The University of Alabama in Huntsville

Report on Federal Awards in Accordance with OMB Circular A-133
Year Ended September 30, 2014
EIN: 63-0520830

The University of Alabama in Huntsville
Index
Year Ended September 30, 2014

Page(s)

Part I – Federal Award Programs

Part II – Findings and Questioned Costs

Part III – Status of Prior Year Findings and Questioned Costs

Part IV – 2014 Financial Report

Part I

Federal Award Programs

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees of The University of Alabama:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Alabama in Huntsville (the "University"), a campus of The University of Alabama System, which is a component unit of the State of Alabama, and of the University of Alabama in Huntsville Foundation ("UAHF"), its discretely presented component unit as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 26, 2015. Our report includes an emphasis of a matter regarding the presentation of the financial statements as discussed in Note 1 to the financial statements. Our report includes a reference to other auditors who audited the financial statements of UAHF, as described in our report on the University's financial statements. The financial statements of UAHF were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as finding number 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The University of Alabama in Huntsville's Response to Findings

The University's response to the findings identified in our audit is described in the Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

January 26, 2015

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Trustees of The University of Alabama:

Report on Compliance for Each Major Federal Program

We have audited The University of Alabama in Huntsville's (the "University"), a campus of The University of Alabama System, which is a component unit of the State of Alabama, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2014. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The University's basic financial statements include the operations of the University of Alabama in Huntsville Foundation ("UAHF"), which did not receive federal awards during the year ended September 30, 2014. Accordingly, our audit, described below, did not include the operations of this component unit.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

The University's response to the noncompliance findings identified in our audit is described in the Corrective Action Plan accompanying each finding in the Schedule of Findings and Questioned Costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

The University's basic financial statements include the operations of the University of Alabama in Huntsville Foundation ("UAHF"), which did not receive federal awards during the year ended September 30, 2014. Accordingly, we did not consider internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs for this component unit.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the University and its discretely presented component unit as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated January 26, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

PricewaterhouseCoopers LLP

June 30, 2015, except for the Report on Schedule of Expenditures of Federal Awards as to which date is January 26, 2015

The University of Alabama in Huntsville
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
Research and Development Cluster:			
U.S. Department of Defense:			
Department of Army		12	43,209,942
Department of Navy		12	8,225
Missile Defense Agency		12	1,549,911
			44,768,078
Pass-Through Funds:			
Stevens Institute of Technology	AGR DTD 9/27/13	12	29,605
ASRC Research and Technology Solutions	MA 121608	12	13,712
AI Signal Research	ASRI-UAH-2014T-ECTD	12	591,207
CFD Research Corporation	PO 20120166	12	27,564
Colsa Corporation	H07018000	12	298,918
Colsa Corporation	HS-120921	12	924
IFOS Corporation	IFOS-002	12	14,570
Intuitive Research and Technology Corporation	AE-T-UAH-001, T/O 3	12	22,918
Intuitive Research and Technology Corporation	AE-P-UAH-001	12	486,847
Optical Sciences Corporation	13229H001	12	28,725
Science Applications International Corporation	4600006511	12	1,413,294
TriVector Services Inc.	TSI-10-2013-01	12	19,848
Wyle Laboratories, Inc.	A10372-S016	12	219,454
University of Albama	UAH 14-046	12	3,898
TRI-Austin	A7218-300-02-13-SC1525	12	68,898
			3,240,384
Total U.S. Department of Defense			48,008,462
Department of Health & Human Services:		93	145,501
Pass-Through Funds:			
Department of Health & Human Services			
iXpressGenes, Inc.	IXPRESSGENES 2013-001	93	134,549
Hudson Alpha Institute of Biotech	2014-02	93	22,991
Total U.S. Department of Health & Human Services			303,041
National Science Foundation:		47	2,735,498
ARRA Direct			
NSF Recovery Act Research Support	EPS-1006661	47.082	54,843
NSF Recovery Act Research Support	904007	47.082	791
NSF Recovery Act Research Support	847719	47.082	92,311
			147,945
Pass-Through Funds:			
National Science Foundation:			
Tuskegee University	34-21530-200-76190	47.081	128,361
University of Alabama at Birmingham	000398033-007	47.076	24,702
University of Illinois	SUBAWARD NO. 2014-06275-02	47.070	10,980
University of New Hampshire	SUBAWARD NO. 12-028	47.050	27,155
University of Tennessee at Knoxville	A10-0184-S001	47	33,822
			225,019
Total National Science Foundation			3,108,462
National Aeronautics & Space Administration:		43	17,819,234
Pass Through Funds:			
National Aeronautics & Space Administration:			
Johns Hopkins University	SUBAWARD 957385	43	10,640
Johns Hopkins University	SUBAWARD 804171	43	14,897
Massachusetts Institute of Technology	SUBAWARD NO. 5710003054	43	27,723
University of Maryland	5890-Z6718002	43	39,780

The accompanying notes are an integral part of this schedule.

The University of Alabama in Huntsville
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
University of Georgia	SUBAWARD NO. RR185-447/4944336	43	29,947
University of New Hampshire	SUBAWARD NO. 12-036	43	7,943
University of Arizona	PO 13390	43	174,690
Boston University	SUBAWARD NO. 4500001434	43	66,452
National Space Grant Foundation	2013-ESMD-XHAB-05	43	5,546
Jacobs	ESSSA-039	43	32,748
Lockheed Martin	8100001543	43	82,780
Space Telescope Science Institute	HST-GO-12756.08-A	43	26,045
Smithsonian Institute	SV2-82006	43	5,579
Smithsonian Institute	SV2-82007	43	43,226
Smithsonian Institute	GO2-13160A	43	40,113
Smithsonian Institute	SUBCONTRACT NO. SV4-84017	43	5,718
Smithsonian Institute	GO2-13102A	43	28,137
Southwest Research Institute	SUBCONTRACT A99132BT	43	43,174
Southwest Research Institute	SUBCONTRACT NO. F990055DRG	43	19,845
			704,983
Total National Aeronautics & Space Administration			18,524,216
Department of Transportation:			
Pass Through Funds:			
Department of Transportation:			
University of Memphis	MEMORANDUM OF UNDERSTANDING	20	11,149
University of Memphis	MEMORANDUM OF UNDERSTANDING	20	16,388
University of Memphis	MEMORANDUM OF UNDERSTANDING	20	5,237
University of Memphis	MEMORANDUM OF UNDERSTANDING	20	9,388
Alabama Department of Transportation	4303-0199-281-HSIP-100060911-2	20.205	161,330
Alabama Department of Transportation	930-824R	20	125,645
Alabama Department of Transportation	K-14-0767	20.500	1,061,933
Alabama Department of Transportation	4303-0199-281-HSIP-100060823-2	20.205	115,860
Alabama Department of Transportation	K-12-0496	20	43,941
Alabama Department of Transportation	K-14-1573	20	51,148
Alabama Department of Transportation	K-13-0334	20	31,745
Alabama Department of Transportation	K-13-0102	20	67,411
Alabama Department of Transportation	K-13-1739	20	39,987
			1,741,162
Total Department of Transportation			1,741,162
Department of Commerce:		11	24,318
Pass-Through Funds:			
University of Florida	UF 10292	11.431	46,067
Economic Dev. Partnership of Alabama	EDPA 13-001	11	304,972
			351,039
Total Department of Commerce			375,357
Department of Energy:		81	685,504
Pass-Through Funds:			
University of Alabama	UA-DOE IMPLEMENTATION AWARD	81	1,088
University of Chicago - Argonne, LLC	3F-30462	81	56,257
University of Michigan	SUBAWARD NO. 3001421626	81.049	34,199
HiTek Services Inc.	PO 021435	81	86,619
Jefferson Co. Health Department	MOU DTD 10/11/13	81	18,211
Alabama Department of Economic and Community Affairs	1STR14 01	81	11,510
			207,885
Total Department of Energy			893,389
Department of Agriculture:		10	684,092
Pass-Through Funds:			
Alabama A&M University	SUB-2012-38821-20075-UAH	10.216	9,799
			9,799
Total Department of Agriculture			693,891

The accompanying notes are an integral part of this schedule.

The University of Alabama in Huntsville
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
Department of Justice:			
Pass-Through Funds:			
University of Tennessee at Knoxville	A09-0357-S006	16	4,059
Total Research and Development			**73,652,040**
Student Financial Aid Cluster:			
U.S. Department of Education:			
FSEOG		84.007	124,697
PELL Grants		84.063	7,395,098
Work Study		84.033	156,852
Total U.S. Department of Education			7,676,647
Total Student Financial Aid			7,676,647
Other Programs:			
Department of Education:		84.365	205,321
Pass-Through Funds:			
Alabama Commission on Higher Education	AGREEMENT DTD 1/23/2013	84.367	36,933
Alabama State Department of Education	FY 2014-102	84.378	7,531
			44,464
Total U.S. Department of Education			249,785
Department of Health & Human Services:		93	613,452
Small Business Administration:			
Pass-Through Funds:			
University of Alabama	SBA-UA14-013	59.037	94,337
University of Alabama	SBA-UA13-026	59.037	5,221
Total Small Business Administration			99,558
Department of State:			
Pass-Through Funds:			
Georgetown University	UAH-RX2050-981-13-H	19.415	51,456
Total Department of State			51,456
Department of Defense:			
Pass-Through Funds:			
Science Applications International Corporation	4600006511	12	2,353
University of Alabama	UA13-062	12	56,181
Northrop Grumman	PO 7500109716	12	4,395
Total Department of Defense			62,930
National Aeronautics & Space Administration:		43	1,853,017
Department of Commerce:		11	110,828
Pass-Through Funds:			
VCSI	2003-010	11	20,793
Alabama Technology Network	AGR DTD 10/1/13	11.611	144,678
			165,471
Total Department of Commerce			276,299
Department of Homeland Security:			
Pass-Through Funds:			
Emergency Management Agency	PDMC-PL-04-AL-2010-002	97.047	89,683
Total Other Federal Awards			**3,296,180**
Total Expenditures of Federal Awards			**84,624,866**

The accompanying notes are an integral part of this schedule.

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the federal expenditures of The University of Alabama in Huntsville (the "University"), a campus of the University of Alabama System, under programs of the federal government for the year ended September 30, 2014. Other campuses of the University of Alabama System are presented in separate reports. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the statements of net position, of revenues, expenses, and changes in net position, and of cash flows of the University.

The only component unit of the University is the University of Alabama in Huntsville Foundation. This component unit is not subject to requirements of OMB Circular A-133; therefore, it is not included within the Schedule or this report.

For purposes of this Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between the University and agencies and departments of the federal government and all sub-awards to the University by nonfederal organizations pursuant to federal grants, contracts, and similar agreements.

The Catalog of Federal Domestic Assistance ("CFDA") and pass-through numbers have been provided to the extent they were available.

2. Summary of Significant Accounting Policies

For purposes of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting. Expenditures for federal student financial aid programs include Federal Pell program grants to students, the federal share of students' Federal Supplemental Educational Opportunity Grants, and Federal Work-Study Program earnings and administrative cost allowances where applicable.

3. Subrecipients

Certain funds are passed through to subgrantee organizations by the University. Expenditures incurred by the subrecipients and reimbursed by the University are presented in the Schedule. For the year ended September 30, 2014, the University passed through $4,264,698 to subgrantee organizations, as follows:

CFDA Number	Program Name	Amount Provided to Subrecipients
Various	Research and Development Cluster	$ 4,205,003
11.611	Department of Commerce	600
19.415	Department of State	37,942
84.365	Department of Education	4,885
84.367	Department of Education	16,268
Total		**$ 4,264,698**

4. Facilities and Administrative Costs (F&A Costs)

The University operates under predetermined fixed F&A cost rates which are effective from October 1, 2012 through September 30, 2016. The predetermined fixed rates were based on 2011 financial information. For the fiscal year ending September 30, 2014, the base rate for on-campus research is 48.0%. Base rates for other F&A cost recoveries range from 9.0% to 48.0%.

5. Federal Student Loan Programs

Federal Direct Student Loans (CFDA Number 84.268)
The Federal Direct Student Loan Program (FDSLP) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a Federal direct loan to pay for the student's cost of attendance directly through the University rather than through private lenders. As a university qualified to originate loans, the University is responsible for handling the complete loan process, including funds management as well as promissory note functions. The University is not responsible for servicing and collection of these loans. During 2014, the University disbursed $28,466,907 under the FDSLP, which is not reflected on the Schedule.

Part II

Findings and Questioned Costs

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting		
Material weakness(es) identified?	___Yes	X__No
Significant deficiency(ies) identified not considered to be material weaknesses?	X__Yes	___None reported
Noncompliance material to financial statements noted?	___Yes	X__No

Federal Awards

Internal control over major programs		
Material weakness(es) identified?	___Yes	X__No
Significant deficiency(ies) identified not considered to be material weaknesses?	___Yes	X__None reported
Type of auditor's report issued on compliance for major programs	Unmodified for all major programs	
Any audit findings disclosed that are required to be reported with Circular A-133 (Section .510(a))	X__Yes	___No

Identification of major programs

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Aid Cluster

Threshold used to determine Type A and Type B Programs	$3,000,000	
Auditee qualified as low-risk auditee?	X__ Yes	___No

Section II – Financial Statement Findings

Finding 2014-001 - Revision of Previously Issued Financial Statements

Criteria

GASB Statement No. 34 *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, paragraph 99, states that restricted assets should be reported when restrictions on the assets' use change the nature or normal understanding of the availability of the assets. Further, Question 10 in the GASB 34B Q&A states that "Statement 34 does not require *separate presentation* of restricted assets in the government-wide statement of net assets for either governmental activities or business-type activities; however, the decision to use the classified format may result in the presentation of a portion of restricted assets as 'noncurrent.'" This Q&A goes on to refer to the definitions of current and noncurrent assets in ARB No. 43, and says "One of the requirements of that approach is that current assets should *exclude* assets that will not be used in current operations, are restricted for acquisition or construction of noncurrent assets, or are restricted for liquidation of long-term debt."

Condition

During 2014, the University identified an error in its previously issued 2013 financial statements that resulted from the misclassification of restricted unspent bond proceeds as a component of Cash and cash equivalents as opposed to classification as a component of Cash and investments for capital activities. This error resulted in an overstatement of 2013 Cash and cash equivalents of approximately $17.3 million and a corresponding understatement of Cash and investments for capital activities of $17.3 million. This error also impacted a disclosure in the 2013 Statement of Cash Flows.

The University also identified a mathematical error in its determination of the Invested in capital assets, net of related debt category of Net position in its previously issued 2013 financial statements. This error resulted in an overstatement in 2013 Unrestricted net position of approximately $2.2 million and an understatement of 2013 Invested in capital assets, net of related debt of approximately $2.2 million.

Questioned Costs

None

Cause

The infrequency and unusual nature of the transaction contributed to the errors which resulted from a deficiency in the execution of financial reporting controls during preparation of the 2013 financial statements.

Effect

The errors resulted in an overstatement of Cash and cash equivalents and corresponding understatement of Cash and investments for capital activities as well as an overstatement in Unrestricted net position and a corresponding understatement of Invested in capital assets, net of related debt. The restricted unspent bond proceeds error also impacted disclosure in the 2013 Statement of Cash Flows. We consider this deficiency to be a significant deficiency given the quantitative impact to certain line items of the 2013 financial statements. This internal control deficiency did not affect the administration of federal awards or the Schedule of Expenditure of Federal Awards.

Recommendation

We recommend that management review the current financial reporting controls and policies to ensure unusual or infrequent transaction are appropriately reviewed for proper presentation and disclosure within the financial statements.

THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE

June 8, 2015

Finding 2014-001: Revision of Previously Issued Financial Statements

MANAGEMENT VIEW

The University concurs with this finding. The University will review controls and procedures around bond offerings to identify restrictions that require unspent bond proceeds to be classified as noncurrent. We will revise the current financial close process to include a detail review of the inputs to the calculation of the Invested in capital assets, net of related debt category of Net position.

