052.06
Prepaid Items	18,832,361.40	18,505,005.55
Loans and Notes	406,867.39	384,993.92
Total Current Assets	<u>\$ 250,721,137.82</u>	<u>\$ 231,589,673.56</u>
Non-Current Assets:		
Restricted Cash and Cash Equivalents	\$ 1,850.37	\$ 27,570.22
Restricted Investments	158,699,035.27	146,769,097.51
Leases Receivable	7,091,426.90	7,596,725.10
Loans and Notes	491,942.29	564,838.95
Investments	431,867,459.68	410,129,744.31
Capital Assets:		
Non-Depreciable or Non-Amortizable	30,012,283.30	24,411,521.14
Depreciable or Amortizable	727,549,672.82	710,420,056.47
Less Accumulated Depreciation and Amortization	(425,803,940.66)	(407,183,887.60)
Right to Use Assets		
Amortizable	18,998,739.24	17,602,021.89
Less Accumulated Amortization	(9,661,702.63)	(8,585,093.92)
Total Non-Current Assets	<u>\$ 939,246,766.58</u>	<u>\$ 901,752,594.07</u>
TOTAL ASSETS	<u>\$ 1,189,967,904.40</u>	<u>\$ 1,133,342,267.63</u>

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Comparative Statement of Net Position

As of August 31, 2024 and 2023

	<u>2024</u>	<u>Restated 2023</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 16,122,511.12	\$ 13,066,816.52
Payroll Payable	41,830,995.53	41,730,137.07
Unearned Revenue	16,929,683.62	21,710,048.68
Due to Other State Agencies	97,697.17	188,058.33
Due to Other Component Units	67,182.10	52,196.77
Employees' Compensable Leave	3,959,994.52	4,560,465.75
Right to Use Lease Obligations	2,430,357.66	2,507,138.95
Right to Use Subscription Obligations	1,333,713.61	721,503.63
Funds Held for Others	623,971.97	588,835.59
Other Current Liabilities	132,850.54	64,372.75
Total Current Liabilities	<u>\$ 83,528,957.84</u>	<u>\$ 85,189,574.04</u>
Non-Current Liabilities:		
Employees' Compensable Leave	\$ 34,135,765.59	\$ 30,093,529.29
Right to Use Lease Obligations	2,634,183.15	4,692,456.88
Right to Use Subscription Obligations	2,700,851.37	486,205.08
Other Non-Current Liabilities	66,506.49	98,739.91
Total Non-Current Liabilities	<u>\$ 39,537,306.60</u>	<u>\$ 35,370,931.16</u>
TOTAL LIABILITIES	<u>\$ 123,066,264.44</u>	<u>\$ 120,560,505.20</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Inflows of Resources:	\$ 6,823,427.44	\$ 7,383,601.60
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 6,823,427.44</u>	<u>\$ 7,383,601.60</u>
NET POSITION		
Net Investment in Capital Assets	\$ 331,920,344.50	\$ 328,226,057.76
Restricted:		
Nonexpendable		
Endowments	73,953,284.36	71,741,710.66
Expendable		
Capital Projects	(3,093,376.05)	(239,580.47)
Other	105,989,359.06	97,569,501.67
Unrestricted	551,308,600.65	508,100,471.21
TOTAL NET POSITION	<u>\$ 1,060,078,212.52</u>	<u>\$ 1,005,398,160.83</u>

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Comparative Statement of Revenues, Expenses, and Changes in Net Position