The University issued $32,598,696 in revenue bonds/debt (the "2013A bonds") during 2013 to fund two capital projects – Charger Union (new student center) and Nursing Building Renovation/Expansion. At September 30, 2013, $17,327,259 of these funds had not been expended, and the University classified these funds as Current Assets (Cash and Cash Equivalents), rather than Noncurrent Assets as prescribed by GASB Statement No. 34. This classification was made at the time because the funds were intended to be spent over the next 12 months, and thus were considered to be current assets. Management now understands that GASB 34 requires the classification of these funds as Noncurrent Assets to match the intended use for capital projects.

When calculating the Invested in Capital Assets, Net of Related Debt category of Net Position, the University inadvertently double-counted a $1.8 million note that had been incurred to fund purchase of certain capital assets. In addition, we did not include the premium associated with the 2013A Bonds in our determination of total proceeds from the offering of the 2013A Bonds, nor did we include the net premium associated with all our outstanding debt in the calculation. This resulted in an additional $0.3 million difference. In total, due to the miscalculations described above, Invested in Capital Assets, Net of Related Debt at September 30, 2013 was understated by $2,154,496 and Unrestricted Net Position was overstated by the same amount. Again, this is a reclassification error and does not impact total net position.

CORRECTIVE ACTION PLAN

The University has evaluated its procedures and has implemented controls around bond offerings to identify restrictions that require unspent bond proceeds to be classified as noncurrent. We have revised the current financial close process to include a detail review of the inputs to the calculation of the Invested in capital assets, net of related debt category of Net position to ensure that future calculations are accurately recorded and reviewed.

Respectfully,

Robert Leonard

Robert C. Leonard
Associate Vice President for Finance and Business Services

Accounting & Financial Reporting» 229 Shelbie King Hall Huntsville, AL 35899
T 256**.824.2233** F 256.**824.6287**

Section III - Federal Award Findings and Questioned Costs

Finding 2014-002: Subrecipient Monitoring Policies

Federal Agency:	**Department of Defense**
CFDA#:	**12**
Award#:	**HQ0147-12-C-6022**
Award year:	**2012-2014**

Criteria
Part 3 of the OMB Circular A-133 Compliance Supplement notes pass-through entities should ensure subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 and that the required audits are completed within nine months of the end of the subrecipient's audit period. Pass-through entities should issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Condition
Of 10 sub-awards and two ARRA sub-awards selected for subrecipient monitoring testing, we identified two subrecipient organizations for which the University did not retain adequate documentation to support the monitoring activities as required by the OMB Compliance A-133 Supplement. Specifically, documentation of review was not available for one subrecipient to determine whether A-133 findings were present related to the year subject to review by the University. A total of $114,000 was expended to this subrecipient.

Questioned Costs
None

Cause
The finding resulted from a misunderstanding of the nature of the subrecipient organization and its A-133 requirements.

Effect
A failure to consistently prepare and retain adequate documentation of subrecipient monitoring activities can jeopardize the effectiveness of the monitoring process and cause the University to not meet its compliance obligation related to subrecipient monitoring. Findings from A-133 audit reports of subrecipients could directly or indirectly affect sub-award expenditures of the University.

Recommendation
We recommend management strengthen subrecipient monitoring policies in place to ensure adequate understanding of the subrecipient organization is obtained by those monitoring the subaward.

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

June 8, 2015

Finding 2014-002: Subrecipient Monitoring Policies

MANAGEMENT VIEW

We concur with this finding, and we have modified our procedures to ensure no misunderstanding of the nature of the subrecipient organization and its A-133 requirements.

CORRECTIVE ACTION PLAN

The Office of Sponsored Programs has reviewed its current procedures for Subrecipient Monitoring and has added additional steps to ensure adequate understanding of the subrecipient organization is obtained by those monitoring the subaward.

Respectfully,

Robert Leonard

Robert C. Leonard
Associate Vice President for Finance and Business Services

Accounting & Financial Reporting» 229 Shelbie King Hall Huntsville, AL 35899
T 256**.824.2233** F 256.**824.6287**

Finding 2014-003: Financial Management System

Federal Agency:	**National Science Foundation**
Program:	**Research and Development Cluster**
CFDA#:	**47.050**
Award#:	**AGS-1157027**
Award year:	**2012-2015**

Criteria

A-110 Section 21 notes that financial management systems of recipients should provide accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with A-110 reporting requirements.

Condition

Federal expenditures of $24,170 for lodging expenses under an award were excluded from the Schedule of Expenditures of Federal Awards for the year ended September 30, 2012.

Questioned Costs

None.

Cause

A late transfer authorization from the UAH Conference and Events Department received by the Office of Sponsored Programs during fiscal year 2014 was not appropriately accrued as a Federal expenditure in fiscal year 2012.

Effect

The error resulted in an understatement of Federal Research and Development expenditures on the Schedule of Expenditures of Federal Awards as of September 30, 2012, in the amount of $24,170 and likewise overstates 2014 Federal Research and Development Expenditures. The accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2014, includes the out of period impact of the lodging expenditures.

Recommendation

As a result of the prior year Finding 2012-3 and Finding 2013-003, management improved cut-off procedures during fiscal years 2013 and 2014 to identify invoices received subsequent to year-end that should be included as an expenditure as of year-end. No such findings related to 2014 cut-off procedures were identified. However, we recommend management continue to focus on enhancing their cut-off procedures and involving the Office of Sponsored Programs in this process to ensure approved, received, or incurred expenditures as of year-end are properly reported.

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

June 8, 2015

Finding 2014-003: Financial Management System

MANAGEMENT VIEW

We concur with this finding, and we have modified our cut-off procedures to involve the Office of Sponsored Programs in this process to ensure approved, received, or incurred expenditures as of year-end are properly reported.

CORRECTIVE ACTION PLAN

The University management will continue to focus on enhancing their cut-off procedures and involving the Office of Sponsored Programs in this process to ensure approved, received, or incurred expenditures as of year-end are properly reported.

Effective June 15, 2015, cost transfers must be made promptly in accordance with University policies or will otherwise be denied. In this context, "promptly" means that the cost transfer should be made no later than 90 days of the original transaction. Requests for cost transfers to be processed between 91 and 120 days must be signed specifically by the principal investigator and must also be approved by the applicable department chair.

Respectfully,

Robert Leonard

Robert C. Leonard

Associate Vice President for Finance and Business Services

Part III

Prior Year Findings and Questioned Costs

Finding 2013-001 - Federal Funding Accountability and Transparency Act Reporting

Of 10 sub-awards and sub-contracts selected for testing out of a total population of 28 sub-awards and sub-contracts over $25,000 that could be subject to FFATA special reporting, the University failed to report 1 sub-contract greater than $25,000 within the required reporting deadlines. FFATA reporting requirements state that the action must be reported no later than the last day of the month following the month in which the sub-award amendment obligation was made or the sub-contract award or modification was made. On March 12, 2013, sub-contract 2012-062-A1 had an amendment which increased the subcontract funding to greater than $25,000 which triggered FFATA reporting requirements. The submission to the FFATA Sub-award Reporting System did not occur until November 19, 2013 which was approximately 200 days past the reporting deadline of April 30, 2013.

Status

Issue resolved. Effective February 2014, the Office of Sponsored Programs assumed responsibility of FFATA reporting and implemented procedures to ensure that awards that fall within the FFATA reporting requirements are entered into the FFATA Sub-award Reporting System by the end of the month following the month the sub-award action was fully executed.

No similar findings found in the current year.

Finding 2013-002 and Finding 2012-004 - Subrecipient Monitoring Policies

Of 20 sub-awards and 4 ARRA 2013 sub-awards selected for subrecipient monitoring testing, we identified 3 subrecipient organizations for which the University did not retain adequate documentation to support the monitoring activities as required by the OMB A-133 Compliance Supplement. Specifically, documentation of review was not available for one subrecipient to determine whether A-133 findings were present related to the year subject to review by the University. Additionally, documentation of review was not available for two other subrecipients that did not timely file A-133 reports and a determination could not be reached for the reasons why these A-133 reports were not available for review by the University.

Of 25 sub-awards and 2 ARRA 2012 sub-awards selected for subrecipient monitoring testing, we identified 4 subrecipients with audit findings outlined within their respective A-133 audit reports where the University did not document a response to the findings with a management decision letter or other follow-up procedures to ensure the subrecipients take timely and appropriate corrective actions on the audit findings.

Status

The Office of Sponsored Programs reviewed its current procedures for Subrecipient Monitoring and added additional procedures to ensure the review process includes adequate and complete documentation of follow-ups, when applicable. In addition, the process has been revised to review all Subrecipient A-133 Audit Reports when findings are noted on the Data Collection Form. Such reports will be elevated to the Director of Contracts and Grants Accounting and/or the Associate VP for Finance and Business Services for additional review when applicable.

A similar finding was identified in the current year and is reported as item 2014-002. Documentation of review was not available for one subrecipient to determine whether A-133 findings were present. Formalization of Subrecipient Monitoring policies has occurred since the prior year findings; however, strengthening of those policies is required to address the current year finding.

Finding 2013-003 - Financial Management System

Federal expenditures of $270,969 for equipment purchases under an award were excluded from the Schedule of Expenditures of Federal Awards as of September 30, 2012.

Status

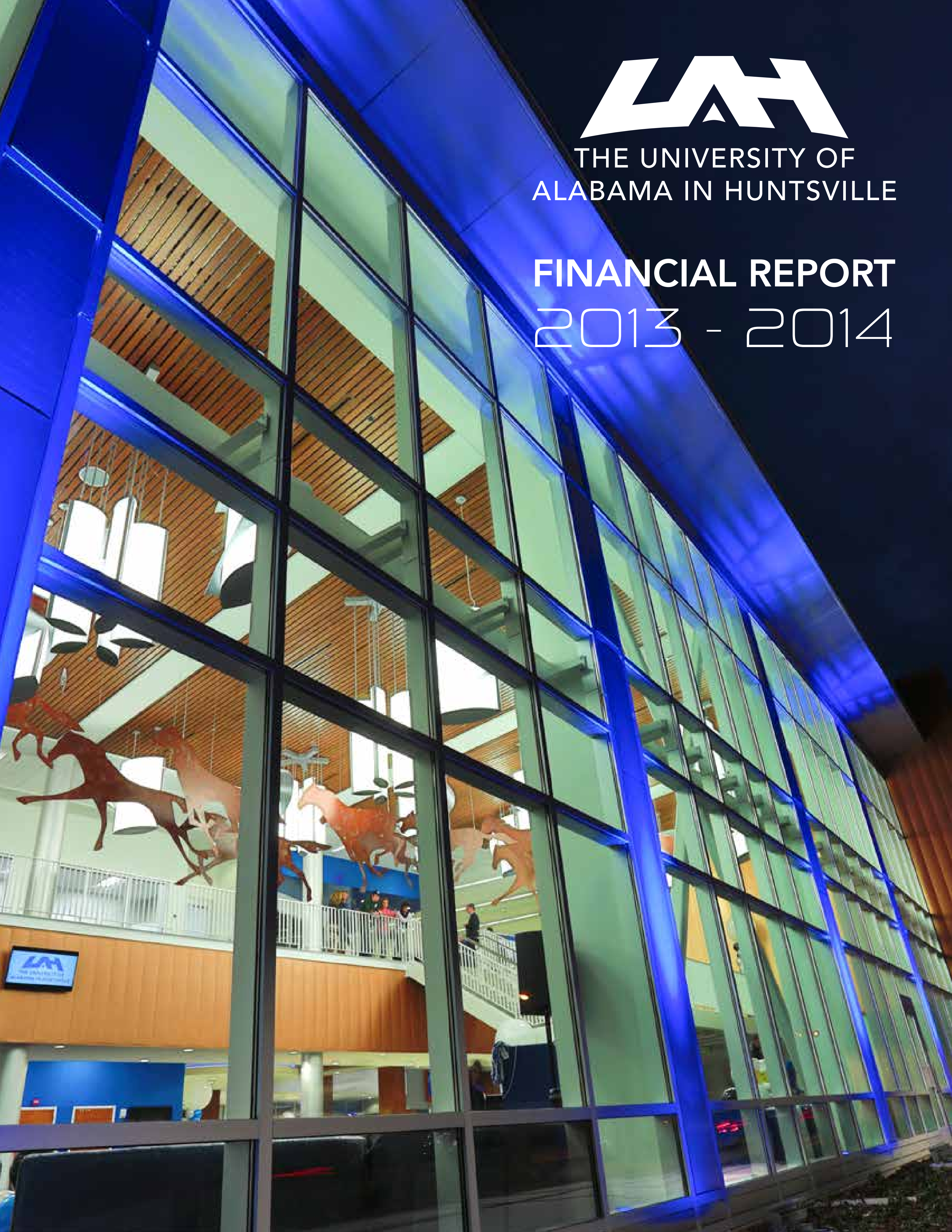
As a result of the prior year Finding 2012-3 and Finding 2013-003, management improved cut-off procedures during fiscal years 2013 and 2014 to identify invoices received subsequent to year-end that should be included as an expenditure as of year-end. No such findings related to 2014 cut-off procedures were identified.

Part IV

2014 Financial Report

THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE

FINANCIAL REPORT
2013 - 2014



The University of Alabama in Huntsville

FINANCIAL REPORT
2013-2014

Charger Union opened in January, 2014 and serves as the heart of The University of Alabama in Huntsville community, providing a comfortable, safe and welcoming environment for student life and engagement.

Table of Contents

A Space Grant College
An Affirmative Action/Equal Opportunity Institution

pwc

Independent Auditor's Report

To the Board of Trustees of The University of Alabama:

Report on the Financial Statements

We have audited the accompanying financial statements of The University of Alabama in Huntsville ("UAH"), a campus of The University of Alabama System, which is a component unit of the State of Alabama, as of and for the years ended September 30, 2014 and 2013, and the related notes to the financial statements, which consist of the statements of net position and the related statements of revenues, expenses, and changes in net position and of cash flows of UAH and the statements of financial position and the related statements of activities of the University of Alabama in Huntsville Foundation ("UAHF"), UAH's discretely presented component unit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We did not audit the financial statements of UAHF, UAH's discretely presented component unit, as of September 30, 2014 and 2013 and for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for UAHF, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of UAHF were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to UAH's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UAH's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PricewaterhouseCoopers LLP, 569 Brookwood Village, Suite 851, Birmingham, AL 35209
T: (205) 414 4000, F: (205) 414 4001, www.pwc.com/us

Opinions

In our opinion, based upon our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of UAH and its discretely presented component unit at September 30, 2014 and 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements of UAH are intended to present the financial position, the changes in financial position and, where applicable, the cash flows of only that portion of the business-type activities of the financial reporting entity of The University of Alabama System that is attributable to the transactions of UAH. They do not purport to, and do not, present fairly the financial position of The University of Alabama System as of September 30, 2014 and 2013, its changes in financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis for the years ended September 30, 2014 and 2013 on pages 4 through 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2015 on our consideration of UAH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, for the year ended September 30, 2014. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on pwc

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UAH's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

January 26, 2015

The University of Alabama in Huntsville
Management's Discussion and Analysis (Unaudited)

The following discussion and analysis provides an overview of the financial performance and activities of The University of Alabama in Huntsville (the "University" or "UAH") during FY 2014 and 2013. This discussion and analysis has been prepared by University management and includes the Statements of Net Position; the Statements of Revenues, Expenses and Changes in Net Position; and the Statements of Cash Flows. These statements should be read in conjunction with the Notes to Financial Statements. As described in Note 1 of the financial statements, the University revised its previously issued 2013 financial statements.

Introduction

The University is a public co-educational, state-supported research university and is classified by the Carnegie Foundation for the Advancement of Teaching as a "Very High Activity" research university, placing it among a select group of public universities in America. UAH has six research programs ranked in the top 25 in the nation, according to the National Science Foundation, including 5^{th} in the United States in aeronautical and astronautical engineering.