For the Years Ended August 31, 2024 and 2023

	<u>2024</u>	<i>Restated</i> <u>2023</u>
OPERATING REVENUES		
Tuition and Fees	\$ 1,556,444.05	\$ 1,586,121.96
Tuition and Fees - Pledged	75,907,414.43	77,446,610.32
Less Discounts and Allowances	(11,695,963.13)	(11,485,456.71)
Professional Fees	537,491,680.07	502,879,484.79
Professional Fees - Pledged	354,593.78	636,602.52
Less Discounts and Allowances	(266,920,115.34)	(248,105,955.17)
Auxiliary Enterprises - Pledged	1,054,617.02	1,021,267.27
Other Sales and Services	5,151,252.91	6,172,156.25
Other Sales and Services - Pledged	7,571,158.60	8,393,926.00
Federal Grants and Contracts	32,644,066.58	34,053,833.54
Federal Grants and Contracts - Pledged	5,093.31	26,081.29
Federal Pass-Throughs	1,582,997.35	1,614,481.02
State Grants and Contracts	408,557.32	107,733.16
State Grants and Contracts - Pledged	-	52,026.50
State Grant and Contract Pass-Throughs	12,475,019.43	15,568,766.96
Local Governmental Grants and Contracts	99,732,925.61	98,356,136.14
Local Governmental Grants and Contracts - Pledged	1,567,926.34	671,457.48
Private Grants and Contracts	73,298,181.15	61,432,623.88
Private Grants and Contracts - Pledged	2,064,714.69	1,970,837.14
Other	47,695,638.12	62,635,018.66
Total Operating Revenues	<u>\$ 621,946,202.29</u>	<u>\$ 615,033,753.00</u>
OPERATING EXPENSES		
Salaries and Wages	\$ 478,828,630.65	\$ 446,862,554.39
Payroll Related Costs	118,740,060.92	110,780,615.30
Professional Fees and Services	79,477,493.48	74,717,946.99
Travel	5,426,352.75	4,798,485.96
Materials and Supplies	35,772,238.93	34,659,528.01
Communications and Utilities	19,589,371.48	18,320,979.69
Repairs and Maintenance	16,379,961.47	16,091,369.95
Rentals and Leases	3,486,100.38	1,444,630.01
Printing and Production	1,412,981.39	1,496,473.37
Federal Grant Pass-Through Expense	550,463.81	529,119.52
State Grant Pass-Through Expense	26,059.03	24,392.58
Depreciation and Amortization	30,026,785.99	30,035,937.87
Bad Debt Expense	180,412.50	415,577.35
Interest	16,272.29	8,237.35
Scholarships	3,760,892.10	3,926,545.37
Claims and Judgments	-	500.00
Other Operating Expenses	82,737,974.01	80,510,011.15
Total Operating Expenses	<u>\$ 876,412,051.18</u>	<u>\$ 824,622,904.86</u>
Operating Loss	<u>\$ (254,465,848.89)</u>	<u>\$ (209,589,151.86)</u>

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Comparative Statement of Revenues, Expenses, and Changes in Net Position
For the Years Ended August 31, 2024 and 2023

	<u>2024</u>	<i>Restated</i> <u>2023</u>
NON-OPERATING REVENUES (EXPENSES)		
Legislative Revenue	\$ 194,709,085.85	\$ 181,491,120.38
Federal Grants and Contracts	2,841,410.57	2,286,971.00
Federal Pass-Throughs	-	-
State Pass-Throughs	29,879.00	62,000.00
Gifts	7,495,210.27	11,416,409.42
Gifts - Pledged	3,400.00	-
Investment Income	8,105,703.07	6,466,747.31
Investment Income - Pledged	12,755,673.21	10,258,053.37
Loss on Sale and Disposal of Capital Assets	(728,652.16)	(1,270,910.02)
Net Increase in Fair Value of Investments	50,504,407.89	17,423,225.72
Interest Expense Other	(432,842.46)	(221,824.76)
Other Nonoperating Revenues	3,466,169.13	2,095,379.41
Other Nonoperating Revenues - Pledged	313,281.15	115,947.65
Total Non-Operating Revenues	<u>\$ 279,062,725.52</u>	<u>\$ 230,123,119.48</u>
OTHER REVENUES, EXPENSES, GAINS, LOSSES AND TRANSFERS		
Capital Appropriations (HEF)	\$ 22,305,642.00	\$ 21,652,392.00
Capital Contributions	1,021,985.22	7,803,358.75
Capital Contributions from Texas Tech Foundation Inc.	-	1,304,393.77
Contributions to Permanent and Term Endowments	116,854.65	196,782.27
Net Legislative Transfers In (Out)	4,563,347.00	(5,599,087.16)
Net Increase (Decrease) from Interagency Transfers of Capital Assets	3,087.39	(282,576.13)
Net Transfers from Texas Tech University	99,452.72	179,443.13
Net Transfers from (to) Texas Tech University Health Sciences Center at El Paso	(708,838.04)	75,701.41
Net Transfers from (to) Texas Tech University System Administration	2,627,605.12	(5,965,961.14)
Net Transfers from Other State Agencies	54,039.00	45,164.00
Net Other Revenues, Expenses, Gains, Losses and Transfers	<u>\$ 30,083,175.06</u>	<u>\$ 19,409,610.90</u>
TOTAL CHANGE IN NET POSITION	<u>\$ 54,680,051.69</u>	<u>\$ 39,943,578.52</u>
Net Position, September 1st	<u>\$ 1,005,398,160.83</u>	<u>\$ 965,454,582.31</u>
Net Position, August 31st	<u>\$ 1,060,078,212.52</u>	<u>\$ 1,005,398,160.83</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER
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Comparative Matrix of Operating Expenses by Function
For the Years Ended August 31, 2024 and 2023