The University offers 71 degree-granting programs that meet the highest standards of excellence, including 33 bachelor's degree programs, 23 master's degree programs, and 15 doctoral programs through its five colleges: Business Administration, Liberal Arts, Engineering, Nursing, and Science. UAH is an autonomous campus within The University of Alabama System (the "System") and is the anchor tenant for Cummings Research Park, the second largest university research park in the United States and home to numerous high technology and research companies.

The campus receives national recognition on a regular basis. UAH was listed as very competitive by *Barron's Profiles in American Colleges* and was one of only two public universities in Alabama to earn this designation. *U.S. News & World Report* consistently ranks UAH among the magazine's top tier national universities. Additionally, *USA Today* and *Princeton Review* reported UAH was one of the top 50 educational values in America.

The University received $91.1 million for externally funded projects during FY 2014. Sponsors of research include federal and state agencies, academic institutions, industry and private foundations. Research is conducted within the five individual colleges and through the University's 10 independent research centers, laboratories and institutes. Major interdisciplinary research thrusts include: modeling and simulation; cybersecurity; systems engineering; rotorcraft and aerospace engineering; propulsion; optics; space physics and astrophysics; earth and atmospheric system science; information technology; materials science; biotechnology; nanotechnology; humanities; and lean supply chain, acquisition, and logistics.

Statements of Net Position

The statements of net position present the assets, liabilities, and net position of the University as of the end of the fiscal year. The purpose of the statements of net position is to present a fiscal snapshot of the University to the readers of the financial statements. The statements of net position present end-of-year data for assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

The statements of net position provide a summary of assets available to continue the operations of the University. The statements also show how much the University owes vendors, investors and lending institutions. Finally, the statements of net position provide a picture of the net position and the availability for expenditure by the University.

Net position is divided into three major categories. The first category, invested in capital assets, net of related debt, provides the University's equity in property, plant and equipment. The second asset category is restricted net position, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources, as it pertains to endowments, is only available for investment purposes. Donors have restricted income derived from these investments to primarily fund scholarships and fellowships. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed a time or purpose restriction on the use of the assets. The final category is unrestricted net position, which is available to the University as needed. Much of the University's unrestricted net position has been designated or reserved for specific purposes such as: repairs and replacement of equipment, capital projects, future debt service, quasi-endowments, insurance reserves, research centers and instructional departments.

A summarized comparison of the University's assets, liabilities and net position as of September 30 is as follows:

Summary of Statements of Net Position

	2014	2013	2012
Current assets	$ 145,140,584	$ 155,908,246	$147,826,985
Noncurrent assets:			
Endowment, life income and other investments	73,643,577	78,822,789	59,541,146
Capital assets, net	239,892,467	220,844,717	203,090,500
Legal settlement receivable	951,113	1,855,729	2,716,120
Other	171,882	219,742	268,124
Total assets	**459,799,623**	**457,651,223**	**413,442,875**
Current liabilities	60,187,022	54,979,041	49,898,977
Noncurrent liabilities	103,084,078	107,792,600	77,954,500
Total liabilities	**163,271,100**	**162,771,641**	**127,853,477**
Net position			
Invested in capital assets, net of related debt	128,446,531	124,034,324	125,072,139
Restricted	19,319,644	18,107,737	15,961,579
Unrestricted	148,762,348	152,737,521	144,555,680
Total net position	**$ 296,528,523**	**$ 294,879,582**	**$285,589,398**

For FY 2014, the University's current assets decreased $10.8 million. Endowment, life income and other investments decreased $5.2 million due to the net reclassification of $8.3 million of cash and investments for capital activities to cash and cash equivalents and operating investments, offset by additional endowment investments of $2.5 million. Capital assets, net of depreciation, increased $19.0 million primarily due to the expansion and renovation of the Nursing Building and the construction of the Student Life Center and Severe Weather Institute and Radar & Lightning Laboratories. Current liabilities increased $5.2 million. The majority of this increase is due to higher construction and payroll liabilities and unearned revenues that have increased consistent with our 2014 tuition increases. Noncurrent liabilities decreased $4.7 million, the result of bond principal payments.

For FY 2013, the University's current assets increased $8.1 million. Endowment, life income and other investments increased $19.3 million due to unspent bond proceeds of $17.3 million, additional endowment investments of $1.2 million and improved earnings from the portfolio offset by distributed endowment earnings. Capital assets, net of depreciation, increased $17.8 million primarily due to the construction of the Student Life Center. The noncurrent portion of the legal settlement receivable of $1.9 million is the net present value of an amount to be received in future years. Current liabilities increased $5.1 million. The majority of this increase is due to the current portion of debt and deferred revenues. Noncurrent liabilities increased $29.8 million, the result of the issuance of General Fee Revenue Bonds for the construction of the Student Life Center and renovation of the Nursing Building.

For FY 2012, the University's current assets increased $16.3 million. Endowment, life income and other investments increased $6.8 million due to additional endowment investments of $5.2 million and improved earnings from the portfolio offset by distributed endowment earnings. Capital assets, net of depreciation, decreased $3.6 million due to depreciation offset by capital expenditures. The noncurrent portion of the legal settlement receivable of $2.7 million is the net present value of an amount to be received in future years. Current liabilities increased $1.5 million. The majority of this increase is due to the current portion of debt and deferred revenues. Noncurrent liabilities decreased $2.9 million, the result of bond principal payments.

For FY 2014, the University's total net position increased $1.6 million. The University's investments in capital assets, net of related debt, increased approximately $4.4 million primarily due to capital expenditures. Restricted net position increased $1.2 million. Unrestricted net position decreased approximately $4.0 million. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for capital projects, as well as various academic and research programs and initiatives.

For FY 2013, the University's total net position increased 3.3%. The University's investments in capital assets, net of related debt, decreased approximately $1.0 million primarily due to depreciation offset by capital expenditures. Restricted net position increased $2.1 million. Unrestricted net position increased approximately $8.2 million. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for capital projects, as well as various academic and research programs and initiatives.

For FY 2012, the University's total net position increased 7.1%. The University's investments in capital assets, net of related debt, decreased approximately $1.4 million primarily due to reduced capital expenditures during 2012. Restricted net position increased $4.6 million. Unrestricted net position increased approximately $15.7 million. Although unrestricted net position is not subject to externally imposed stipulations, substantially all of the University's unrestricted net position has been designated for capital projects, as well as various academic and research programs and initiatives.

Capital Assets

For FY 2014, 2013, and 2012, the University had approximately $450.3 million, $426.9 million, and $397.8 million invested in capital assets and accumulated depreciation of $210.4 million, $206.1 million, and $194.7 million, respectively. Depreciation charges for FY 2014, 2013, and 2012 were $13.1 million, $12.4 million, and $12.2 million, respectively.

The following table summarizes the University's capital assets, net of accumulated depreciation, as of September 30:

Capital Assets, Net

	2014	2013	2012
Land	$ 7,591,148	$ 7,552,605	$ 3,960,290
Land improvements and infrastructure, net	7,636,800	6,835,293	4,154,200
Buildings and building improvements, net	210,321,979	191,163,946	179,875,917
Equipment, net	11,021,764	11,441,690	11,258,269
Library books, net	1,752,622	1,989,054	2,299,817
Computer software, net	443,752	737,727	1,031,702
Collections	1,124,402	1,124,402	510,305
Total capital assets, net	**$ 239,892,467**	**$ 220,844,717**	**$ 203,090,500**

Major capital additions during FY 2014 included construction of the Severe Weather Institute and Radar & Lightning Laboratory, completion of the Student Life Center, completion of phase II of the Campus Greenway, expansion and renovation of the Nursing Building, and renovations in Wilson Hall, Frank Franz Hall, Salmon Library and Roberts Hall.

Major capital additions during FY 2013 included the construction of the Student Life Center, the Campus Greenway, and the Nursing Building renovations.

Major capital additions during FY 2012 included the Student Life Center and athletics improvements.

Additional information about the University's capital assets is presented in Note 5 to the financial statements.

Debt

The following table summarizes outstanding debt by type, as of September 30:

Debt

	2014	2013	2012
Bonds - Current	$ 4,330,000	$ 4,235,000	$ 3,450,000
Bonds - Long Term	101,706,000	106,036,000	78,266,000
Notes - Current	368,600	368,600	-
Notes - Long Term	1,105,800	1,474,400	-
(Discount) or Premium	272,278	282,200	(311,500)
Total debt outstanding	**$107,782,678**	**$112,396,200**	**$ 81,404,500**

Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by student housing and student tuition and fees.

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenues, expenses, and changes in net position, which reflect the University's results of operations. This presents the revenues, both operating and nonoperating, along with the increase/decrease in net position. State appropriations are nonoperating because they are provided by the State Legislature to the University without the Legislature directly receiving commensurate goods and services in return for those revenues. Without the nonoperating revenues, in particular the state appropriations, the University would not be able to cover its costs of operations. These sources are critical to the University's financial stability and directly impact the quality of its programs.

A summarized comparison of the University's revenues, expenses and changes in net position for the years ended September 30 is as follows:

Summary of Statements of Revenues, Expenses, and Changes in Net Position

	2014	2013	2012
Operating revenues:			
Tuition and fees	$ 72,713,243	$ 69,207,640	$ 68,218,529
Less: scholarship allowances	(19,244,242)	(18,612,696)	(18,185,728)
Tuition and fees, net	53,469,001	50,594,944	50,032,801
Federal, state and private grants and contracts	91,029,643	97,951,418	89,660,258
Sales and services of educational departments	3,678,370	3,530,514	3,451,345
Auxiliary, net of $1,071,576 in 2014 and $1,030,817 in 2013 of scholarship allowances	6,686,732	6,135,066	6,718,898
Total operating revenues	154,863,746	158,211,942	149,863,302
Operating expenses	208,922,729	207,551,745	195,630,564
Operating loss	(54,058,983)	(49,339,803)	(45,767,262)
Nonoperating revenues (expenses):			
State educational appropriations	43,102,390	42,710,964	43,240,587
Private gifts	3,172,745	4,043,840	6,020,498
Net investment income	6,926,302	6,334,687	9,961,393
Pell grant revenue	7,395,098	7,615,679	8,118,163
State fiscal stabilization funds	-	-	(1,442)
Legal settlement	-	-	4,665
Loss on disposal of capital assets	(1,461,846)	(276,840)	(559,937)
Interest expense	(3,454,765)	(2,435,540)	(3,345,280)
Capital gifts and grants	28,000	637,197	1,175,333
Net nonoperating revenues	55,707,924	58,629,987	64,613,980
Increase in net position	1,648,941	9,290,184	18,846,718
Net position, beginning of year	294,879,582	285,589,398	266,742,680
Net position, end of year	**$296,528,523**	**$294,879,582**	**$ 285,589,398**

Approximately $43.1 million in state appropriations were received in FY 2014, an increase of 0.9% or $391 thousand from the prior year.

Gross tuition and fees increased approximately $3.5 million in FY 2014. The tuition rate increased by 4.53% for the 2013-2014 academic year. Fall 2014 tuition remained constant as compared to Fall 2013. Enrollment declined by 3.4% in Fall 2013, followed by slight declines in Spring, Summer and Fall 2014. With the implementation of phased-in, block tuition starting in Fall 2014, full-time undergraduate students paid slightly less tuition than in 2013. The $1.0 and $5.5 million increases in FY 2013 and 2012 were the result of tuition increases. The following is a summary of revenues by source (both operating and nonoperating) for the years ended September 30. Significant recurring sources of the University's revenues, such as state appropriations, are considered nonoperating, as defined by GASB Statement No. 35, *Basic Financial Statements-Management's Discussion and Analysis – for Public Colleges and Universities.*

Revenue Sources

	2014		2013		2012	
State educational appropriations	$43,102,390	20.0%	$42,710,964	19.5%	$43,240,587	19.8%
Net investment income	6,926,302	3.2%	6,334,687	2.9%	9,961,393	4.6%
Grants and contracts	91,029,643	42.2%	97,951,418	44.6%	89,660,258	41.0%
Gifts	3,172,745	1.5%	4,043,840	1.9%	6,020,498	2.8%
Auxiliary	6,686,732	3.1%	6,135,066	2.8%	6,718,898	3.1%
Net tuition and fees	53,469,001	24.8%	50,594,944	23.0%	50,032,801	22.9%
Sales and services	3,678,370	1.7%	3,530,514	1.6%	3,451,345	1.6%
Capital gifts and grants	28,000	0.0%	637,197	0.3%	1,175,333	0.5%
Legal settlement	-	0.0%	-	0.0%	4,665	0.0%
Pell grants	7,395,098	3.5%	7,615,679	3.5%	8,118,163	3.7%
State fiscal stabilization funds	-	0.0%	-	0.0%	-1,442	0.0%
Total revenues	**$215,488,281**		**$219,554,309**		**$218,382,499**	

Investments produced positive income for FY 2014, 2013, and 2012. Fluctuations between years are due primarily to changing market conditions.

Grants and contracts decreased $6.9 million in FY 2014. The decline can be traced largely to a $5.0 million pass-through federal contract for 2013 that was not renewed in 2014. Grants and contracts increased $8.3 million and $8.2 million in FY 2013 and 2012, respectively, primarily due to an increase in federal grants and contracts awarded.

The University received gifts totaling $3.2 million in FY 2014, compared to $4.0 million in FY 2013. FY 2012 was an exceptional year at $6.0 million due primarily to a single donor gift of $3.7 million.

The University's auxiliary activities are comprised primarily of the Bevill Conference Center and Hotel, food service, housing, and bookstore. Auxiliary activities increased $552 thousand in FY 2014. Auxiliary activities decreased slightly by $584 thousand in FY 2013. Auxiliary activities decreased $1.5 million in FY 2012 due to the Bevill Center, housing, bookstore and food service all experiencing a decline in revenue and changes in mandatory food and housing policies.

As fees were held flat, Sales and services revenue was stable for FY 2014 and FY 2013. Sales and services decreased $1.8 million in the year ended September 30, 2012 primarily due to a prior year one-time $1.5 million food service payment from the University's externally-contracted provider.

Capital gifts and grants decreased $609 thousand during 2014 mainly due to a decrease in onetime capital asset gifts received in FY 2014 and 2013. Capital gifts and grants decreased $538 thousand during 2013 mainly due to a decrease in onetime capital asset gifts received in FY 2013 and 2012. Capital gifts and grants decreased $380 thousand during FY 2012 mainly due to the difference in value assigned to onetime capital asset gifts received in FY 2012 and 2011.

The University receives grant and contract revenue from federal, state and local governments and private agencies. These funds are used to further the mission of the University: research, education, and public service. These funds are recorded as operating revenues. The following chart reflects the funding sources for federal operating grant and contract revenue for the years ended September 30:

Detail of Federal Grants & Contracts Revenue

	2014	2013	2012
National Aeronautics and Space Administration	$ 21,140,998	$ 20,598,336	$ 20,113,728
Department of Defense	50,183,241	58,534,186	53,552,714
National Science Foundation	3,227,998	5,617,878	3,278,044
Department of Education	585,406	425,351	337,118
Other	4,764,922	5,477,619	6,455,179
Total	**$ 79,902,565**	**$ 90,653,370**	**$ 83,736,783**

Department of Defense revenues decreased $8.4 million in FY 2014 primarily due to a $5.0 million pass-through contract for 2013 that was not renewed for 2014. Department of Defense revenues increased $5.0 million and $7.9 million in FY 2013 and 2012 respectively, primarily due to an increase in Army contracts.

National Science Foundation revenues decreased $2.4 million in FY 2014 primarily due to the completion of the $1.0 million ESPCOR Research and the $776 thousand Education contract received in FY 2013. National Science Foundation revenues increased $2.3 million in FY 2013 primarily due to a $1 million EPSCOR Research and Education contract and a $776 thousand ARRA Alabama Cyber Connection Grant. National Science Foundation revenues increased $863 thousand in FY 2012.