<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	\$ 207,152,556.58	\$ 26,023,584.64	\$ 82,403,505.75	\$ 69,360,062.04	\$ 54,950,355.37	\$ 9,636,417.61
Payroll Related Costs	\$ 40,146,432.65	\$ 6,019,449.77	\$ 23,592,851.18	\$ 19,554,247.98	\$ 15,894,770.12	\$ 2,819,830.49
Professional Fees and Services	1,715,566.86	738,134.32	50,632,038.67	4,784,350.76	13,165,191.78	3,121,902.32
Travel	440,670.07	491,328.46	1,334,679.17	50,912.66	2,014,826.54	426,297.18
Materials and Supplies	343,128.31	3,420,946.33	13,620,434.95	9,925,003.56	6,126,357.94	1,853,224.55
Communications and Utilities	254,440.59	109,999.02	797,968.62	662,313.62	7,965,291.84	703,120.54
Maintenance and Repair	124,989.02	1,012,366.94	710,150.55	311,976.17	2,819,481.28	1,329,129.55
Rentals and Leases	25,120.90	74,933.79	423,591.64	1,229,489.10	1,587,440.85	130,175.68
Printing and Production	54,833.12	213,271.02	242,982.19	163,332.18	333,669.57	183,097.92
Federal Grant Pass-Through Expense	-	138,498.24	411,965.57	-	-	-
State Grant Pass-Through Expense	-	12,003.62	14,055.41	-	-	-
Depreciation and Amortization	-	-	-	-	-	-
Bad Debt Expense	-	-	-	-	-	180,412.50
Interest Expense	91.27	1,616.32	384.53	1,371.35	5,963.88	146.57
Scholarships	50,000.00	152,229.46	251,049.00	-	497,754.94	81,638.87
Claims and Judgments	-	-	-	-	-	-
Other Operating Expenses	<u>2,851,260.48</u>	<u>6,403,900.40</u>	<u>12,719,874.53</u>	<u>2,185,823.83</u>	<u>39,682,025.42</u>	<u>6,745,966.35</u>
Total Operating Expenses	<u>\$ 253,159,089.85</u>	<u>\$ 44,812,262.33</u>	<u>\$ 187,155,531.76</u>	<u>\$ 108,228,883.25</u>	<u>\$ 145,043,129.53</u>	<u>\$ 27,211,360.13</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

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Comparative Matrix of Operating Expenses by Function For the Years Ended August 31, 2024 and 2023