The following is a comparison of the University's operating expenses for the years ended September 30:

Operating expenses (by functional classification)

	2014	2013	2012
Instruction	$ 52,052,721	$ 48,871,266	$ 50,230,099
Research	74,757,309	81,743,099	76,373,523
Public service	5,638,106	4,822,320	2,769,564
Academic support	10,830,804	9,815,843	9,203,532
Student services	14,590,093	13,796,950	12,963,863
Institutional support	19,218,556	18,048,016	15,618,176
Operations and maintenance of plant	13,267,827	12,481,938	11,675,038
Scholarships and fellowships	1,101,624	1,090,063	606,364
Auxiliary enterprises	4,407,374	4,465,484	4,018,964
Depreciation	13,058,315	12,416,766	12,171,441
Total operating expenses	**$ 208,922,729**	**$ 207,551,745**	**$ 195,630,564**

Operating expenses (by natural classification)

	2014	2013	2012
Compensation and benefits	$ 151,092,560	$ 143,546,057	$ 136,791,650
Supplies and services	43,670,230	50,498,859	46,061,109
Depreciation	13,058,315	12,416,766	12,171,441
Scholarships and fellowships	1,101,624	1,090,063	606,364
Total operating expenses	**$ 208,922,729**	**$ 207,551,745**	**$ 195,630,564**

In FY 2014, instruction expenses increased $3.2 million primarily due to an increase in compensation and benefits. In FY 2013, instruction expenses decreased $1.4 million primarily due to a decrease in supplies and services expenses. In FY 2012, instruction expenses decreased $2.6 million primarily due to the end of the American Recovery and Reinvestment Act of 2009 funding.

Research expenses decreased $7.0 million in FY 2014 primarily due to decreases in contracts and grants. Research expenses increased $5.4 million and $4.2 million in FY 2013 and 2012, respectively, primarily due to increases in contracts and grants.

Public service expenses increased $816 thousand, $2.1 million and $1.5 million in FY 2014, 2013 and 2012, respectively, due to increases in federal public service contracts and grants.

Academic support increased $1.0 million during FY 2014. Academic support saw a slight increase of $612 thousand during FY 2013. Academic support decreased $1.7 million during FY 2012 due to a prior year write-off of electronic databases.

Operations and maintenance of plant was stable during FY 2014 and 2013. Operations and maintenance of plant increased $4.0 million during FY 2012 primarily due to increases in utilities costs and other services, as well as the expiration of funding from the American Recovery and Reinvestment Act of 2009.

The increase in compensation and benefits of $7.5 million, $6.8 million and $1.2 million in FY 2014, 2013 and 2012, respectively, was primarily due to annual merit based salary increases and increases in retirement, health insurance and other benefit costs.

Scholarships and fellowships expense increased $12 thousand for FY 2014. Scholarships and fellowships expense decreased $484 thousand for FY 2013. Scholarships and fellowships expenses decreased $680 thousand for FY 2012. Scholarships and fellowships expenses represent the residual expense after applying the scholarship allowance to gross tuition and fees revenue. The scholarship allowance represents the discount applied to student accounts for internal scholarships and financial aid, including pell grant assistance that is reported as nonoperating revenue.

In FY 2014, supplies and services expenses decreased $6.8 million due to the decline in federal contracts and grants. Supplies and services expenses increased $4.4 million and $2.4 million in FY 2013 and 2012 due to the University's continued growth.

Statements of Cash Flows

The statements of cash flows present the significant sources and uses of cash. The University's cash, primarily held in demand deposit accounts, is minimized by sweeping available cash balances into investment accounts. The following is a condensed statements of cash flows for the years ended September 30:

Condensed Statements of Cash Flows

	2014	2013
Cash received from operations	$ 154,250,713	$ 156,770,533
Cash payments for operations	(194,153,566)	(193,583,419)
Net cash used in operating activities	(39,902,853)	(36,812,886)
Net cash used in capital and related financing activites	(39,725,132)	(1,698,298)
Net cash used in investing activities	(1,166,778)	(6,387,141)
Net cash provided by noncapital financing activities	55,552,796	54,128,097
Net increase in cash and cash equivalents from other than operating activities	14,660,886	46,042,658
Net increase in cash	(25,241,967)	9,229,772
Cash and cash equivalents, beginning of year	57,026,086	47,796,314
Cash and cash equivalents, end of year	$ 31,784,119	$ 57,026,086

The University used $39.9 million of cash for operating activities in FY 2014, offset by $55.6 million of cash provided by noncapital financing activities. Similarly, in FY 2013, $36.8 million of cash used for operating activities was offset by $54.1 million in cash provided by noncapital financing activities. Noncapital financing activities, as defined by GASB, include state educational appropriations and gifts received for other than capital purposes that are used to support operating expenses. The increase in cash provided by noncapital financing activities was due mainly to an increase in private gifts.

Cash of $39.7 million and $1.7 million in FY 2014 and 2013, respectively, was used for capital and related financing activities, primarily for purchases of capital assets and principal and interest payments.

Cash used in investing activities totaled $1.2 million in FY 2014. Cash used in investing activities totaled $6.4 million in FY 2013. The change is primarily the result of investments made to the System Prime Fund during FY 2013.

Economic Factors That Will Affect the Future

The University's state educational appropriations have not kept pace with the amounts recommended by the Alabama Commission on Higher Education (ACHE). For FY 2014, the University was funded at approximately 56.1% of the ACHE funding recommendation.

State appropriations at the University have been reduced from $58.1 million in FY 2008 to $43.1 million in FY 2014. Not surprisingly, the state appropriations received by UAH as a percent of the ACHE funding recommendation has been reduced from 78% in FY 2008 to 56.1% in FY 2014. The University utilizes savings from previous years to fund non-recurring expenditures, primarily in the areas of information technology infrastructure and various facilities renewal projects.

The University continues to attract additional federal grant and contract revenue. About 89% of the University's federal operating revenue comes from two agencies: the National Aeronautical and Space Administration and the Department of Defense. The outcome of the federal budget process has important ramifications for the University's research budget.

The University's achievement in sustaining private and federal support is a testament to the high regard in which the University is held. The level of support underscores the continued confidence among donors and grantors in the quality of the University's programs and the importance of its mission. The University must have a balanced array of many categories of facilities to meet its educational, research and public service goals and continues to assess long-term capital requirements. Support for the University's recent capital expenditures has been provided primarily from federal funds, bond issues repaid through student tuition and fees, rental and facility fees, and gifts.

Requests for Information

These financial statements are designed to provide a general overview of the University and its component unit's financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of Accounting and Financial Reporting, The University of Alabama in Huntsville, 301 Sparkman Drive, Huntsville, Alabama 35899.

FINANCIAL STATEMENTS

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE
STATEMENTS OF NET POSITION
September 30, 2014 and 2013

	2014	2013
Assets		
Current Assets:		
Cash and cash equivalents	$ 31,104,680	$ 39,038,391
Operating investments	75,903,732	79,970,449
Accounts receivable, net	29,035,339	28,905,228
Other current assets	9,096,833	7,994,178
Total current assets	145,140,584	155,908,246
Noncurrent Assets:		
Restricted cash and cash equivalents	679,439	660,436
Endowment investments	30,699,638	27,595,094
Cash and investments for capital activities	42,264,500	50,567,259
Capital assets, net	239,892,467	220,844,717
Legal settlement receivable	951,113	1,855,729
Other noncurrent assets	171,882	219,742
Total noncurrent assets	314,659,039	301,742,977
Total Assets	**$ 459,799,623**	**$ 457,651,223**
Liabilities and Net Position		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 23,214,476	$ 18,565,766
Unearned revenues	28,689,929	28,444,114
Current portion of long-term debt	4,698,600	4,603,600
Deposits held for others	3,584,017	3,365,561
Total current liabilities	60,187,022	54,979,041
Noncurrent Liabilities:		
Long-term debt	103,084,078	107,792,600
Total noncurrent liabilities	103,084,078	107,792,600
Total Liabilities	**163,271,100**	**162,771,641**
Net Position:		
Invested in capital assets, net of related debt	128,446,531	124,034,324
Restricted:		
Nonexpendable	9,368,566	9,055,754
Expendable	9,951,078	9,051,983
Unrestricted	148,762,348	152,737,521
Total Net Position	296,528,523	294,879,582
Total Liabilities and Net Position	**$ 459,799,623**	**$ 457,651,223**

See accompanying notes to financial statements

UNIVERSITY OF ALABAMA HUNTSVILLE FOUNDATION
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
September 30, 2014 and 2013

	2014	2013
Cash and cash equivalents	$ 3,266,094	$ 1,744,903
Investments	40,609,815	39,613,466
Investment real estate	2,757,376	2,802,731
Investment in trust	5,189,629	5,374,203
Accrued interest	387,955	379,329
Pledges receivable, net	139,736	225,948
Trust receivable	484,959	484,959
Related party receivable	1,474,400	1,883,950
Income tax receivable	-	120,794
Total Assets	**$ 54,309,964**	**$ 52,630,283**
Accounts payable	$ 15,277	$ 41,986
Annuity payable	146,984	149,303
Payroll tax payable	4,162	4,177
Total Liabilities	**166,423**	**195,466**
Unrestricted Net Assets	23,415,891	22,870,815
Temporarily Restricted Net Assets	10,410,763	9,483,117
Permanently Restricted Net Assets	20,316,887	20,080,885
Total Net Assets	**54,143,541**	**52,434,817**
Total Liabilities and Net Assets	**$ 54,309,964**	**$ 52,630,283**

See Note 16

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Years Ended September 30, 2014 and 2013

	2014	2013
Operating Revenues		
Tuition and fees	$ 72,713,243	$ 69,207,640
Less: scholarship allowances	(19,244,242)	(18,612,696)
Tuition and fees, net	53,469,001	50,594,944
Grants and contracts		
Federal	79,902,565	90,653,370
State	9,150,735	5,223,746
Private	1,976,343	2,074,302
Sales and services of educational departments	3,678,370	3,530,514
Auxiliary, net of $1,071,576 in 2014 and $1,030,817 in 2013 of scholarship allowances	6,686,732	6,135,066
Total Operating Revenues	**154,863,746**	**158,211,942**
Operating Expenses		
Compensation and benefits	151,092,560	143,546,057
Supplies and services	43,670,230	50,498,859
Depreciation	13,058,315	12,416,766
Scholarships and fellowships	1,101,624	1,090,063
Total Operating Expenses	**208,922,729**	**207,551,745**
Operating loss	(54,058,983)	(49,339,803)
Nonoperating Revenues (Expenses)		
State educational appropriations	43,102,390	42,710,964
Private gifts	3,172,745	4,043,840
Net investment income	6,926,302	6,334,687
Pell grant revenue	7,395,098	7,615,679
Loss on disposal of capital assets	(1,461,846)	(276,840)
Interest expense	(3,454,765)	(2,435,540)
Net Nonoperating Revenues	**55,679,924**	**57,992,790**
Capital gifts	28,000	637,197
	55,707,924	**58,629,987**
Increase in net position	1,648,941	9,290,184
Net Position, Beginning of Year	294,879,582	285,589,398
Net Position, End of Year	**$ 296,528,523**	**$ 294,879,582**

See accompanying notes to financial statements

UNIVERSITY OF ALABAMA HUNTSVILLE FOUNDATION
DISCRETELY PRESENTED COMPONENT UNIT
STATEMENTS OF ACTIVITIES
Years Ended September 30, 2014 and 2013

	2014	2013
Changes in net position		
Revenue, gains, and other support:		
Contributions	$ 1,305,839	$ 1,873,847
Rent income	39,117	26,366
Investment income	1,779,775	1,750,138
Unrealized gain/(loss) on investments	-	1,719,071
Realized gain/(loss) on sale of investments	1,497,134	-
Equity in earnings of trust	348,360	594,251
Other income	320,539	337,484
Change in allowance for uncollectibles	3,739	6,750
Change in value of split-interest agreement	71,009	16,894
Total Revenues	**5,365,512**	**6,324,801**
Expenses:		
Unrealized gain/(loss) on investments	$ 147,051	-
Realized gain/(loss) on sale of investments	-	105,099
Contributions to UAH	1,851,421	2,380,977
Scholarships to UAH	1,236,547	1,221,737
Professional services	65,339	85,398
Income tax expense	211,131	306,200
Labor/Payroll expense	114,109	114,109
Other expenses	34,190	39,851
Total Expenses	**3,659,788**	**4,253,371**
Change in net position	1,708,724	2,071,430
Net Position, Beginning of Year	52,434,817	50,363,387
Net Position, End of Year	**$ 54,143,541**	**$ 52,434,817**

See Note 16



THE UNIVERSITY OF ALABAMA IN HUNTSVILLE
STATEMENTS OF CASH FLOWS
Years Ended September 30, 2014 and 2013

	2014	2013
Cash Flows from Operating Activities		
Student tuition and fees	$ 52,919,538	$ 51,365,503
Federal grants and contracts	78,477,050	87,437,398
State and local grants and contracts	8,902,979	4,965,143
Private grants and contracts	1,922,834	1,971,613
Sales and services of educational and other departmental activities	4,952,753	2,862,834
Auxiliary enterprises	7,075,559	8,168,042
Payments to suppliers	(43,611,364)	(47,200,483)
Payments to employees and related fringes	(148,519,009)	(145,666,222)
Payments for scholarships and fellowships	(2,023,193)	(716,714)
Net Cash Used in Operating Activities	(39,902,853)	(36,812,886)
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of bonds	-	32,005,000
Proceeds from issuance of note payable	-	1,843,000
Purchase of capital assets	(31,074,731)	(28,952,466)
Proceeds from sale of capital assets	(77,478)	263,236
Principal payments on capital debt	(4,603,600)	(3,450,000)
Interest payments on capital debt	(3,969,323)	(3,407,068)
Net Cash Used in Capital and Related Financing Activities	(39,725,132)	(1,698,298)
Cash Flows from Investing Activities		
Income distributions from System investment pool	1,370,660	1,348,408
Proceeds from sales and maturities of other investments	3,153	15,002,758
Contributions to System investment pool	(2,540,591)	(22,738,307)
Net Cash Used in Investing Activities	(1,166,778)	(6,387,141)
Cash Flows from Noncapital Financing Activities		
State educational appropriations	43,102,390	42,710,964
Private gifts	4,536,825	3,084,760
Student direct lending receipts	27,906,543	28,230,308
Student direct lending disbursements	(28,466,907)	(28,425,788)
Amounts received from affiliates	244,939	123,341
Amounts paid to affiliates	(26,483)	(29,496)
Legal settlement	860,391	818,329
Pell grant revenue	7,395,098	7,615,679
Net Cash Provided by Noncapital Financing Activities	55,552,796	54,128,097
Net increase in cash and cash equivalents	(25,241,967)	9,229,772
Cash and Cash Equivalents, Beginning of Year	57,026,086	47,796,314
Cash and Cash Equivalents, End of Year	**$ 31,784,119**	**$ 57,026,086**
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and cash equivalents in current assets	31,104,680	39,038,391
Cash and cash equivalents for capital activities	-	17,327,259
Restricted cash and cash equivalents	679,439	660,436
Total Cash and Cash Equivalents	**$ 31,784,119**	**$ 57,026,086**

See accompanying notes to financial statements

THE UNIVERSITY OF ALABAMA IN HUNTSVILLE
STATEMENTS OF CASH FLOWS -- Continued
Years Ended September 30, 2014 and 2013

	2014	2013
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (54,058,983)	$ (49,339,803)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	13,096,253	13,612,848
Changes in allowance for doubtful accounts	(42)	126,060
Write-off of capital assets	-	725,506
Changes in assets and liabilities:		
Accounts receivable, net	(858,807)	(5,187,689)
Other current assets	(1,102,655)	292,947
Accounts payable and accrued liabilities	2,775,566	(662,796)
Deferred revenues	245,815	3,620,041
Net Cash Used in Operating Activities	**$ (39,902,853)**	**$ (36,812,886)**
Supplemental Noncash Activities Information		
Loss on disposal of capital assets	$ 1,461,846	$ 276,840
Gift of capital assets	28,000	637,197
Capital assets acquired with a liability at year end	3,663,258	1,741,452

See accompanying notes to financial statements

UAH Student Government Association, 2013-14

Notes to Financial Statements
Years Ended September 30, 2014 and 2013

Note 1 – Organization and Summary of Significant Accounting Policies

Financial Reporting Entity - The University of Alabama in Huntsville (the "University") is one of three campuses of The University of Alabama System (the "System"), a discretely presented component unit of the State of Alabama. The financial statements of the University are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business type activities of the financial reporting entity of the System that is attributable to the transactions of the University. The financial statements include individual schools, colleges and departments, and certain affiliated operations determined to be a part of the University's financial reporting entity. The System is recognized as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code.

Revision of Previously Issued Financial Statements - During 2014, the University identified an error in its previously issued 2013 financial statements that resulted from the misclassification of restricted unspent bond proceeds as a component of Cash and cash equivalents as opposed to classification as a component of Cash and investments for capital activities. This error resulted in an overstatement of Cash and cash equivalents of approximately $17.3 million and a corresponding understatement of Cash and investments for capital activities of $17.3 million.

The University also identified a mathematical error in its determination of the Invested in capital assets, net of related debt category of Net position in its previously issued 2013 financial statements. This error resulted in an overstatement in Unrestricted net position as of September 30, 2013 of approximately $2.2 million and an understatement of 2013 Invested in capital assets, net of related debt of approximately $2.2 million.

The University's management evaluated the impact of the errors on the previously issued financial statements and concluded that the impact was not material. The University revised the accompanying 2013 financial statements to correct these errors as follows:

	September 30, 2013 As Previously Reported	Adjustments	September 30, 2013 As Revised
Assets			
Current assets			
Cash and cash equivalents	56,365,650	(17,327,259)	39,038,391
Total current assets	173,235,505	(17,327,259)	155,908,246
Noncurrent assets			
Cash and investments for capital activities	33,240,000	17,327,259	50,567,259
Total noncurrent assets	284,415,718	17,327,259	301,742,977
Total assets	457,651,223	-	457,651,223
Total liabilities	162,771,641	-	162,771,641
Net Position:			
Invested in capital assets, net of related debt	121,879,828	2,154,496	124,034,324
Unrestricted	154,892,017	(2,154,496)	152,737,521
Total net position	294,879,582	-	294,879,582
Total liabilities and net position	457,651,223	-	457,651,223

Reconciliation of Cash and Cash Equivalents to the Statement of Net Position	September 30, 2013 As Previously Reported	Adjustments	September 30, 2013 As Revised
Cash and cash equivalents in current assets	56,365,650	(17,327,259)	39,038,391
Restricted cash and cash equivalents	660,436	-	660,436
Cash for capital activities	-	17,327,259	17,327,259
Total Cash and Cash Equivalents	57,026,086		57,026,086

Scope of Statements - The University follows Governmental Accounting Standards Board (GASB) Statement Number 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* (“GASB 61”). This Statement provides additional guidance in determining whether certain organizations affiliated with the University should be considered component units of the University for financial reporting purposes. The Statement also provides guidance on determining whether component units should be presented in the University’s financial statements as “blended” or “discrete” components based on their relationship and organizational structure.

As defined by generally accepted accounting principles established by the GASB, the financial reporting entity consists of the University, as well as its discretely presented component unit, the University of Alabama Huntsville Foundation (“UAHF”).

UAHF is a legally separate, tax-exempt component unit of the University. UAHF is organized exclusively for charitable, scientific, and educational purposes in order to benefit the University. UAHF is governed by a 34-member board of trustees. Although the University does not control the timing or amount of receipts from UAHF, the majority of resources or income that UAHF holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by UAHF can only be used by, or for the benefit of, the University, UAHF is considered a component unit of the University. UAHF is reported in separate financial statements because it does not meet the criteria to be blended with the University as described in GASB 61.

UAHF is a not-for-profit organization that reports its financial results under the Financial Accounting Standard Board ("FASB") Statements. Most significant to UAHF's operations and reporting model is Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to UAHF's financial information in the University's financial reporting entity for these differences; however, significant note disclosures (see Note 16) to UAHF's financial statements have been incorporated into the University's notes to the financial statements. During FY 2014 and 2013, UAHF distributed $3,087,967 and $3,602,714, respectively, to or for the University for both restricted and unrestricted purposes. Phone 256-824-6350 for complete financial statements for UAHF.

The University is also affiliated with the Eminent Scholars Foundation, Alabama Engineering Foundation and UAH Alumni Association. These entities' resources are not significant to the University; therefore, they are not included as component units under GASB guidance.

Basis of Accounting: For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, an amendment of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America, as issued by the GASB, using the economic measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Net Position: Net position is classified into the following four categories according to external donor restrictions or availability of assets for satisfaction of University obligations:

- **Invested in capital assets, net of related debt**: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

- **Restricted**:

  Nonexpendable – Net position subject to externally imposed stipulations that they be maintained permanently by the University. Such assets include the corpus of the University's permanent endowment funds.

Expendable – Net position whose use by the University is subject to externally imposed stipulations that can be fulfilled by actions of the University pursuant to those stipulations or that expire by the passage of time.

- **Unrestricted:** Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management. Substantially all unrestricted net position is designated for academic, research, and capital programs.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash equivalents representing assets of the University's endowment, life income, and other long-term investments are included in the noncurrent investments category.

Investments: The University's investments are primarily reported at fair value. The University's investment portfolio is primarily invested in three separate investment pools maintained by The University of Alabama. Fair value for the investment pools is provided by the System, based on the fair value of the underlying investment securities held by each investment pool. Fair value of the underlying securities held in each investment pool is based on quoted market prices or dealer quotes, where available, or determined using net asset values provided by underlying investment partnerships or companies, which primarily invest in readily marketable securities. Certain real estate and non-readily marketable securities held in the System-sponsored Endowment Fund and Prime fund (Note 3) are carried at cost, unless impaired. Fair value for investments held directly by the University is determined from quoted market prices or market prices of similar instruments. Net investment income, including realized and unrealized gains and losses, is reported as nonoperating revenues (expenses) in the statements of revenues, expenses and changes in net position.

Investments are reported in three categories in the statement of net position. Investments recorded as endowment investments are those invested funds that cannot be used to fund current operations and thus are included in noncurrent assets. Investments for capital activities are included in noncurrent assets, except for amounts included in current assets to offset current construction-related payables. All other investments are included as operating investments.

Accounts Receivable: Accounts receivable consist primarily of tuition and fees charged to students, amounts due from the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's contracts and grants, and current amounts due to the University related to a legal settlement. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or fair value at date of donation in the case of gifts, less accumulated depreciation. For

equipment, the University's capitalization policy includes all items with a unit cost of $5,000 or more and an estimated useful life of greater than one year. Renovations to buildings, infrastructure and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. The University capitalizes certain software and development costs associated with obtaining and developing internal-use computer software. Implementation costs, which are capitalized, include consulting expenses and allocation of internal salaries and fringes for the core implementation team. Training costs are expensed as incurred.
Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are capitalized and depreciated. Interest costs, net of any related investment earnings, for certain assets acquired with the proceeds of tax-exempt borrowings are capitalized as a component of the cost of acquiring those assets.

Depreciation of buildings and building improvements (5-40 years), land improvements and infrastructure (10 years), library collection (10 years), computer software (10 years) and inventoried equipment (5-8 years) is computed on a straight-line basis. The University computes depreciation for certain buildings and building improvements using a componentized method.

Collections are recognized as an asset on the accompanying statements of net position in accordance with GASB guidance. The University defines collections as works of art or similar assets that are held for public exhibition, education, or research in furtherance of public service rather than financial gain which are protected, kept unencumbered, cared for, and preserved. Collection items are recorded at cost as of the date of acquisition or at their appraised or fair value on the date of donation in the case of gifts. Gains or losses from the sale of collection items are reflected on the statement of revenues, expenses, and changes in net assets as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions.

Unearned Revenues: Unearned revenues consist primarily of amounts received for fall semester student tuition and fees and housing fees that are not earned until the next fiscal year. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Revenues: The University's policy for defining operating activities as reported on the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of the University's operating revenues are from exchange transactions. Certain significant revenue streams relied upon to support operations are recorded as nonoperating revenues, as defined by GASB guidance, including state educational appropriations, private gifts for other than capital purposes, investment income, and Federal Pell Grants.

Auxiliary enterprise revenues are generated primarily by University Housing.

Revenues received for capital activities are considered neither operating nor nonoperating activities, and are presented after nonoperating activities on the accompanying statement of revenues, expenses, and changes in net position.

Contract and Grant Revenue: The University receives contract and grant revenues from governmental and private sources. The University recognizes revenues associated with the sponsored programs in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* based on the terms of the individual contract or grant.

Scholarship Allowances and Student Aid: Scholarship allowances applied to student accounts are recorded as an offset to student tuition and fees and auxiliary revenue. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Internal Sales Activities: All internal sales activities to the University departments from sales and service units (motor pool, postal services, telecommunications, etc.) have been eliminated in the accompanying financial statements.

Compensated Absences: The University accrues annual leave for employees at rates based upon length of service and job classification and compensatory time based upon job classification and years worked.

Endowment Spending: For donor restricted endowments, the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted in Alabama, permits The Board of Trustees of the University of Alabama (the Board) to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. UPMIFA also prescribes the guidelines for the expenditure of donor-restricted endowment funds in the absence of overriding, explicit donor stipulations. UPMIFA focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA includes a robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund. The University's policy is to retain the endowment realized and unrealized appreciation with the endowment after the spending rate distributions in a manner consistent with the standards of prudence prescribed by UPMIFA. The Board approved a spending rate for FY 2014 and 2013 of 5.0% of a trailing three-year average of the market (unit) value.

Pledges: The University receives pledges and bequests of financial support. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Pledges are recorded at their gross, undiscounted amount, net of a reasonable provision for doubtful accounts. Endowment pledges do not meet eligibility requirements and are not recorded as assets until the related gift is received. Due to uncertainties with regard to their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met. The University's trust policies do not differ in nature from endowment policies.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Note 2 - Cash

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for University funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository under the Security of Alabama Funds Enhancement Act (SAFE). From time to time, the Board may request that the depository provide evidence of its continuing designation as a qualified public depository. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public depositories on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss.

The System maintains a short-term investment pool for the System entities to invest operating cash reserves. The Short-Term Fund is invested in a treasury obligation money market fund managed by Federated investors. For FY 2014 and 2013, the University had approximately $3.2 million and $22.2 million in the Short-Term Fund, all of which was invested in the money market fund. The assets held in the money market fund are presented in cash and cash equivalents.

For FY 2014 and 2013, the University had cash and cash equivalents totaling $31,784,119 and $57,026,086 respectively. Included in the amounts are deposits with trustees held for reserves, which totaled $679,439 in FY 2014 and $660,436 in FY 2013. Also included in the amounts are unspent bond proceeds presented in cash and investments for capital activities, which totaled $17,327,259 in FY 2013. There were no such unspent bond proceeds in FY 2014 at year end.

Note 3 – Investments

The University invests its endowment funds in accordance with applicable limitations set forth in gift instruments, Board guidelines, or applicable laws. Also certain bond indentures require the University to invest the amounts held in specific construction funds, redemption funds, and bond funds in federal securities, eligible certificates, or eligible investments.

At September 30, 2014 and 2013, the University's investments included custodial credit risk category I investments (investments that are insured or registered, or securities held by the University or its agent in the University's name) and other investments not categorized by risk category as follows:

		2014		2013
Category I:				
Time deposits	$	135,522	$	135,423
Not categorized:				
Mutual funds		44,985		44,247
System Short-term Fund		3,192,102		22,194,565
System Intermediate Fund		45,101,373		44,723,748
System Prime Fund		70,334,695		65,815,899
Pooled Endowment Fund		30,699,638		27,595,094
Agency Funds		2,551,657		2,491,132
Total Investments	$	152,059,972	$	163,000,108

The Board has the responsibility for the establishment of the investment policy and the oversight of the investments for the System and related entities. In order to facilitate System-wide investment objectives and achieve economies of scale, the Board has established four distinct investment pools based primarily on the projected investment time horizons for System funds. These investment pools are the Endowment Fund, Prime Fund, Intermediate Fund and the Short-Term Fund (collectively, the "System Pools"). Pursuant to Board investment policies, each System or related entity may include all or a portion of their investments within the System-sponsored investment pools. These investment funds are considered 'internal' investment pools under GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, with the assets pooled on a market value basis. Separately managed funds that are resident with each entity are to be invested consistent with the asset mix of the corresponding System investment pool. The following disclosures relate to both the System Pools, which include the investments of other System entities and other affiliated entities, and the University-specific investment portfolio.

Endowment Fund: The purpose of the Endowment Fund is to pool endowment and similar funds to support the System campuses, hospital and related entities in carrying out their respective missions over a perpetual time frame. Accordingly, the primary investment objectives of the Endowment Fund are to preserve the purchasing power of the principal and provide a stable source of perpetual financial support to the endowment beneficiaries. To satisfy the long-term rate of return objective, the Endowment Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation and natural income. Asset allocation targets are established to meet the return objectives while providing adequate diversification in order to minimize investment volatility. As discussed in Note 1, the Endowment Fund invests in securities with non-readily determinable market values which are valued at cost, unless impaired. For FY 2014 and 2013, the portion of the University's investment in the Endowment Fund, reported at cost, is $3,403,853 and $3,167,391, respectively. The remainder of the investment is reported at fair value.

Prime Fund: The Prime Fund is a longer-term fund used as an investment vehicle to manage operating reserves with a time horizon of seven to ten years. This fund has an investment objective of growth and income and is invested in a diversified asset mix of liquid and semi-liquid securities. This fund is not currently invested in long-term lockup funds with illiquid assets. As discussed in Note l, certain investments within the Prime Fund are valued at cost, unless impaired. For FY 2014 and 2013, the University's portion of investments in the Prime fund, and measured at cost, totaled approximately $784,000 and $771,000, respectively. The remainder of the investment is reported at fair value.

Intermediate Fund: The Intermediate Fund serves as an investment vehicle to manage operating reserves with a time horizon of two to six years. This fund is also used to balance the other funds when looking at the System's entire asset allocation of operating reserves relative to its investment objectives. The Intermediate Fund has an investment objective of income with preservation of capital and is invested in intermediate-term fixed income securities. System policy states that at least one of the Intermediate Fund investment managers must be a large mutual fund providing daily liquidity.

Short-Term Fund: The Short-Term Fund contains the short term operating reserves of the various System entities. Because of the different income and disbursement requirements of each entity, consolidation of these funds reduces daily cash fluctuations and minimizes the amount of short-term cash reserves needed. Assets held in the Short-Term Fund are invested with the primary objective of stability of principal and liquidity. Such investments are restricted to high quality, liquid, money market funds and other fixed income obligations with a maturity of one year or less. Refer to Note 2 for additional information related to the Short-Term Fund.

At the September 2014 Investment Committee meeting of the Board of Trustees of The University of Alabama, the committee approved the consolidation of three working capital pools to two and a name change for these investment pools. The Intermediate Fund will be renamed the Short Term Liquidity Pool (STLP) and the Prime Investment Fund will be renamed the Long Term Reserve Pool (LTRP). The Short Term Fund (Federated Account) will become part of the Short Term Liquidity Pool. The name changes became effective for October 1, 2014.

Although the investment philosophy of the Board is to minimize the direct ownership of investment vehicles, preferring ownership in appropriate investment fund groups, there are certain direct investments that are held in the name of the Board. All other investments in the System Pools are classified as commingled funds.