OPERATING EXPENSES	INSTITUTIONAL SUPPORT	OPERATION & MAINTENANCE OF PLANT	SCHOLARSHIPS & FELLOWSHIPS	AUXILIARY ENTERPRISES	DEPRECIATION & AMORTIZATION	TOTAL EXPENSES
Salaries and Wages	\$ 22,304,481.22	\$ 6,639,027.44	\$ 8,750.00	\$ 349,890.00	\$ -	\$ 478,828,630.65
Payroll Related Costs	8,073,220.64	2,521,801.71	603.86	116,852.52	-	\$ 118,740,060.92
Professional Fees and Services	3,514,873.20	1,804,003.27	-	1,432.30	-	\$ 79,477,493.48
Travel	627,801.44	37,492.48	-	2,344.75	-	\$ 5,426,352.75
Materials and Supplies	211,140.50	248,558.70	-	23,444.09	-	\$ 35,772,238.93
Communications and Utilities	1,054,035.64	8,037,650.20	-	4,551.41	-	\$ 19,589,371.48
Maintenance and Repair	725,013.20	9,328,161.01	-	18,693.75	-	\$ 16,379,961.47
Rentals and Leases	(21,512.29)	35,436.06	-	1,424.65	-	\$ 3,486,100.38
Printing and Production	199,329.26	13,755.34	-	8,710.79	-	1,412,981.39
Federal Grant Pass-Through Expense	-	-	-	-	-	\$ 550,463.81
State Grant Pass-Through Expense	-	-	-	-	-	\$ 26,059.03
Depreciation and Amortization	-	-	-	-	30,026,785.99	\$ 30,026,785.99
Bad Debt Expense	-	-	-	-	-	\$ 180,412.50
Interest Expense	3,173.52	3,508.28	-	16.57	-	\$ 16,272.29
Scholarships and Fellowships	8,450.00	-	2,719,769.83	-	-	\$ 3,760,892.10
Claims and Judgments	-	-	-	-	-	\$ -
Other Expenses	<u>3,478,855.42</u>	<u>8,491,332.52</u>	<u>16,712.39</u>	<u>162,222.67</u>	<u>-</u>	<u>82,737,974.01</u>
Total Operating Expenses	<u>\$ 40,178,861.75</u>	<u>\$ 37,160,727.01</u>	<u>\$ 2,745,836.08</u>	<u>\$ 689,583.50</u>	<u>\$ 30,026,785.99</u>	<u>\$ 876,412,051.18</u>

TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Annual Financial Report

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Comparative Statement of Cash Flows

For the Year Ended August 31, 2024 and 2023

	<u>2024</u>	<u>Restated 2023</u>
Cash Flows from Operating Activities		
Proceeds from Patients and Insurers	\$ 269,568,088.69	\$ 254,077,240.11
Proceeds from Tuition and Fees	60,618,030.00	67,526,974.44
Proceeds from Grants and Contracts	224,410,117.72	204,778,031.63
Proceeds from Loans	63,027,268.71	71,180,663.62
Proceeds from Fiduciary Activities	1,069,705.18	1,399,541.64
Proceeds from Auxiliary Enterprises	1,054,617.02	1,021,267.27
Proceeds from Other Operating Revenues	60,291,395.47	77,275,841.87
Payments to Suppliers	(160,590,269.30)	(160,611,785.86)
Payments to Employees for Salaries	(475,366,714.68)	(441,494,497.34)
Payments to Employees for Benefits	(118,659,353.37)	(109,545,001.01)
Payments for Loans Issued	(62,880,476.81)	(71,629,134.29)
Payments for Fiduciary Activities	(1,034,358.47)	(1,263,200.14)
Payments for Other Operating Expenses	<u>(85,164,677.82)</u>	<u>(83,025,087.45)</u>
Net Cash Used for Operating Activities	\$ <u>(223,656,627.66)</u>	\$ <u>(190,309,145.51)</u>
Cash Flows from Non-Capital Financing Activities		
Proceeds from Legislative Appropriations	\$ 187,261,787.51	\$ 185,850,888.15
Proceeds from Gifts	7,615,464.92	11,613,191.69
Proceeds from Nonoperating Grants and Contracts	2,871,289.57	2,348,971.00
Proceeds from Other Noncapital Financing Activities	3,669,726.60	2,117,077.61
Proceeds from Transfers - Texas Tech University	303,845.72	344,959.31
Proceeds from Transfers - Texas Tech University System Administration	13,868.00	4,556,020.06
Proceeds from Transfers - Texas Tech University Health Sciences Center at El Pa	30,981.57	92,937.77
Proceeds from Transfers - Other State Agencies	21,485,144.00	4,355,280.34
Payments for Transfers - Texas Tech University	(204,393.00)	(165,516.18)
Payments for Transfers - Texas Tech University System Administration	(5,837,219.18)	(5,426,462.20)
Payments for Transfers - Texas Tech University Health Sciences Center at El Pas	(739,819.61)	(17,236.36)
Payments for Transfers - Other State Agencies	-	-
Payments for Other Uses	<u>-</u>	<u>(17,745.21)</u>
Net Cash Provided by Non-Capital Financing Activities	\$ <u>216,470,676.10</u>	\$ <u>205,652,365.98</u>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Sale of Capital Assets	\$ 329,457.71	\$ 75,018.89
Proceeds from Legislative Appropriations for Capital	22,305,642.00	21,652,392.00
Proceeds from Capital Gifts - Texas Tech Foundation, Inc.	-	7,637,993.00
Proceeds from Transfers - Texas Tech University System Administration	7,018,947.30	1,285,104.00
Payments for Transfers - Texas Tech University System Administration	(15,435,749.00)	(16,289,826.50)
Payments for Additions to Capital Assets	(29,938,489.28)	(19,964,798.19)
Payments for Leases and Subscriptions	<u>(4,248,463.16)</u>	<u>(4,517,115.66)</u>
Net Cash Used for Capital and Related Financing Activities	\$ <u>(19,968,654.43)</u>	\$ <u>(10,121,232.46)</u>

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Comparative Statement of Cash Flows *For the Year Ended August 31, 2024 and 2023*

	<u>2024</u>	<i>Restated</i> <u>2023</u>
Cash Flows from Investing Activities		
Proceeds (Loss) from Sales and Maturities of Investments	\$ 71,248,360.77	\$ (8,342,546.28)
Proceeds from Interest and Investment Income	25,543,274.97	21,308,654.78
Payments to Acquire Investments	<u>(59,295,425.30)</u>	<u>(68,219,717.07)</u>
Net Cash Provided by (Used for) Investing Activities	\$ 37,496,210.44	\$ (55,253,608.57)
TOTAL NET CASH FLOWS	\$ 10,341,604.45	\$ (50,031,620.56)
Cash and Cash Equivalents, September 1st	\$ 104,233,307.26	\$ 154,264,927.82
Cash and Cash Equivalents, August 31st	<u>\$ 114,574,911.71</u>	<u>\$ 104,233,307.26</u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss	\$ (254,465,848.89)	\$ (208,057,909.54)
Adjustments		
Depreciation Expense	30,026,785.99	30,035,937.87
Increase in Receivables	(6,336,375.43)	(5,035,085.93)
Decrease in Loans and Notes Receivable	51,023.19	336,051.40
Decrease (Increase) in Inventories	337,413.27	(235,314.25)
Decrease (Increase) in Due from Other Agency	5,287,907.84	(5,338,962.29)
Increase in Prepaid Expenses	(327,355.85)	(192,755.70)
Increase (Decrease) in Payables	3,156,553.06	(3,100,061.24)
Increase (Decrease) in Deferred Revenue	(4,780,365.06)	53,393.26
Increase in Compensable Leave	3,441,765.07	1,585,256.60
Decrease in Due to Other Agencies	(75,375.83)	(506,190.47)
Increase in Fiduciary Funds Held 3 Months or Less	35,346.71	136,341.50
Increase (Decrease) in Other Liabilities	<u>(8,101.73)</u>	<u>10,153.28</u>
Net Cash Used for Operating Activities	<u>\$ (223,656,627.66)</u>	<u>\$ (190,309,145.51)</u>

Non-Cash Transactions

Donations of Capital Assets	\$ 1,021,985.22	\$ 1,469,759.52
Net Increase in Fair Value of Investments	50,504,407.89	17,423,225.72
Disposal of Capital Assets	(1,058,109.87)	(1,345,928.91)