The composition of the System's investments, by investment type for the System Pools, at September 30, 2014 and 2013 is as follows:

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND		SHORT TERM FUND	
	2014	2013	2014	2013	2014	2013	2014	2013
RECEIVABLES:								
ACCRUED INCOME RECEIVABLES	$ 1,003,301	$ 1,096,967	$ 881,205	$ 651,549	$ 3,704,124	$ 4,056,788	$ -	$ -
TOTAL RECEIVABLES	**1,003,301**	**1,096,967**	**881,205**	**651,549**	**3,704,124**	**4,056,788**	**-**	**-**
CASH EQUIVALENTS:								
CERTIFICATES OF DEPOSIT	-	-	-	-	-	8,094,239	-	-
COMMERCIAL PAPER	-	-	-	-	-	2,599,751	-	-
OPTIONS	-	-	-	-	-	-	-	-
MONEY MARKET FUNDS	57,886,211	56,519,604	40,085,104	50,827,901	89,200,493	69,728,143	176,466,706	201,099,030
TOTAL CASH EQUIVALENTS	**57,886,211**	**56,519,604**	**40,085,104**	**50,827,901**	**89,200,493**	**80,422,133**	**176,466,706**	**201,099,030**
EQUITIES:								
U.S. COMMON STOCK	91,626,275	74,460,258	64,167,500	53,886,837	-	-	-	-
U.S. PREFERRED STOCK	1,081,641	1,238,188	970,703	1,125,625	-	-	-	-
NON-U.S. STOCK	9,122,500	10,624,062	7,016,834	6,771,037	-	-	-	-
TOTAL EQUITIES	**101,830,416**	**86,322,508**	**72,155,037**	**61,783,499**	**-**	**-**	**-**	**-**
FIXED INCOME SECURITIES:								
U.S. GOVERNMENT OBLIGATIONS	16,426,862	21,850,510	14,060,742	11,213,984	356,983,685	317,145,893	-	-
MUNICIPAL GOVERNMENT OBLIGATIONS	-	-	-	-	-	217,383	-	-
MORTGAGE BACKED SECURITIES	-	-	-	-	107,336,734	120,283,662	-	-
COLLATERALIZED MORTGAGE OBLIGATIONS	-	-	-	-	36,037,561	50,078,274	-	-
CORPORATE BONDS	32,525,649	59,987,039	25,320,584	30,751,076	243,885,772	343,033,010	-	-
NON-U.S. BONDS	4,717,740	-	3,586,194	-	86,740,041	1,046,990	-	-
TOTAL FIXED INCOME SECURITIES	**53,670,251**	**81,837,549**	**42,967,520**	**41,965,060**	**830,983,793**	**831,805,212**	**-**	**-**
COMMINGLED FUNDS:								
U.S. EQUITY FUNDS	70,497,226	102,773,998	90,049,678	110,668,279	-	-	-	-
NON-U.S. EQUITY FUNDS	299,154,328	280,637,986	277,766,811	259,399,547	-	-	-	-
U.S. BOND FUNDS	59,672,727	31,464,754	44,754,545	59,945,698	88,967,993	78,977,321	-	-
NON-U.S. BOND FUNDS	62,211,203	61,765,298	61,965,572	56,698,721	-	-	-	-
HEDGE FUNDS	237,682,807	153,064,178	196,514,795	120,473,011	-	-	-	-
PRIVATE EQUITY FUNDS	67,605,100	62,791,546	-	-	-	-	-	-
TIMBERLAND FUNDS	-	16,960	-	-	-	-	-	-
REAL ESTATE FUNDS	136,647,983	131,161,560	90,219,359	104,551,847	-	-	-	-
TOTAL COMMINGLED FUNDS	**933,471,374**	**823,676,280**	**761,270,760**	**711,737,103**	**88,967,993**	**78,977,321**	**-**	**-**
TOTAL FUND INVESTMENTS	**1,146,858,252**	**1,048,355,941**	**916,478,421**	**866,313,563**	**1,009,152,280**	**991,204,667**	**176,466,706**	**201,099,030**
TOTAL FUND ASSETS	**1,147,861,553**	**1,049,452,908**	**917,359,626**	**866,965,112**	**1,012,856,403**	**995,261,455**	**176,466,706**	**201,099,030**
TOTAL FUND LIABILITIES	(254,559)	(122,926)	(175,311)	(85,447)	(566,898)	(584,144)	-	-
AFFILIATED ENTITY INVESTMENTS IN FUNDS	(147,147,272)	(138,865,562)	(56,162,298)	(53,288,957)	(106,232,340)	(88,296,301)	-	-
TOTAL NET ASSET VALUE	**$ 1,000,459,721**	**$ 910,464,420**	**$ 861,022,018**	**$ 813,590,708**	**$ 906,057,165**	**$ 906,381,010**	**$ 176,466,706**	**$ 201,099,030**

Investment Risk Factors: There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk, may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Credit Risk: Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have significant credit risk. A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance - in the rating agency's opinion - that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Board policy recognizes that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk adjusted return over its benchmark. Credit risk in each investment pool is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. Fixed income holdings in a single entity (excluding obligations of the U.S. government and its agencies) may not exceed 5% of a manager's portfolio measured at market value. At least 95% of these fixed income investments must be in investment grade securities (securities with ratings of BBB- or Baa3) or higher. However, multi-strategy fixed income managers may have up to 20% of their investments in non-investment grade securities. Securities of foreign entities denominated in U.S. dollars are limited to 10% of a manager's portfolio. Securities denominated in currencies other than U.S. dollars are not permissible unless part of a multi-strategy fixed income account where the limitation is 20% of the manager's portfolio.

The investment policy recognizes that credit risk is appropriate in balanced investment pools such as the Endowment and Prime Funds, which are tracked against the Barclays Government Credit Index for U.S. investments and the Citigroup WGBI Index for international investment benchmarks for the fixed income portion of these pools. Fixed income investments within the Endowment and Prime Funds include corporate and U.S. treasury and/or agency bonds with a minimum BBB- rating and an average duration of four years. In addition, approximately $1,500,000 and $0 in the Endowment and Prime Funds, for FY 2014 and 2013, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds were approximately $326,600,000 and $317,200,000 in the Endowment and Prime Funds, for FY 2014 and 2013, respectively.

The Intermediate Fund is benchmarked against the 1-3 year Barclays Government Credit Index with funds invested with four separate fund managers. Fixed income investments include corporate, mortgage backed, asset backed, collateralized mortgage and U.S. treasury and/or agency bonds with a minimum rating of BB or higher. For FY 2014 and 2013, respectively, approximately $64,900,000 and $135,800,000 was invested by the Intermediate Fund in unrated fixed income securities, excluding commingled bond funds, money market funds and commercial paper. Fixed income commingled funds and commercial paper totaled approximately $178,200,000 and $151,300,000 for FY 2014 and 2013, respectively.

For FY 2014 and 2013, $0 and $8,100,000, respectively, was invested by the Intermediate Fund in certificates of deposit.

The Short-Term Fund is committed to immediate liquidity to meet the operating needs of the System campuses and hospital. The Short-Term Fund is invested in a money market fund, which in turn invests mostly in U.S. Treasury securities and repurchase agreements that are collateralized by U.S. Treasury securities. These funds are all commingled with funds of other investors. Refer to Note 2 for additional information related to the Short-Term Fund.

The credit risk for fixed and variable income securities, for the System Pools, at September 30, 2014 and 2013 are as follows:

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND		SHORT TERM FUND	
	2014	2013	2014	2013	2014	2013	2014	2013
Fixed or Variable Income Securities								
U.S. Government Obligations	$ 16,426,862	$ 21,850,510	$ 14,060,742	$ 11,213,984	$ 356,983,685	$ 317,145,893	$ -	$ -
Municipal Government Obligations	-	-	-	-	-	217,383	-	-
Other U.S. and Non-U.S. Denominated:								
AAA		1,254,938		642,291	48,981,389	18,861,309	-	-
AA	6,632,713	11,441,938	5,082,925	5,792,481	83,143,881	85,433,796	-	-
A	16,894,747	27,814,947	13,410,517	14,242,504	151,341,278	182,513,978	-	-
BBB	12,850,553	19,475,216	9,766,791	10,073,800	84,810,054	78,670,892	-	-
BB		-	-	-	29,352,911	6,740,499	-	-
B	-	-	-	-	8,810,464	3,613,132	-	-
C and < C	-	-	-	-	2,648,442	2,818,596	-	-
Unrated	865,375	-	646,545	-	64,911,689	135,789,735	-	-
Commingled Funds:								
U.S. Bond Funds: Unrated	59,672,727	31,464,754	44,754,545	59,945,698	88,967,993	78,977,321	-	-
Non-U.S. Bond Funds: Unrated	62,211,203	61,765,298	61,965,572	56,698,721	-	-	-	-
Money Market Funds: Unrated	57,886,211	56,519,604	40,085,105	50,827,901	89,200,493	69,728,143	176,466,706	201,099,030
Commercial Paper: Unrated	-	-	-	-	-	2,599,751	-	-
Certificate of Deposits	-	-	-	-	-	8,094,239	-	-
TOTAL	**$ 233,440,391**	**$ 231,587,205**	**$ 189,772,742**	**$ 209,437,380**	**$ 1,009,152,279**	**$ 991,204,667**	**$ 176,466,706**	**$ 201,099,030**

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the corporate failure of the custodian, the System’s investment securities may not be returned. Investment securities in the System Pools are registered in the Board’s name by the custodial bank as an agent for the System. Other types of investments (i.e. open-ended mutual funds, money market funds) represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.

Concentration of Credit Risk: Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. As previously mentioned, credit risk in each investment pool is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. As of FY 2014 and 2013, there was no investment in a single issuer that represents 5% or more of total investments held by any single investment manager of the System Pools, except for investments issued by the U.S. government and money market fund investments held by the Short Term Fund.

Interest Rate Risk: Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The Board does not have a specific policy relative to interest rate risk. As such, there are no restrictions on weighted average maturity for each portfolio as they are managed relative to the investment objectives and liquidity demands of the investors.

The effective durations for fixed or variable income securities, for the System Pools, for FY 2014 and 2013 are as follows:

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2014	2013	2014	2013	2014	2013
U.S. GOVERNMENT OBLIGATIONS	7.1	5.6	6.5	5.4	3.2	1.8
MUNICIPAL GOVERNMENT OBLIGATIONS	0.0	0.0	0.0	0.0	0.0	0.2
CORPORATE BONDS	3.8	4.2	3.8	4.2	1.9	1.5
NON-US BONDS	0.0	0.0	0.0	0.0	1.9	1.5
COMMINGLED BOND FUNDS	2.3	1.5	2.2	2.3	2.8	2.3

The information presented does not take into account the relative weighting of the portfolio components to the total portfolio.

Investments may also include mortgage pass through securities and collateralized mortgage obligations that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. For FY 2014 and 2013, the fair market value of these investments for the System Pools, are as follows:

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2014	2013	2014	2013	2014	2013
MORTGAGE BACKED SECURITIES	$ -	$ -	$ -	$ -	$ 107,336,734	$ 120,283,662
COLLATERALIZED MORTGAGE OBLIGATIONS	-	-	-	-	36,037,561	50,078,274
TOTAL FIXED	$ -	$ -	$ -	$ -	**$ 143,374,296**	**$ 170,361,936**

Mortgage Backed Securities: These securities are issued by the Federal National Mortgage Association (Fannie Mae), Government National Mortgage Association (Ginnie Mae) and Federal Home Loan Mortgage Association (Freddie Mac) and include short embedded prepayment options. Unanticipated prepayments by the obligees of the underlying asset reduce the total expected rate of return.

Collateralized Mortgage Obligations: Collateralized mortgage obligations (CMOs) generate a return based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In a rising interest rate environment, the opposite is true.

For FY 2014 and 2013 the effective durations for these securities are as follows:

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2014	2013	2014	2013	2014	2013
MORTGAGE BACKED SECURITIES	-	-	-	-	1.3	0.7
COLLATERALIZED MORTGAGE OBLIGATIONS	-	-	-	-	1.0	1.0

Foreign Currency Risk: The strategic asset allocation policy for the Endowment Fund and the Prime Fund includes an allocation to non-United States equity securities and fixed income securities. Each international equity manager must hold a minimum of 30 individual stocks with equity holdings in a single company remaining below 8% of the investment manager’s portfolio, measured at market value. Currency hedging of foreign bonds and stocks is allowed under System Policy. For FY 2014 and 2013, all foreign investments in the System Pools are denominated in U.S. dollars and are in international commingled funds, which in turn invest in equity securities and bonds of foreign issuers except for approximately $86,700,000 and $1,000,000 of foreign bonds denominated in U.S. dollars and held by the Intermediate Fund for FY 2014 and 2013, respectively.

Securities Lending: Board policies permit security lending as a mechanism to augment income. Loans of the securities are required to be collateralized by cash, letters of credit or securities issued or guaranteed by the U.S. Government or its agencies. The collateral must equal at least 102% of the current market value of the loaned securities. Securities lending contracts must state acceptable collateral for securities loaned, duties of the borrower, delivery of loaned securities and acceptable investment of the collateral.

At September 30, 2014 and 2013, there were no securities on loan from the investment pools.

Note 4 – Accounts Receivable

The composition of accounts receivable for FY 2014 and 2013 is summarized as follows:

	2014	2013
Tuition and fees (net of allowance for doubtful accounts of $804,045 in 2014 and $804,045 in 2013)	$ 5,058,673	$ 5,278,520
Auxiliary enterprises and other operating activities	53,640	165,184
Federal, state, and private grants and contracts (net of allowance for doubtful accounts of $371,577 in 2014 and $371,619 in 2013)	22,526,286	20,834,626
Legal settlement receivable, net present value	904,616	860,391
Other	492,124	1,766,507
Net accounts receivable	$ 29,035,339	$ 28,905,228

Note 5 – Capital Assets

Capital assets activity for FY 2014 and 2013 is summarized as follows:

	October 1, 2013	Additions	Retirements	Adjustments	September 30, 2014
Land	$ 7,552,605	$ 38,543	-	$ -	$ 7,591,148
Land improvements and infrastructure	14,870,571	1,895,615	-	-	16,766,186
Buildings and building improvements	290,629,408	2,447,308	(3,416,722)	21,523,729	311,183,723
Construction in progress	18,454,776	25,786,071	-	(21,523,729)	22,717,118
Equipment	65,428,773	3,193,435	(6,679,817)	-	61,942,391
Library books	25,945,675	129,461	(51,298)	-	26,023,838
Computer software	2,939,750	-	-	-	2,939,750
Collections	1,124,402	-	-	-	1,124,402
Total cost of capital assets	426,945,960	33,490,433	(10,147,837)	-	450,288,556
Less accumulated depreciation	206,101,243	13,058,315	(8,763,469)	-	210,396,089
Capital assets, net	$ 220,844,717	$ 20,432,118	$ (1,384,368)	$ -	$ 239,892,467

	October 1, 2012	Additions	Retirements	Adjustments	September 30, 2013
Land	$ 3,960,290	$ 3,653,083	$ (60,768)	$ -	$ 7,552,605
Land improvements and infrastructure	11,174,484	3,696,087	-	-	14,870,571
Buildings and building improvements	287,330,900	3,597,740	(299,232)	-	290,629,408
Construction in progress	2,224,158	16,956,124	-	(725,506)	18,454,776
Equipment	63,744,811	2,773,646	(1,089,684)	-	65,428,773
Library books	25,878,434	145,788	(78,547)	-	25,945,675
Computer software	2,939,750	-	-	-	2,939,750
Collections	510,305	614,097	-	-	1,124,402
Total cost of capital assets	397,763,132	31,436,565	(1,528,231)	(725,506)	426,945,960
Less accumulated depreciation	194,672,632	12,416,766	(988,155)	-	206,101,243
Capital assets, net	$ 203,090,500	$ 19,019,799	$ (540,076)	$ (725,506)	$ 220,844,717

Note 6 – Long-term Debt

Long-term debt activity for FY 2014 and 2013 is summarized as follows:

Type/Supported by	October 1, 2013	New Debt	Principal Repayment	September 30, 2014
Bonds:				
Student housing revenue	$ 41,911,000	$ -	$ 2,055,000	$ 39,856,000
General fee revenue	68,360,000	-	2,180,000	66,180,000
Note payable	1,843,000	-	368,600	1,474,400
Total debts	112,114,000	$ -	$ 4,603,600	107,510,400
Less current portion	(4,603,600)			(4,698,600)
(Discount) or premium	282,200			272,278
Total long-term debt	$107,792,600			$ 103,084,078

Type/Supported by	October 1, 2012	New Debt	Principal Repayment	September 30, 2013
Bonds:				
Student housing revenue	$ 43,446,000	$ -	$ 1,535,000	$ 41,911,000
General fee revenue	38,270,000	32,005,000	1,915,000	68,360,000
Note payable	-	1,843,000	-	1,843,000
Total debts	81,716,000	$ 33,848,000	$ 3,450,000	112,114,000
Less current portion	(3,450,000)			(4,603,600)
(Discount) or premium	(311,500)			282,200
Total long-term debt	$ 77,954,500			$ 107,792,600

Maturities and interest on long-term debt for the next five years and subsequent five-year periods ended September 30 are as follows:

	Principal	Interest	Total
2015	$ 4,698,600	$ 3,873,870	$ 8,572,470
2016	4,818,600	3,767,720	8,586,320
2017	4,143,600	3,651,535	7,795,135
2018	4,253,600	3,555,142	7,808,742
2019	3,995,000	3,450,047	7,445,047
2020-2024	21,716,000	15,312,746	37,028,746
2025-2029	22,005,000	10,958,209	32,963,209
2030-2034	16,060,000	7,107,397	23,167,397
2035-2039	13,920,000	4,036,084	17,956,084
2040-2043	11,900,000	988,483	12,888,483
	$ 107,510,400	$ 56,701,233	$ 164,211,633

The following is a detailed schedule of long-term debt:

Description and Purpose	Date Issued	Final Maturity	Interest Rate - %	Original Indebtedness	Outstanding Indebtedness September 30, 2014	Outstanding Indebtedness September 30, 2013
Bonds Payable:						
Dormitory Revenue Bonds of 1980	5/1/1980	5/1/2020	3.00	$ 2,180,000	$ 525,000	$ 605,000
Dormitory Revenue Bonds of 1981	7/23/1982	5/1/2021	3.00	2,602,000	686,000	776,000
Student Housing Revenue Bonds-Series 2004-A	9/30/2004	9/1/2034	3.00-4.625	13,130,000	10,390,000	10,705,000
Student Housing Revenue Bonds-Series 2004-B	9/30/2004	9/1/2016	3.00-3.625	7,515,000	1,505,000	2,215,000
Revenue Bonds-Series 2005-A	10/1/2005	6/1/2025	3.00-4.375	8,580,000	5,425,000	5,810,000
Revenue Bonds-Series 2009A	8/4/2009	7/1/2029	3.0-4.50	8,115,000	6,585,000	6,905,000
Student Housing Revenue Bonds-Series 2010-A	7/14/2010	6/1/2042	2.85-6.125	27,990,000	27,220,000	27,610,000
General Fee Revenue Bonds-Series 2012-A	4/3/2012	10/1/2031	0.73-4.28	11,170,000	10,230,000	10,700,000
General Fee Revenue Bonds-Series 2012-B	9/5/2012	12/1/2026	0.74-3.84	13,700,000	12,175,000	12,940,000
General Fee Revenue Bonds-Series 2013-A-1	4/4/2013	4/1/2023	1.57	7,550,000	6,840,000	7,550,000
General Fee Revenue Bonds-Series 2013-A-2	4/4/2013	4/1/2043	4.00	24,455,000	24,455,000	24,455,000
Total Bonds Payable				126,987,000	106,036,000	110,271,000
Note Payable:						
UAH Foundation	7/10/2013	7/1/2018		1,843,000	1,474,400	1,843,000
Total Note Payable				1,843,000	1,474,400	1,843,000
Total Debt				$128,830,000	$ 107,510,400	$ 112,114,000

In December 2014, the University refinanced the Student Housing Revenue Bonds Series 2004-A and Series 2004-B, which resulted in a reduction of future principal and interest payments of $1.5 million. This savings will average $77 thousand a year for the next 20 years. The amounts outstanding on these bonds were paid in January 2015 in the amount of $11.8 million. There was no defeased debt outstanding related to the Student Housing Revenue Bonds Series 2004-A and Series 204-B at September 30, 2014.

During FY 2013 the University issued General Fee Revenue Bonds - Series 2013-A-1 and 2013-A-2 for the purpose of constructing and equipping of a new Charger Union facility, constructing and equipping of a Nursing Building expansion, and other related campus infrastructure improvements and additions. The Series 2013-A-1 bond was privately issued in April 2013 directly to a bank for $7,550,000. This bond principal matures each year from 2014 until 2023 and carries an interest rate of 1.57%. The Series 2013-A-2 bonds were also issued in April 2013 in the form of $16,445,000 serial bonds with principal maturing each year from 2024 through 2038 and an $8,010,000 term bond maturing in 2043. Each form of the Series 2013-A-2 bonds carries an interest rate of 4.00%.

The University’s general fee bonds and student housing bonds are subject to certain covenants. These covenants, among other things, require the University to establish and maintain reasonable fees, rates, and other charges to ensure pledged revenues are sufficient for debt service coverage; to maintain books and records pertaining to the pledged revenues; to furnish annual audits and other periodic reports that reflect the financial condition of the Borrower, the project, other pledged facilities, and other pledged assets;

and to comply with certain restrictions as to additional indebtedness. The University is in compliance with all restrictive financial covenants as of September 30, 2014.

Note 7 – Self-Insurance

The University participates with other campuses in the System in a self-insurance program for general liability risks. The Board established a separate revocable trust fund for payment of these self-insurance claims under its risk retention program. Annual contributions are made to the consolidated trust fund, at an actuarially determined rate, to provide funding for the retained risk. The accompanying statements of net position include a reserve of $345,155 and $326,168 for general liability for FY 2014 and 2013, respectively.

The University also maintains a self-insurance health plan. For FY 2014, the University paid $22.25 and $5.00 per month per health insurance contract for administrative charges and stop loss coverage, respectively. The accompanying statements of net assets include a self-insurance reserve of $1,161,963 and $1,179,280 for health insurance for FY 2014 and 2013, respectively. Annual contributions are made to the health plan, utilizing an actuarially determined rate, to provide funding for the reserve. The changes in the total reported self-insurance liabilities are summarized as follows:

	2014	2013
Balance, beginning of year	$ 1,505,448	$ 1,398,403
Claims paid	(9,295,703)	(9,434,244)
Contributions and adjustments	9,297,373	9,541,289
Balance, end of year	$ 1,507,118	$ 1,505,448

Note 8 – Retirement Plans

Most employees of the University participate in the Teachers’ Retirement System of Alabama (TRS), a cost sharing, multiple-employer public retirement system. In addition, certain employees meeting eligibility requirements participate in optional programs with the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA - CREF) and the Variable Annuity Life Insurance Company (VALIC). TRS is a defined benefit plan while the TIAA – CREF and VALIC programs are defined contribution plans.

The TRS was established as of September 1939 under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility of the general administration and operation of TRS is vested in its Board of Control.

Participants in TRS who were hired before January 1, 2013, (Tier 1 employees) who retire at age 60 with 10 years of credited service, or after completing 25 years of credited service, regardless of age, are entitled to an annual benefit, payable monthly for life. Service retirement benefits are calculated by three methods with the participants receiving payments under the method which yields the highest monthly benefit. These methods include (1) minimum guaranteed, (2) money purchase, or (3) formula. Under the formula method, participants are allowed 2.0125% of their final average salary (average of three highest years of annual compensation during the last 10 years of service) for each year of service. A participant terminating before reaching retirement age, but after completing 10 years of credited service, is eligible for a vested allowance at age 60 provided accumulated employee contributions are not withdrawn. TRS also provides death and disability benefits.

Participants in TRS hired on or after January 1, 2013, (Tier 2 employees) who retire at age 62 with 10 years or more of credited service, are entitled to an annual monthly benefit, payable for life. Service retirement benefits are calculated by three methods with the participants receiving payments under the method which yields the highest monthly benefit. These methods include (1) minimum guaranteed, (2) money purchase, or (3) formula. Under the formula method, participants are allowed 1.65% of their final average salary (average of highest five years of annual compensation during the last 10 years of service) for each year of service up to a benefit cap of 80% of average final salary. A participant terminating before reaching retirement age, but after completing 10 years of credited service, is eligible for a vested allowance at age 62 provided accumulated employee contributions are not withdrawn. TRS also provides death and disability benefits.

Covered employees are required by statute to contribute to TRS. All regular employees of the University are members of TRS with the exception of temporary employees who, by definition, are those employees hired for a predetermined period of employment of less than one year and employees working less than one half of a regular schedule. The following is a comparative presentation of contributions:

	2014	2013
University contributions	$ 11,931,714	$ 9,654,665
Employee contributions	7,544,985	7,167,693
Total contributions	$ 19,476,699	$ 16,822,358

	2014 Tier 1	2014 Tier 2	2013 Tier 1	2013 Tier 2
University contribution regular rate	11.71%	11.08%	10.08%	9.44%
Employee contribution rate	7.50%	6.00%	7.50%	6.00%
Employee contribution law enforcement rate	8.50%	7.00%	8.50%	7.00%

The 10-year historical trend information shows TRS's progress in accumulating sufficient assets to pay benefits when due and the significant actuarial assumptions used to compute the pension benefit obligation, including the discount rate, projected salary increases, and postretirement benefit increases presented in the

September 30, 2013 annual financial report of the TRS. That report is publicly available and may be obtained by contacting the TRS Communication Department at 1-877-517-7000. State law required employee contribution rates for Teachers' Retirement to increase to 7.50% and 8.50%. The new rates took effect October 1, 2012.

The actuarial accrued liability (AAL), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial value of assets, which is the actuarial present value of assets, is a standardized disclosure measure of the present value of accumulated assets, adjusted for projected investment performance and contributions. TRS does not make separate measurements of assets and the AAL for individual employers. The AAL at September 30, 2013 (the most recent valuation date) and September 30, 2012 for TRS as a whole, determined through actuarial valuations performed as of that date, was approximately as follows:

	2013	2012
Actuarial accrued liability (AAL)	$ 29,665,843,000	$ 28,251,367,000
Actuarial valuations of assets	19,629,816,000	18,786,006,000
Overfunded (underfunded) AAL	$ (10,036,027,000)	$ (9,465,359,000)

As previously noted, some employees participate in the optional TIAA-CREF programs, which are defined contribution plans. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All full time regular monthly exempt employees are eligible to participate from the date of employment.
The University contributes a matching amount up to 5% of total salaries for participating employees. The University's contributions are funded as they accrue and, along with that of employees, are immediately and fully vested.

The contributions for FY 2014 and 2013, excluding amounts from employees who are not eligible for matching, are summarized as follows:

	2014	2013
University contributions	$ 2,990,512	$ 2,881,646
Employee contributions	5,645,945	5,457,994
Total contributions	$ 8,636,457	$ 8,339,640

The University's total salaries and wages subject to benefit plan participation for FY 2014 and 2013 are summarized in the table below:

	2014	2013
Total Salaries and Wages	$115,323,572	$110,787,026
Salaries and Wages of employees participating in:		
TRS	$ 97,032,526	$ 96,142,144
TIAA - CREF	$ 64,403,831	$ 59,981,242

Note 9 – Other Post-Employment Benefits

The University offers postemployment health care benefits to all employees who officially retire from the University. Health care benefits are offered to retirees through the Alabama Retired Education Employees' Health Care Trust or the Public Education Employee Health Insurance Plan (PEEHIP) with TRS. Certain retired employees may also elect to continue to participate in the University's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. Retired employees age sixty-five or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and the University's health care plan becomes the secondary insurer. Despite the availability of the University's plan, most retirees elect to participate in PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium, with the University paying an allocation toward the cost of retiree coverage.

Certain retirees may also elect to continue their basic term life insurance coverage and accidental death and dismemberment insurance up to certain maximum amounts. The retirees pay the full amount of the premiums in such cases. Retirees are eligible for tuition assistance benefits for themselves as well as for their spouse and unmarried dependent children.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* ("GASB 45"), requires governmental entities to recognize and match other postretirement benefit costs with related services received and also to provide information regarding the actuarially calculated liability and funding level of the benefits associated with past services. GASB 45 does not have a material impact on the University's financial statements principally because most retirees elect to participate in the State-sponsored PEEHIP. PEEHIP is a cost-sharing multiple-employer defined benefit health care plan administered by the Public Education Employee Health Insurance Board. PEEHIP offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians' benefits, outpatient care, prescription drugs, and mental health benefits. Major medical benefits under the basic hospital/medical plan are subject to a lifetime contract maximum of $1,000,000 for each covered individual. The *Code of Alabama 1975,* Section 16-25A-8 provides the authority to set the contribution requirements for retirees and employers. The required rates of retirees are as follows for FY 2014:

Retired Member Rates:

- Individual Coverage/Non-Medicare Eligible - $151.00
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependents - $391.00
- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - $250.00
- Individual Coverage/Medicare Eligible Retired Member - $10.00
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - $250.00
- Family Coverage/Medicare Eligible Retired Member and Dependent Medicare Eligible - $109.00
- Tobacco surcharge - $28.00 per month
- PEEHIP Supplemental Plan - $0
- Optional plans (Hospital Indemnity, Cancer, Dental, Vision) – Up to two optional plans can be taken by retirees at no cost if the retiree is not also enrolled in one of the Hospital Medical Plans. Otherwise, retirees can purchase the Optional Plans at the normal monthly rate of $38.00 or $45.00 for family dental.
- Members who retired on or after October 1, 2005, and before January 1, 2012, pay two percent of the employer premium for each year under 25 years of service, and for each year over 25 years of service, the retiree premium is reduced by two percent.
- Employees who retire on or after January 1, 2012, with less than 25 years of service, are required to pay 4% for each year under 25 years of service. Additionally, non-Medicare eligible employees who retire on or after January 1, 2012 are required to pay 1% more for each year less than age 65 (age premium) and to pay the net difference between the active employee subsidy and the non-Medicare eligible retiree subsidy (subsidy premium). When the retiree becomes Medicare eligible, the age and subsidy premium will no longer apply. However, the years of service premium (if applicable to the retiree) will continue to be applied throughout retirement. These changes are being phased in over a five year period.

The required contribution rate of the employer was $356 per retiree per month for FY 2014. The University paid $1,574,568 and $1,405,824 for 384 and 358 retirees for FY 2014 and 2013, respectively. The required contribution rate is determined by PEEHIP in accordance with State statute. The complete financial report for PEEHIP can be obtained at the Retirement Systems of Alabama Members PEEHIP website http://www.rsa-al.gov/uploads/files/PEEHIP_Fin_State_13.pdf under the PEEHIP Financial Reports/Financial Statements.

Note 10 – Compensated Absences

Certain University employees accrue vacation and sick leave at varying rates depending upon their years of continuous service and payroll classification, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rate of pay up to a designated maximum number of days. The statement of net position includes vacation pay and salary-related payments associated with vacation pay accruals of $4,717,832 and $4,610,600 for FY 2014 and 2013, respectively. There is no such accrual recognized for sick leave benefits because no terminal cash benefit is available to employees for accumulated sick leave.

Note 11 – Federal Direct Lending Program

The Federal Direct Student Loan Program (“FDSLP”) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a loan to pay for the student’s cost of attendance directly through the University rather than through private lenders. The University began participation in the FDSLP on July 1, 1995. As a university qualified to originate loans, the University is responsible for handling the complete loan process, including funds management as well as promissory note functions. The University is not responsible for collection of these loans. For FY 2014 and 2013, the University disbursed $28,466,907 and $28,425,788, respectively, under the FDSLP.

Note 12 – Contracts and Grants

As of FY 2014 and FY 2013, the University was awarded approximately $47.7 million and $60.2 million, respectively, in contracts and grants which have not been expended. These awards, which represent commitments of sponsors to provide funds for specific research, training, and service projects, have not been reflected in the financial statements.

During FY 2014, the University received and expended federal funding under the American Recovery and Reinvestment Act (“ARRA”). In 2014 and FY 2013, those funds were primarily in the form of sponsored research grants in the amount of $1,193,514 and $1,137,748 respectively.

Note 13 – Contingencies and Commitments

The University has sovereign immunity and is therefore, in the opinion of System Counsel, immune to ordinary tort actions. The University has consistently been dismissed from lawsuits on the basis of the sovereign immunity doctrine. That doctrine also protects the University from vicarious liability arising from the negligence of its employees. As a matter of policy, the University has chosen to indemnify its employees through a self-insured trust fund against liability arising from the performance of their official duties. There are some exceptions to the sovereign immunity doctrine, most notably in federal court cases arising under the federal constitution or federal statutes. The University is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of those actions will have a material adverse effect on the financial statements. However, the settlement of legal actions is subject to inherent uncertainties and it is possible that such outcomes could differ materially from management’s current expectations.

The University has contracted for the construction and renovation of several facilities. At September 30, 2014, the estimated remaining cost to complete the construction and renovation of these facilities was approximately $3.1 million which is expected to be financed from grants, bond proceeds, University funds and private gifts.

Note 14 – Operating Expenses by Function

Operating expenses by functional classification for FY 2014 and 2013 are summarized as follows:

	Year Ended September 30, 2014					
	Salaries and Wages	Fringe Benefits	Supplies and Services	Depreciation	Scholarships and Fellowships	Total
Instruction	$ 36,079,255	$ 11,854,298	$ 4,119,168	$ -	$ -	$ 52,052,721
Research	48,970,008	14,337,790	11,449,511	-	-	74,757,309
Public service	2,128,126	603,394	2,906,586	-	-	5,638,106
Academic support	6,091,175	1,814,676	2,924,953	-	-	10,830,804
Student services	6,427,408	1,976,915	6,185,770	-	-	14,590,093
Institutional support	10,531,518	3,423,856	5,263,182	-	-	19,218,556
Operations and maintenance of plant	3,971,769	1,471,928	7,824,130	-	-	13,267,827
Scholarships and fellowships	-	-	-	-	1,101,624	1,101,624
Auxiliary enterprises	1,124,313	286,131	2,996,930	-	-	4,407,374
Depreciation	-	-	-	13,058,315	-	13,058,315
Total Operating Expenses	$ 115,323,572	$ 35,768,988	$ 43,670,230	$ 13,058,315	$ 1,101,624	$ 208,922,729

	Year Ended September 30, 2013					
	Salaries and Wages	Fringe Benefits	Supplies and Services	Depreciation	Scholarships and Fellowships	Total
Instruction	$ 34,437,189	$ 10,792,058	$ 3,642,019	$ -	$ -	$ 48,871,266
Research	48,463,342	14,364,788	18,914,969	-	-	81,743,099
Public service	1,834,775	539,127	2,448,418	-	-	4,822,320
Academic support	5,439,264	1,540,081	2,836,498	-	-	9,815,843
Student services	5,987,761	1,808,127	6,001,062	-	-	13,796,950
Institutional support	9,667,027	2,072,926	6,308,063	-	-	18,048,016
Operations and maintenance of plant	3,775,968	1,351,575	7,354,395	-	-	12,481,938
Scholarships and fellowships	-	-	-	-	1,090,063	1,090,063
Auxiliary enterprises	1,181,700	290,349	2,993,435	-	-	4,465,484
Depreciation	-	-	-	12,416,766	-	12,416,766
Total Operating Expenses	$ 110,787,026	$ 32,759,031	$ 50,498,859	$ 12,416,766	$ 1,090,063	$ 207,551,745

Note 15 – Recently Issued Accounting Standards

The GASB issued Statement No. 66, *Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62* (“GASB 66”), in March 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. The University has determined there was no material impact from adoption of GASB 66.

The GASB issued Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27* ("GASB 68"), in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014. The GASB issued Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68* ("GASB 71"), in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of GASB 68. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68. The University is currently evaluating the impact that GASB 68 will have on its financial statements, but notes that the adoption of this standard will likely result in the recognition of a material long-term liability and a material reduction of the University's unrestricted net position.

The GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* ("GASB 70"), in April 2013. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for fiscal years beginning after June 13, 2013. The University has determined there was no material impact from the adoption of GASB 70.

Note 16 – Discretely Presented Component Unit-UAH Foundation

Basis of Accounting- The financial statements of UAHF have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation- Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of UAHF and changes therein are classified and reported as follows:

- **Unrestricted**- Net assets that are not subject to donor-imposed stipulations.

- **Temporarily Restricted**- Net assets subject to donor-imposed stipulations that may or will be met either by actions of UAHF and/or the passage of time.

- **Permanently Restricted**- Net assets subject to donor-imposed stipulations to be maintained permanently by UAHF. Generally, the donors of these assets restrict

UAHF to use all or a part of the income earned on the related investments for specific purposes. Unrealized and realized gains and losses and dividends and interest from investing in income producing assets may be included in any of these net asset classifications depending on donor-imposed stipulations.

In accordance with ASC 958-320, *Not-for-Profit Entities,* investments in debt securities and investments in equity securities with readily determinable fair values are reported at their fair values based on published market prices. Other investments, including real estate, are stated at cost or fair value at date of donation in the case of gifts. Changes in fair values are reported as unrealized gains or losses in the statement of activities and changes in net assets. All interest income and realized gains and losses are reported in the statement of activities.

Investments – The cost and reported value of investments at September 30, 2014 and 2013 are presented below:

	2014		2013	
	Reported Value	**Cost**	**Reported Value**	**Cost**
Certificates of deposit	$ 509,081	$ 509,081	$ 504,520	$ 504,520
Pooled Endowment Fund	37,167,663	35,320,231	35,899,846	34,014,884
Marketable debt securities	241,880	240,988	722,009	733,218
Marketable equity securities	1,405,357	1,125,271	1,455,922	1,154,319
Mutual funds	1,285,834	1,299,264	1,031,169	934,557
Total	$ 40,609,815	$ 38,494,835	$ 39,613,466	$ 37,341,498

UAHF invests certain amounts in a commingled investment pool (“Pooled Endowment Fund”) sponsored by The University of Alabama System. The value recognized for the investment pool is determined by the System and is based on UAHF’s proportionate share of the net asset value of the investment pool. The System has no variance power over the funds. Instead, the funds are distributed by the System to the Foundation upon its request. The investment pool invests in various investment securities, including both marketable and non-marketable securities. Since UAHF reports under FASB, all investments are reported at fair value and the GASB guidance for carrying certain non-readily marketable securities at cost (as described in Note 1) does not apply to UAHF.

Investment in Unconsolidated Entities and Trust Receivable - UAHF is one of several beneficiaries of a trust established upon the death in 1974 of one of the University's benefactors. The sole assets of the trust consist of ownership interests in two closely-held Huntsville, Alabama businesses named Big Springs, Inc. ("Big Springs") and Chambers Bottling Company, LLC ("Chambers"). The trust holds a 70% interest in the common stock of Big Springs and a 65% interest in Chambers. The trust was established with both lead and remainder beneficiaries. The lead interest in the trust (that is, the rights to the income generated by the trust assets) is divided equally among three sets of beneficiaries who hold a lifetime interest in those rights. As each lead interest terminates, a proportionate amount of the underlying assets in the trust is distributed among two residual beneficiaries, UAHF and another unrelated charitable organization. UAHF's share of the residual interest of the trust assets is 90 percent. UAHF accounts for its residual interest in the trust as an unconditional promise to give noncash assets, consistent with generally accepted accounting principles for situations where a donee has the eventual right to noncash assets held by a charitable trust but not the cash flows generated by them while they are held by the trust. UAHF recorded this interest at fair value as of the date it was awarded in 1974, and currently carries this interest in the Trust receivable line on UAHF's accompanying Statements of Financial Position.

During 2008, one of the income interests terminated, and a pro-rata distribution of the ownership interests held by the trust were transferred to UAHF. As a result of the satisfaction of a pro-rata share of the pledge, UAHF recognized a gain of $4,375,835 representing the increase in fair value of the noncash assets between the date the assets were promised in 1974 and their values upon actual receipt in 2008. As a result of the receipt of these equity interests, UAHF currently holds approximately 21% and 19.5% of Big Springs and Chambers, respectively. These equity interests allow UAHF to exercise significant influence over Big Springs and Chambers, and accordingly, UAHF accounts for these interests in under the equity method of accounting. During the years ended September 30, 2014 and 2013, UAHF recorded its proportionate share of earnings of each company (on a combined basis) of $348,360 and $594,251, respectively. In addition, UAHF received distributions from Chambers of $532,935 and $550,485 in 2014 and 2013, respectively. Big Springs did not make any distributions in either 2014 or 2013.

Eventually, all of the assets in the trust will be distributed upon the termination of the remaining lead interests, and the trust will terminate. At such time, UAHF will hold controlling interests of 63% and 58.5% in Big Springs and Chambers, respectively, and will consolidate these entities. UAHF will account for these interests under the equity method until the last lead interest is terminated, including the period after the termination of the second lead interest.

The following summarizes the combined financial position and results of operations of Big Springs and Chambers (on a consolidated basis) for the years ended September 30, 2014 and 2013:

	2014	2013
Current Assets	$ 17,791,276	$ 18,093,689
Noncurrent Assets	10,224,257	11,794,572
Current Liabilities	(2,999,249)	(3,502,034)
Noncurrent Liabilities	-	(257,493)
Equity	$ 25,016,284	$ 26,128,734
Net Sales	$ 37,223,680	$ 36,080,676
Operating Income	$ 2,377,082	$ 1,768,001
Net Income	$ 1,628,070	$ 3,052,625

Income Taxes-The Foundation is a nonprofit corporation that is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue code for activities related to its exempt purpose. Certain of the Foundation's activities are considered by the Internal Revenue Service to provide unrelated business income and, accordingly, income from these activities is subject to federal income tax. The Foundation's income tax expense totaled $211,131 and $306,200 for the years ended September 30, 2014 and 2013, respectively.

Endowments-The Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by the State Legislature and signed into law effective January 1, 2009. UPMIFA prescribes new guidelines for the expenditure of a donor-restricted endowment funds in the absence of overriding, explicit donor stipulations. Its predecessor, UMIFA, focused on the prudent spending of the net appreciation of the fund. UPMIFA instead focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic-dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund. UAHF adopted guidance provided by the FASB relevant to endowments of not-for-profit organization and the related net asset classification of endowment funds subject to an enacted version of UPMIFA and enhanced disclosures for all endowment funds. The impact of this guidance on the classification of net assets for UAHF was not material to UAHF and is disclosed in UAHF's financial statements. The earnings distributions are appropriated for expenditure by the governing Boards of Trustees of UAHF in a manner consistent with the standard of prudence prescribed by UPMIFA. In order to conform to the standards for prudent fiduciary management of investments, UAHF's Board of Trustees has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets.

Restricted Net Assets-Restricted net assets are classified as either temporarily restricted net assets and available for the following purposes, or permanently restricted net assets, which are restricted to investment in perpetuity, the income from which is expendable for the following purposes at September 30, 2014 and 2013:

	Temporarily Restricted		Permanently Restricted	
	2014	2013	2014	2013
Student support	$ 4,526,056	$ 4,148,249	$ 10,963,560	$ 10,758,833
Faculty support	2,627,112	2,417,674	5,990,607	5,959,331
Academic support	2,856,105	2,621,331	3,312,293	3,312,293
Facilities renovation	134,059	116,229	-	-
Research	208,627	123,587	-	-
Library	58,805	56,047	50,427	50,428
Total	$ 10,410,764	$ 9,483,117	$ 20,316,887	$ 20,080,885

Note 17 - Legal Settlement Receivable

In July 2006, Nektar Therapeutics (Nektar) and the University announced the settlement of the University's litigation against Nektar and Dr. Milton Harris, in exchange for a total cash payment of $25,000,000. Under the terms of the agreement, Nektar and Dr. Harris jointly made an upfront payment totaling $15,000,000 to the University during fiscal year 2006 with remaining payments due through 2016. Included in the statements of net position is the net present value of the remaining payments owed to the University of $1,855,729 and $2,716,120 as of FY 2014 and 2013, respectively.

Note 18 - Segment Information

The University constructed Southeast Housing and issued bonds in 1980 and 1982. The bonds were payable from revenues received by the University for the use and occupancy of the facility. Condensed financial information of the University's segment for FY 2014 and 2013, is as follows:

Condensed Statements of Position

	Dorm Revenue Bonds 1980		Dorm Revenue Bonds 1981	
	2014	**2013**	**2014**	**2013**
Assets				
Current assets	$ 179,193	$ 179,193	$ 154,895	$ 154,891
Capital assets, net of accumulated depreciation	856,483	980,148	846,809	976,938
Total assets	$ 1,035,676	$ 1,159,341	$ 1,001,704	$ 1,131,829
Liabilities				
Current liabilities	$ 546,344	$ 483,737	$ 1,422,104	$ 1,200,910
Noncurrent liabilities	445,000	525,000	819,603	892,125
Total liabilities	$ 991,344	$ 1,008,737	$ 2,241,707	$ 2,093,035
Net assets				
Invested in capital assets, net of related debt	$ 331,483	$ 375,148	$ 160,809	$ 200,938
Restricted				
Expendable	172,000	152,000	280,000	280,000
Unrestricted	(459,151)	(376,544)	(1,680,812)	(1,442,144)
Total net position	44,332	150,604	(1,240,003)	(961,206)
Total liabilities and net position	$ 1,035,676	$ 1,159,341	$ 1,001,704	$ 1,131,829

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Dorm Revenue Bonds 1980		Dorm Revenue Bonds 1981	
	2014	**2013**	**2014**	**2013**
Operating revenues	$ 526,933	$ 383,869	$ 736,974	$ 308,609
Operating expenses	(512,072)	(793,870)	(863,385)	(902,318)
Depreciation expense	(123,665)	(123,665)	(130,129)	(130,129)
Operating income (loss)	(108,804)	(533,666)	(256,540)	(723,838)
Nonoperating expenses	2,532	(1,315)	(22,257)	(26,180)
Transfers from general fund	-	-	-	-
Changes in net position	(106,272)	(534,981)	(278,797)	(750,018)
Net position, beginning of year	150,604	685,585	(961,206)	(211,188)
Net position, end of year	$ 44,332	$ 150,604	$ (1,240,003)	$ (961,206)

Condensed Statements of Cash Flows

	Dorm Revenue Bonds 1980		Dorm Revenue Bonds 1981	
	2014	**2013**	**2014**	**2013**
Cash flows from				
Operating activities	$ 33,868	$ (390,937)	$ (105,048)	$ (983,754)
Capital and related financing activities	(33,868)	298,287	105,048	983,754
Net increase (decrease) in cash	-	(92,650)	-	-
Cash, beginning of year	-	92,650	-	-
Cash, end of year	$ -	$ -	$ -	$ -

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA

ADMINISTRATION

Robert A. Altenkirch
President

Ray M. Pinner
Senior Vice President for Finance and Administration

Christine W. Curtis
Provost, Executive Vice President for Academic Affairs

Delois H. Smith
Vice President for Diversity

Robert E. Lyon
Vice President for University Advancement

Ray Vaughn
Vice President for Research

Kristi Motter
Vice President for Student Affairs

David Berkowitz
Dean, Graduate Studies

Mitch Berbrier
Interim Dean, College of Liberal Arts

Sundar Christopher
Dean, College of Science

Shankar Mahalingam
Dean, College of Engineering

Marsha Adams
Dean, College of Nursing

Caron St. John
Dean, College of Business Administration

William Wilkerson
Dean, Honors College

David Moore
Director, M. Louis Salmon Library

FINANCIAL STAFF

Robert C. Leonard
Associate Vice President for Finance & Business Services

Debbie S. Allen
Senior Staff Assistant

Melanie C. Newby
Director, Accounting & Financial Reporting

Tanya K. Smith
Associate Director, Accounting & Financial Reporting

Charles A. Burns
Assistant Director, Accounting & Financial Reporting

Betty M. Eley
Senior Accountant

Brandy L. Nicholson
Senior Accountant

Jeremy D. Holden
Senior Accountant

Laura Vereen
Accountant I

Laticia Gideon
Accounting Assistant

Patricia D. Ewert
Manager, Accounts Payable

Valarie L. King
Director, Contracts & Grants Accounting

Winnet H. Leonard
Bursar

Photographs courtesy of University Advancement and University Athletics

THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE