THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE

FINANCIAL REPORT

2023 | 2024

PART OF THE University of Alabama System

Table of Contents

The Charger Village I Interior Painting and Flooring replacement project consisted of carpet and LVT flooring in the common areas and resident rooms on the first through the fifth floors. In addition, all interior walls and trim were painted to give the building a clean and bright feel.

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.

A Space Grant College / An Affirmative Action/Equal Opportunity Institution

Report of Independent Auditors

To the Board of Trustees of The University of Alabama

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of The University of Alabama in Huntsville (the "University"), a campus of The University of Alabama System, a component unit of the State of Alabama, which comprise the statements of net position as of September 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and of cash flows (where applicable) for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of September 30, 2024 and 2023, 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.

We did not audit the financial statements of The University of Alabama Huntsville Foundation, the University's discretely presented component unit, which statements reflect total assets of $131.7 million and $121.0 million as of September 30, 2024 and 2023, and changes in net position of $13.8 million and $14.2 million 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 the discretely presented component unit, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1, the financial statements of the University 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 and the discretely presented component unit of the financial reporting entity of The University of Alabama System that are attributable to the transactions of the University. They do not purport to, and do not, present fairly the financial position of The University of Alabama System as of September 30, 2024 and 2023, the changes in its 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 opinions are not modified with respect to this matter.

PricewaterhouseCoopers LLP, 569 Brookwood Village, Suite 851, Birmingham, AL 35209
T: (205) 635 0300, www.pwc.com/us

pwc

Responsibilities of Management 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, and for 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 4 through 14 and the required supplemental information for the pension plan and postemployment benefits on pages 58 through 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental pwc

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.

PricewaterhouseCoopers L.L.P.

Birmingham, Alabama
February 3, 2025

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

The following discussion and analysis provide an overview of the financial performance and activities of The University of Alabama in Huntsville ("UAH" or "the University") for the fiscal years ended September 30, 2024, and 2023. Prepared by University management, this section, along with the accompanying financial statements and note disclosures, should be read in conjunction with those statements and disclosures. Management assumes full responsibility for the financial statements, notes, and this discussion.

Introduction

The University of Alabama in Huntsville is a public co-educational, state-supported research university and is classified as a 'very high research activity' institution by the Carnegie Foundation for the Advancement of Teaching, placing it among a select group of public universities in America. UAH has five research programs ranked in the top 25 in the nation, according to the National Science Foundation, including 8th in the United States in aerospace engineering. UAH is 13th in the nation in NASA-sponsored research and 22nd in the nation in DOD research.

The University offers 101 degree-granting programs that meet the highest standards of excellence, including 46 bachelor's degree programs, 37 master's degree programs, and 18 doctoral programs through its eight colleges: Arts, Humanities and Social Sciences; Business; Education; Engineering; Graduate School; Honors; 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 over 300 high technology and research companies.

UAH is ranked as "R1 – Very high research activity" status among doctoral-granting universities in the Carnegie Classification of Institutes of Higher Education rankings. U.S. News & World Report ranks UAH among the top eight percent of public universities in the nation. According to PayScale, UAH provides the number one return on investment of all Alabama schools for both in-state and out-of-state students.

The University expended over $126 million for externally funded projects for the year ended September 30, 2024. Sponsors of research include federal and state agencies, academic institutions, industry and private foundations. Research is conducted within the eight individual colleges and through the University's seventeen 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; lean supply chain, acquisition, and logistics; advanced manufacturing; and artificial intelligence.

Overview of Financial Statements

The financial statements provide comparative financial information for the University and its discretely presented component unit, The University of Alabama in Huntsville Foundation ("UAHF"). While UAHF's financial information is presented separately, it is not included in the University's MD&A, financial statements, or footnotes. However, UAHF's Statements of Net Position and Statements of Revenues, Expenses, and Changes in Net Position are discretely presented on pages 20–21.

Statements of Net Position

The Statements of Net Position provide a snapshot of the University's financial position as of September 30, 2024 and 2023, presenting its assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. These statements offer readers a fiscal overview of the University at the end of each fiscal year.

The Statements of Net Position outline the University's available assets to support ongoing operations. They also detail the University's obligations to vendors, bondholders, and lending institutions. Additionally, these statements provide insight into net position and the availability of resources for future expenditures.

Net position is classified into three categories:

1. **Net Investment in Capital Assets** – This consists of capital assets, net of accumulated depreciation, and the outstanding principal balances of debt incurred for their acquisition, construction, or improvement.

2. **Restricted Net Position** – This is further divided into:
   - **Nonexpendable**: Primarily related to endowments, where the principal must be maintained in perpetuity, while investment income is generally used for scholarships and fellowships.
   - **Expendable**: Available for University expenditures but restricted by donors or external entities for specific purposes or time periods.

3. **Unrestricted Net Position** – Available for general University use. This category is reduced by the recording of the University's share of the State of Alabama's unfunded pension and OPEB plan liabilities. Accordingly, this net position category has been negative in prior years.

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

Condensed Statements of Net Position

	September 30		
	2024	2023	2022
Current assets	$256,142,215	$191,133,109	$ 158,126,459
Noncurrent assets:			
Restricted cash	1,495,525	1,806,928	3,544,701
Endowment and other investments	163,672,531	155,236,075	99,977,742
Capital assets, net	308,845,336	307,152,753	306,061,306
Other	13,973,856	17,888,841	9,886,012
Total assets	744,129,463	673,217,705	577,596,220
Deferred outflows of resources	106,247,331	115,690,814	90,140,786
Current liabilities	93,569,135	83,366,886	85,763,478
Noncurrent liabilities	383,380,382	389,432,814	337,738,057
Total liabilities	476,949,517	472,799,700	423,501,535
Deferred inflows of resources - leases	5,239,251	5,968,200	6,753,327
Deferred inflows of resources - pension and OPEB	76,978,519	74,463,242	90,439,348
Total deferred inflows of resources	82,217,770	80,431,442	97,192,675
Net position			
Net investment in capital assets	169,486,369	165,912,607	169,013,485
Restricted	109,684,576	106,029,511	50,261,706
Unrestricted	12,038,562	(36,264,741)	(72,232,395)
Total net position	$291,209,507	$235,677,377	$ 147,042,796

For the year ended September 30, 2024, current assets increased $65.0 million largely driven by a $48.9 million increase in cash and cash equivalents. The improved cash position resulted from supplemental appropriations of $33.8 million received from the State of Alabama that were passed through the UA System Office as intergovernmental transfers. Other key drivers for the increase to current assets were an increase of nearly $4.6 million in accounts receivable associated with contracts and grants and an $8.9 million increase in short-term investments. At September 30, 2023, current assets increased $33.0 million to $191.1 million primarily due to an increase in cash and cash equivalents of $34.2 million, which was attributable to increased state educational and capital appropriations, along with intergovernmental transfers received during 2023.

For the year ended September 30, 2024, endowment and other non-current investments increased $8.4 million due to earnings on the endowment and other investments for capital activities. Capital assets, net of depreciation, increased by approximately $1.7 million in fiscal year 2024. Other noncurrent assets decreased by $3.9 million largely due to the reclassification of $3.0 million of non-current pledges receivable to current accounts receivable and $708.5 thousand of non-current leases receivable to current leases receivable. For the year ended September 30, 2023, endowment and other non-current investments increased $55.3 million due to investments of capital appropriations received and due to favorable returns on investments. Capital assets, net of depreciation, increased by $1.1 million. Other noncurrent assets increased by $8.0 million primarily due to a generous pledge from the UAH Foundation for construction of the Raymond B. Jones Engineering Building.

Deferred outflows represent the consumption of net assets attributable to a future period and consists of pension obligations (Note 9), and other post-employment benefits (“OPEB”) obligations (Note 10). At September 30, 2024, deferred outflows from pension obligations decreased $22.1 million to $60.3 million, and deferred outflows related to OPEB obligations increased $12.8 million to $46.0 million. The decrease in deferred outflows related to pension obligations and the increase in deferred outflows related to OPEB obligations is due to actuarial changes at the Plan level as reported by the Teachers’ Retirement System of Alabama (“TRS”) and the Alabama Public Education Employee Health Insurance Plan (PEEHIP”), respectively, along with the change in UAH’s respective proportionate shares thereof. During 2023, deferred outflows related to the pension obligation increased $38.9 million to $82.4 million and deferred outflows related to the OPEB obligation decreased $13.3 million to $33.3 million. These changes were due to actuarial changes at the Plan level as reported by TRS and PEEHIP, along with the change in UAH’s respective proportionate shares thereof. As discussed in Notes 10 and 11, total deferred outflows related to pension and OPEB, net of total deferred inflows related to pension and OPEB (discussed below) at September 30, 2024 of $29.4 will be recognized in UAH’s statements of revenue, expenses, and changes in net position over multiple years, with the impact to the year ended September 30, 2025 estimated to be a net expense of $4.6 million.

For the year ended September 30, 2024, current liabilities increased $10.2 million largely due to an increase in accounts payable and accrued liabilities as well as an increase in unearned revenues resulting from the fall academic term beginning later in the year. Noncurrent liabilities decreased approximately $6.0 million in fiscal year 2024 primarily due to payments on capital-related debt. For the year ended September 30, 2023, current liabilities decreased $2.4 million primarily due to $6.0 million decrease in unearned revenue that was attributable to softening enrollment and a shift in the academic calendar. This was offset by a $2.8 million increase in accounts payable and accrued liabilities. For the year ended September 30, 2023, noncurrent liabilities increased by $51.7 million as a result of increases to pension liabilities of $90.6 million and increases in lease and SBITA liabilities of $7.1 million. These increases were offset by payments for bond principal of $5.6 million, payments for lease and SBITA principal of $1.3 million and a decrease in OPEB liabilities of $39.6 million.

Deferred inflows represent the acquisition of net assets attributable to a future period and are associated with future lease payments, pension obligations (Note 9) and OPEB obligations (Note 10). At September 30, 2024, deferred inflows related to leases decreased $729 thousand to $5.2 million as a result of recognizing lease revenue through the amortization of the deferred inflow of resources for leases. During 2024, deferred inflows related to the pension obligation increased $2.3 million to $11.9 million and deferred inflows related to the OPEB obligation increased $214 thousand to $65.0 million. These increases in deferred inflows related to the pension and OPEB obligations are due to actuarial changes at the Plan level as reported by TRS and PEEHIP, respectively, along with changes in UAH’s respective proportionate shares thereof. At September 30, 2023, deferred inflows related to leases decreased $785 thousand to $5.9 million as a result of recognizing lease revenue through the amortization of the deferred inflow of resources for leases. During 2023, deferred inflows related to the pension obligation decreased $36.1 million to $9.6 million, and deferred inflows related to the OPEB obligation increased $20.1 million to $64.8 million. These changes in deferred inflows were due to actuarial changes at the Plan level as reported by TRS and PEEHIP, along with changes in UAH’s respective proportionate shares thereof.

GASB Statements No. 68 and 75 require governmental employers participating in multi-employer, cost-sharing pension and healthcare benefit plans to recognize their proportionate share of the unfunded liability when a plan's actuarial liabilities exceed its net assets. Under Alabama law, all eligible employees of a qualifying public educational employer must participate in the Teachers' Retirement System of Alabama ("TRS"). As a qualifying employer, the University is required to make employer contributions on behalf of its employees participating in TRS's defined benefit pension plan. Additionally, Alabama statutes allow the University to opt in to provide eligible retirees with healthcare benefits through the Public Education Employees' Health Insurance Plan ("PEEHIP").

The employer contribution rates for both plans are established annually by TRS and PEEHIP and adopted by the Alabama Legislature. The TRS employer contribution rate and the University's PEEHIP retiree coverage cost are determined based on actuarial valuations performed by TRS and PEEHIP, respectively. Although the liabilities recognized under GASB Statements No. 68 and 75 meet GASB's definition of a liability within its accounting standards framework, UAH does not consider these recorded liabilities to be legal obligations of the University, nor do they expose the University to additional claims on its resources. For further details, refer to Notes 9 and 10 to the financial statements.

For the year ended September 30, 2024, the University's total net position increased $55.5 million. The University's net investment in capital assets decreased approximately $3.6 million. Restricted net position increased approximately $3.7 million. Unrestricted net position increased $48.3 million primarily due to state supplemental appropriations received by the UA System and transferred to UAH and unrestricted investment income. 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 and various academic and research initiatives.

For the year ended September 30, 2023, the University's total net position increased $88.6 million. The University's net investment in capital assets decreased approximately $3.1 million. Restricted net position increased approximately $55.8 million primarily due to restricted capital gifts and appropriations. The deficit in unrestricted net position decreased approximately $36.0 million.

Capital Assets

For the years ended September 30, 2024, 2023, and 2022, the University had approximately $663,2 million, $651.7 million, and $638.5 million invested in capital assets and accumulated depreciation of $354.4 million, $344.6 million, and $332.4 million, respectively. Depreciation charges for the years ended September 30, 2024, 2023, and 2022, were $21.6 million, $20.3 million, and $19.3 million, respectively. The following table summarizes the University's capital assets, net of accumulated depreciation, as of September 30:

Capital Assets, Net

	2024	2023	2022
Land	$ 14,050,899	$ 14,050,899	$ 14,050,899
Land improvements and infrastructure, net	8,818,906	8,410,369	7,236,076
Buildings and building improvements, net	248,399,820	251,686,470	261,931,352
Equipment, net	25,496,708	20,685,365	17,498,167
Library books, net	1,136,763	1,208,879	1,089,339
Computer Software	-	-	590,849
Right of use assets - Leases	6,214,322	7,896,455	-
Right of use assets - SBITAs	3,528,516	2,014,914	2,465,222
Collections	1,199,402	1,199,402	1,199,402
Total capital assets, net	$308,845,336	$307,152,753	$306,061,306

Major capital projects that reached substantial completion in fiscal year 2024 include the renovation of the Office of Sponsored Programs Suite in the Conference Training Center, interior painting and reflooring of Charger Village, roof replacements at the Material Science and Physical Plant buildings, and remediation and demolition of the von Braun Research Hall E-Wing.

Additional information about the University's capital assets is presented in Note 6 to the financial statements.

Debt

This table summarizes outstanding debt by type, as of September 30. Principal and interest on these revenue bonds are collateralized by a pledge of revenues produced by student housing and student tuition and fees.

	2024	2023	2022
Bonds - Current	$ 6,193,000	$ 5,942,000	$ 5,580,000
Bonds - Long Term	113,465,000	119,658,000	125,600,000
Lease - Current	826,024	877,012	194,000
Lease - Long Term	5,803,670	7,282,560	19,630
SBITA - Current	966,189	415,908	453,786
SBITA - Long Term	1,836,912	814,392	1,016,679
Premium, net	9,596,331	10,188,576	10,780,819
Total debt outstanding	$138,687,125	$145,178,448	$143,644,914

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position, as presented in the Statements of Net Position, reflect the activity reported in the Statements of Revenues, Expenses, and Changes in Net Position, which detail the University's results of operations. These statements present both operating and non-operating revenues and expenses, along with other changes in net position.

State educational appropriations are classified as non-operating revenues in accordance with GASB accounting standards because they are provided by the State Legislature to the University without the Legislature receiving commensurate goods or services in return. Without these non-operating revenues, particularly state appropriations, the University would be unable to cover its operational costs. These sources are vital to the University's financial stability and directly influence 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:

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

	Years ended September 30		
	2024	2023	2022
Operating revenues:			
Tuition and fees	$105,738,821	$116,180,404	$120,448,927
Less: scholarship allowances	(37,030,746)	(40,451,521)	(44,907,292)
Tuition and fees, net	68,708,075	75,728,883	75,541,635
Federal, state and private grants and contracts	126,041,855	133,491,568	141,726,623
Sales and services of educational activities	4,641,163	4,032,231	5,341,508
Auxiliary, net of $821,262 in 2024, $795,249 in 2023, and $1,356,764 in 2022 of scholarship allowances	15,308,354	16,140,647	13,349,046
Total operating revenues	214,699,447	229,393,329	235,958,812
Operating expenses	300,701,339	300,920,245	299,498,645
Operating loss	(86,001,892)	(71,526,916)	(63,539,833)
Nonoperating revenues (expenses):			
State educational appropriations	71,328,381	73,678,125	58,322,523
Private gifts	2,834,837	3,398,143	4,615,976
Net investment (loss) income	28,256,588	14,685,547	(16,315,109)
Grant revenue	10,032,782	9,170,783	19,528,130
Other non-operating revenue/expense	489,127	(445,794)	(213,736)
Interest expense	(4,783,195)	(5,403,646)	(5,893,703)
Net nonoperating revenues	108,158,519	95,083,158	60,044,081
Other changes in net position	33,375,503	65,078,339	25,499,272
Increase in net position	55,532,130	88,634,581	22,003,520
Net position, beginning of year	235,677,377	147,042,796	125,039,276
Net position, end of year	$291,209,507	$235,677,377	$147,042,796

Net tuition and fees decreased approximately $7.0 million in fiscal year 2024 primarily due to a decline in enrollment and credit hour production particularly among out-of-state students. Net tuition and fees in fiscal year 2023 increased by approximately $187 thousand reflecting the combined impact of softening enrollment, tuition rate adjustments, and changes to scholarship and discounting strategies.

Approximately $71.3 million in state educational appropriations were received for the year ended September 30, 2024. Of this amount, $68.3 million was from recurring appropriations and $3.0 million was a supplemental appropriation in support of UAH's Center for Cybersecurity Research and Education.

Significant recurring sources of the University's revenues, such as state appropriations, are considered non-operating, as defined by GASB Statement No. 35, *Basic Financial Statements-Management's Discussion and Analysis – for Public Colleges and Universities*.

The following is a summary of revenues by source (both operating and non-operating) for the years ended September 30:

Revenue Sources for the years ended September 30

	2024		2023		2022	
State educational appropriations	$ 71,328,381	19.8%	$ 73,678,125	18.7%	$ 58,322,523	17.8%
Net investment income (loss)	28,256,588	7.8%	14,685,547	3.7%	(16,315,109)	-5.0%
Grants and contracts	126,041,855	34.9%	133,491,568	33.8%	141,726,623	43.3%
Private gifts	2,834,837	0.8%	6,590,432	1.7%	4,615,976	1.4%
Auxiliary	15,308,354	4.2%	16,140,647	4.1%	13,349,046	4.1%
Net tuition and fees	68,708,075	19.0%	75,728,883	19.2%	75,541,635	23.1%
Sales and services	4,641,163	1.3%	4,032,231	1.0%	5,341,508	1.6%
Capital gifts, grants and appropriations	33,375,503	9.2%	61,886,050	15.7%	25,499,272	7.8%
Non-operating grant revenue	10,032,782	2.8%	9,170,783	2.3%	19,528,130	6.0%
Other non-operating revenue (expense)	489,127	0.1%	(445,794)	-0.1%	(213,736)	-0.1%
Total revenues	$361,016,664		$394,958,472		$327,395,868	

The University receives grant and contract revenue from federal, state, and local governments, as well as private agencies. These funds support the University's mission of research, education, and public service and are recorded as operating revenues. Grants and contracts revenue decreased $7.4 million in fiscal year 2024 and $8.2 million in fiscal year 2023 primarily due to Department of Defense contracts that were not renewed.

Favorable market conditions continued to benefit UAH in fiscal year 2024, resulting in net investment income of $28.3 million which was an increase of $13.5 million from fiscal year 2023. In fiscal year 2023, net investment income was $14.7 million which was an increase of $31.0 million from fiscal year 2022. This growth was primarily driven by income and gains from UAH's investments in the UA System Investment Pools.

The University received gifts of approximately $2.9 million for fiscal year 2024 that will be used to support various academic programs and provide scholarships and fellowships to UAH students as stipulated by our generous donors. UAH received gifts of $6.5 million in 2023 and $4.6 million in 2022.

The University's auxiliary operations, which primarily include food service, housing, and bookstore sales, experienced a net decrease of $832,000 in 2024. This decline was driven by lower enrollment, partially offset by a modest increase in rental rates. In contrast, auxiliary revenues increased by $2.8 million in 2023, primarily due to higher housing occupancy and a slight rental rate adjustment.

For the year ended September 30, 2024, sales and services revenue increased $609 thousand driven primarily by revenues received from parking services and from athletic events. For the year ended September 30, 2023, sales and services revenue decreased by $1.3 million primarily due to softening enrollment.

Federal and State of Alabama student financial aid programs remain the primary sources of UAH's non-operating grant revenue. In 2024, Pell Grant revenue totaled $9.2 million, reflecting a $1.0 million increase from fiscal year 2023. Non-operating grant revenue was higher in 2022 due to the final expenditure of UAH's COVID-19 relief funds.

UAH continued to benefit from supplemental appropriations from the State of Alabama in fiscal year 2024, receiving $30.7 million to support key initiatives, including cybersecurity research, enrollment management, Ph.D. programs, and deferred maintenance. These funds were allocated to the UA System and subsequently transferred to UAH. In 2023, UAH received a $20.0 million pledge from the UAH Foundation and a $19.6 million transfer from the UA System Office to support the construction of the Raymond B. Jones Engineering Building.

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

	Years ended September 30		
	2024	2023	2022
National Aeronautics and Space Administration	$ 37,076,876	$ 36,885,602	$ 33,593,858
Department of Defense	63,979,879	67,472,706	83,532,186
National Science Foundation	10,048,283	10,827,266	8,432,582
Department of Education	804,303	565,594	420,244
Other	7,477,019	9,386,725	7,992,236
Total	$ 119,386,359	$ 125,137,893	$ 133,971,106

The University is classified by the Carnegie Classification of Institutions of Higher Education as R1: Doctoral Universities—Very High Research Activity. While operating revenues from federals grants and contracts decreased to $119.4 million in fiscal year 2024, UAH's research prowess continues to remain strong. While Department of Defense ("DOD") funding declined again in FY24 to $63.9 million due to the expiration of various grants and contracts, UAH continues to receive federal funding from various federal agencies and partners.

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

Operating Expenses (by natural classification)

	Years ended September 30		
	2024	2023	2022
Salaries, wages, and benefits	$ 211,953,114	$ 204,316,017	$ 188,679,058
Supplies and services	63,837,044	72,065,103	78,571,968
Depreciation	21,554,029	20,326,789	19,336,020
Scholarships and fellowships	3,357,151	4,212,336	12,911,599
Total operating expenses	$ 300,701,339	$ 300,920,245	$ 299,498,645

Operating Expenses (by functional classification)

	2024	2023	2022
Instruction	$ 69,729,558	$ 68,980,100	$ 66,053,947
Research	115,816,127	121,914,988	116,481,315
Public service	3,752,015	3,867,260	5,830,040
Academic support	17,882,861	16,094,042	13,081,415
Student services	18,836,394	18,308,256	20,154,276
Institutional support	26,683,886	23,674,458	20,840,523
Operations and maintenance of plant	15,112,405	15,732,384	14,982,342
Scholarships and fellowships	3,357,151	4,212,336	12,911,599
Auxiliary enterprises	7,976,914	7,809,632	9,827,168
Depreciation	21,554,029	20,326,789	19,336,020
Total operating expenses	$ 300,701,339	$ 300,920,245	$ 299,498,645

The University reports expenses by natural classification in the SRECNP. Salaries, wages, and benefits increased by $7.6 million in 2024, totaling approximately $212 million. This increase was driven by a 3% merit pool for faculty and staff, higher pension and OPEB expense adjustments under GASB Statements No. 68 and 75, and rising benefit costs. In 2023, salaries, wages, and benefits increased by $15.6 million, primarily due to pension and OPEB adjustments.

For the year ended September 30, 2024, supplies and services expenses declined $8.2 million to $63.8 million largely driven by the decline in grants and contracts activity. For the year ended September 30, 2023, supplies and services expense declined $6.5 million to $72.1 million due to declines in grants and contracts activity.

Scholarships and fellowships expenses reflect the net cost after applying scholarship allowances to gross tuition and fees. Scholarship allowances represent institutional scholarships and financial aid, including Pell Grant assistance, which is reported as non-operating revenue. In 2024, scholarship and fellowship expenses decreased by $855 thousand, driven by enrollment declines and adjustments to UAH’s scholarship and discounting strategies. In 2023, these expenses decreased by $8.7 million, primarily due to the full expenditure of UAH’s COVID-19 emergency financial aid grants in 2022.

In addition to natural classifications, operating expenses are reported by functional classification as defined by the National Association of College and University Business Officers (“NACUBO”). The functional classification of an operating expense (Instruction, Research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. This method reflects, by function of the University, amounts expended in areas such as instruction, research, and operations and maintenance and is used most commonly for comparative reporting purposes among colleges and universities.

Economic Factors That Will Affect the Future

The University of Alabama in Huntsville faces several economic factors that may influence its financial health and strategic priorities. Fall 2024 enrollment totaled 8,564 students, a decline of 179 students from Fall 2023 and 1,436 students from the University's peak enrollment of 10,000 in Fall 2020. UAH also experienced a decline in enrollment and credit hour production between Spring 2024 and Spring 2023, particularly amongst its out-of-state students, which contributed to the decline in net tuition and fee revenue in fiscal year 2024. In response, UAH has realigned its Enrollment Management functions under the Academic Affairs Division and is making strategic investments in advising and student services to enhance retention rates. Balancing affordability and access with the need to remain competitive in a challenging higher education environment will be key to stabilizing and growing enrollment.

State appropriations remain a vital revenue source, directly impacting the University's ability to manage tuition rates and fund strategic initiatives. Any changes in funding levels could affect operational budgets and UAH's capacity to invest in its academic and research missions. A direct relationship exists between increased state support and the University's ability to control tuition rates, which is essential for ensuring access for students.

As an R1 research university, UAH's research enterprise is central to its mission. Sustaining and expanding research activity requires continued success in securing external grants and contracts, which may be influenced by shifts in federal funding priorities or economic constraints. UAH's location in Huntsville provides a significant advantage, offering opportunities for collaboration and economic development partnerships within the region's dynamic aerospace, defense, and technology sectors. These collaborations are vital to maintaining UAH's high research output and its positive impact on North Alabama.

UAH recognizes the importance of modernizing its administrative operations to enhance efficiency, decision-making, and financial reporting. The University is actively evaluating solutions to replace its legacy ERP system. A modern ERP is expected to improve operational capabilities, though careful planning and resource allocation will be required to ensure a successful implementation.

In addition to modernization, UAH must address aging infrastructure and deferred maintenance, which are critical to supporting its mission and ensuring the campus remains a competitive and functional environment for students, faculty, and staff. Inflationary pressures and rising costs for goods, services, and utilities further constrain budgets, necessitating cost-containment strategies and the exploration of alternative revenue streams. Workforce pressures, including rising compensation costs in a competitive labor market, underscore the need for effective recruitment and retention strategies to maintain excellence across the institution.

Despite these challenges, UAH is well-positioned to navigate the evolving economic landscape. Its strong research reputation, strategic location in a thriving regional economy, and commitment to student success and operational excellence provide a solid foundation for continued growth and long-term success. The University remains steadfast in its mission to advance knowledge, foster innovation, and serve the needs of Alabama and beyond.

The University of Alabama in Huntsville
Statements of Net Position
September 30, 2024 and 2023

	2024	2023
Assets		
Current Assets:		
Cash and cash equivalents	$ 178,489,415	$ 129,564,474
Short-term investments	13,415,253	4,421,381
Accounts receivable, net	45,327,734	41,497,806
Leases receivable, current portion	734,327	688,974
Other current assets	18,175,486	14,960,474
Total current assets	256,142,215	191,133,109
Noncurrent Assets:		
Restricted cash and cash equivalents	1,495,525	1,806,928
Endowment investments	52,518,307	46,531,920
Investments for capital activities	111,154,224	108,704,155
Leases receivable	5,087,268	5,795,761
Capital assets, net	308,845,336	307,152,753
Other noncurrent assets	8,886,588	12,093,079
Total noncurrent assets	487,987,248	482,084,596
Total Assets	**744,129,463**	**673,217,705**
Deferred Outflows of Resources		
Pension and OPEB obligations	106,247,331	115,690,814
Total Deferred Outflows of Resources	**106,247,331**	**115,690,814**
Total Assets and Deferred Outflows of Resources	**$ 850,376,794**	**$ 788,908,519**

See accompanying notes to financial statements

The University of Alabama in Huntsville
Statements of Net Position -- Continued
September 30, 2024 and 2023

Liabilities and Net Position	2024	2023
Current Liabilities:		
Accounts payable and accrued liabilities	$ 41,465,615	$ 36,146,990
Unearned revenue	43,462,635	39,727,136
Current portion of long-term debt	7,985,213	7,234,920
Deposits held for others	655,672	257,840
Total current liabilities	93,569,135	83,366,886
Noncurrent Liabilities:		
Long-term debt	130,701,913	137,943,528
Federal advances - loan funds	981,191	981,191
Pension liability	231,952,000	237,205,000
OPEB liability	19,745,278	13,303,095
Total noncurrent liabilities	383,380,382	389,432,814
Total Liabilities	**476,949,517**	**472,799,700**
Deferred Inflows of Resources		
Leases	5,239,251	5,968,200
Pension and OPEB obligations	76,978,519	74,463,242
Total Deferred Inflows of Resources	**82,217,770**	**80,431,442**
Total Liabilities and Deferred Inflows of Resources	**$ 559,167,287**	**$ 553,231,142**
Net Position:		
Net investment in capital assets	169,486,369	165,912,607
Restricted:		
Nonexpendable	18,055,282	17,887,270
Expendable	91,629,294	88,142,241
Unrestricted	12,038,562	(36,264,741)
Total Net Position	291,209,507	235,677,377
Total Liabilities and Net Position	**$ 850,376,794**	**$ 788,908,519**

See accompanying notes to financial statements

The University of Alabama in Huntsville
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2024 and 2023

	2024	2023
Operating Revenues		
Tuition and fees	$105,738,821	$116,180,404
Less: scholarship allowances	(37,030,746)	(40,451,521)
Tuition and fees, net	68,708,075	75,728,883
Grants and contracts		
Federal	119,386,359	125,137,893
State	4,391,296	5,526,996
Private	2,264,200	2,826,679
Sales and services of educational activities	4,641,163	4,032,231
Auxiliary, net of $821,262 in 2024 and $795,249 in 2023 of scholarship allowances	15,308,354	16,140,647
Total Operating Revenues	**214,699,447**	**229,393,329**
Operating Expenses		
Salaries, wages and benefits	211,953,114	204,316,017
Supplies and services	63,837,044	72,065,103
Depreciation	21,554,029	20,326,789
Scholarships and fellowships	3,357,151	4,212,336
Total Operating Expenses	**300,701,339**	**300,920,245**
Operating loss	(86,001,892)	(71,526,916)
Nonoperating Revenues (Expenses)		
State educational appropriations	71,328,381	73,678,125
Private gifts	2,834,837	3,398,143
Net investment income	28,256,588	14,685,547
Grant revenue	10,032,782	9,170,783
Other nonoperating revenues (expenses), net	489,127	(445,794)
Interest expense	(4,783,195)	(5,403,646)
Net Nonoperating Revenues	108,158,519	95,083,158
Income before other changes in net position	22,156,628	23,556,242
Other Changes in Net Position		
Capital gifts, grants and appropriations	25,500	20,401,460
State capital funds	2,450,031	2,626,405
State capital appropriations	-	19,287,652
Intergovernmental transfers	30,750,000	19,570,533
Additions to permanent endowments	149,971	3,192,289
Other changes in net position	**33,375,503**	**65,078,339**
Increase in net position	55,532,130	88,634,581
Net Position, Beginning of Year	235,677,377	147,042,796
Net Position, End of Year	**$291,209,507**	**$235,677,377**

See accompanying notes to financial statements

The University of Alabama in Huntsville
Statements of Cash Flows
Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Student tuition and fees	$ 70,393,212	$ 71,981,706
Federal grants and contracts	116,033,426	130,728,607
State and local grants and contracts	4,391,296	5,792,946
Private grants and contracts	2,104,744	2,962,694
Sales and services of educational and other departmental activities	4,526,634	3,748,234
Auxiliary enterprises	15,713,510	13,803,753
Payments to suppliers	(62,938,554)	(73,246,011)
Payments to employees and related fringes	(195,033,040)	(191,909,666)
Payments for scholarships and fellowships	(5,818,030)	(2,198,552)
Net Cash Used in Operating Activities	**(50,626,803)**	**(38,336,289)**
Cash Flows from Noncapital Financing Activities		
State educational appropriations	71,328,381	73,678,125
Intergovernmental transfer	30,750,000	19,570,533
Private gifts	3,350,808	6,890,432
Student direct lending receipts	22,943,120	24,405,122
Student direct lending disbursements	(23,319,225)	(24,310,983)
Amounts received from affiliates	397,832	-
Amounts paid to affiliates	-	(11,036)
Grant fund receipts	10,032,782	9,170,783
Net Cash Provided by Noncapital Financing Activities	**115,483,699**	**109,392,976**
Cash Flows from Investing Activities		
Investment income	8,486,877	1,836,553
Proceeds from sales and maturities of investments	91,340,154	3,035,344
Purchases of investments	(88,680,640)	(49,270,384)
Net Cash Provided by (Used in) Investing Activities	**11,146,391**	**(44,398,487)**
Cash Flows from Capital and Related Financing Activities		
Payments received for lease principal and interest	1,032,974	1,377,723
Net proceeds from issuance of bonds	-	-
Purchase of capital assets	(18,410,951)	(10,614,318)
Capital gifts, grants and appropriations	3,025,500	8,401,460
State capital funds	351,291	
State capital appropriations	-	19,287,652
Principal payments on capital debt	(7,834,014)	(7,100,697)
Interest payments on capital debt	(5,554,549)	(5,522,594)
Net Cash (Used in) Provided by Capital and Related Financing Activities	**(27,389,749)**	**5,829,226**
Net increase in cash and cash equivalents	48,613,538	32,487,425
Cash and Cash Equivalents, Beginning of Year	131,371,402	98,883,977
Cash and Cash Equivalents, End of Year	**$ 179,984,940**	**$ 131,371,402**
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position		
Cash and cash equivalents in current assets	178,489,415	129,564,474
Restricted cash and cash equivalents	1,495,525	1,806,928
Total Cash and Cash Equivalents	**$ 179,984,940**	**$ 131,371,402**

See accompanying notes to financial statements

The University of Alabama in Huntsville
Statements of Cash Flows -- Continued
Years Ended September 30, 2024 and 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$ (86,001,892)	$ (71,526,916)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization expense	21,554,029	19,741,037
Pension expense	34,859,147	30,263,769
OPEB expense	(4,505,709)	(4,389,089)
Adjustment for lease payments	(786,737)	(587,171)
Changes in assets and liabilities:		
Accounts receivable, net	(4,485,387)	5,607,170
Other current assets	(3,178,035)	2,005,799
Pension obligations	(15,744,759)	(14,658,669)
OPEB obligations	(1,460,736)	(1,746,334)
Accounts payable and accrued liabilities	5,387,777	2,936,675
Unearned revenues	3,735,499	(5,982,559)
Net Cash Used in Operating Activities	**$ (50,626,803)**	**$ (38,336,289)**
Supplemental Noncash Activities Information		
Increase in fair value of investments	19,769,711	10,274,001
Capital asset purchases accrued at year end	671,842	348,284
Debt proceeds immediately transferred into escrow	-	25,735,000
Capital assets acquired with State capital funds	2,450,030	2,626,405
Capital assets acquired through leases	-	8,774,193
Capital assets acquired through SBITAs	3,119,645	301,957

See accompanying notes to financial statements

University of Alabama Huntsville Foundation
Discretely Presented Component Unit
Statements of Net Position
September 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	$ 24,528,808	$ 17,585,270
Accrued interest	600,332	557,785
Total current assets	**25,129,140**	**18,143,055**
Noncurrent assets		
Investments	85,155,564	78,563,023
Investment in real estate	220,969	220,969
Investment in trust	18,645,983	18,216,740
Pledges receivable, net	2,217,009	5,153,777
Trust receivable	242,479	242,479
Other receivable	75,000	418,624
Total noncurrent assets	**106,557,004**	**102,815,612**
Total Assets	**$ 131,686,144**	**$ 120,958,667**
Liabilities		
Current liabilities		
Accounts payable	$ 734,548	$ 310,198
Annuity payable	6,091	79,157
Income tax payable	-	830,597
Related party payable	-	32,616
Pledge payable, related party	3,465,162	3,000,000
Total current liabilities	**4,205,801**	**4,252,568**
Noncurrent liabilities		
Pledge payable, related party, net of current portion	6,000,000	9,000,000
Total noncurrent liabilities	6,000,000	9,000,000
Total Liabilities	**$ 10,205,801**	**$ 13,252,568**
Net Position		
Unrestricted	63,616,891	54,510,644
Restricted		
Expendable	25,266,010	21,599,867
Nonexpendable	32,597,442	31,595,588
Total Net Position	**121,480,343**	**107,706,099**
Total Liabilities and Net Position	**$ 131,686,144**	**$ 120,958,667**

See Note 2

University of Alabama Huntsville Foundation
Discretely Presented Component Unit
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2024 and 2023

	2024	2023
Operating Revenues		
Contributions	$ 3,109,845	$ 5,825,262
Other Income	258,950	299,413
Total Operating Revenues	**3,368,795**	**6,124,675**
Operating Expenses		
Scholarships to UAH	1,437,525	1,239,535
Contributions to UAH	2,350,585	21,904,454
Professional Services	62,950	96,510
Other Expenses	1,806,009	325,124
Total Operating Expenses	**5,657,069**	**23,565,622**
Operating Loss	**(2,288,274)**	**(17,440,947)**
Nonoperating Revenues (Expenses)		
Investment Income, Net	12,358,039	26,515,060
Rent Income	1,400	1,400
Equity in earnings of trust	4,771,501	6,396,999
Change in value of split-interest agreement	75,821	(11,297)
Income tax expense	(1,144,243)	(1,305,797)
Net Nonoperating Revenues (Expenses)	**16,062,518**	**31,596,365**
Increase in net position	13,774,244	14,155,418
Net Position, Beginning of Year	107,706,099	93,550,682
Net Position, End of Year	**$ 121,480,343**	**$ 107,706,100**

See Note 2

Notes to Financial Statements
Years Ended September 30, 2024 and 2023

Note 1 – Organization and Summary of Significant Accounting Policies

Financial Reporting Entity - The University of Alabama in Huntsville (the "University") is one of three universities of The University of Alabama System (the "System"), a component unit of the State of Alabama (the "State"). These 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 financial statements of the University are intended to present the financial position, the 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. They do not purport to, and do not, present fairly the financial position of the System, its changes in financial position, or its cash flows. 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.

Scope of Statements - The University follows Governmental Accounting Standards Board (GASB) Statement No. 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 33-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 in accordance with GASB accounting guidance.

UAHF is a not-for-profit organization that reports its financial results under the Financial Accounting Standards 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 presentation features are different from GASB presentation features.

While no modifications have been made to UAHF's financial information in the University's financial reporting entity for recognition or accounting differences, certain modifications have been made to the presentation and captioning of UAHF's financial statements in the University's financial reporting entity to conform with the University's financial statement presentation. Significant note disclosures (see Note 2) to UAHF's financial statements have been incorporated into the University's notes to the financial statements. During fiscal years 2024 and 2023, UAHF distributed $3,788,110 and $23,143,989, respectively, to or for the University for both restricted and unrestricted purposes. Complete financial statements for UAHF are available by phoning (256) 824-6350.

The University is also affiliated with the University of Alabama in Huntsville Research and Technology Corporation (the "RTC"). This entity does not meet the definition of component units under GASB guidance. Therefore, they have not been included within the University's financial statements.

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. Revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. The University is not a separate legal entity from the System and therefore, management is not required to and has not performed a going concern analysis at the University level.

Accordingly, the financial statements of the University have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (“GASB”), using the economic measurement focus and the accrual basis of accounting.

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:

- **Net investment in capital assets**: 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, which when used 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 with the passage of time.

- **Unrestricted:** Net position which 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 internally designated for academic, research, public service, and capital purposes.

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, investments for capital activities and other long-term investments are included in the noncurrent investments category.

Investments: The University’s investment portfolio is primarily invested in investment pools maintained by The University of Alabama System. Fair value for the investment pools is determined 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. Fair value for investments held directly by the University is determined from quoted market prices or market prices of similar instruments. Net investment income or loss, including realized and unrealized gains and losses, is reported as non-operating 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 short-term investments.

Accounts Receivable: Accounts receivable consist primarily of tuition and fees charged to students, and 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 grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

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.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or acquisition value at date of donation in the case of gifts, less accumulated depreciation. Leases and SBITAs are recorded at the estimated present value of future payments, net of amounts paid in advance and direct costs. 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.

Depreciation of buildings and building improvements (5-40 years), land improvements and infrastructure (10 years), library collections (10 years), and inventoried equipment (5-8 years) is computed on a straight-line basis. Assets under leases and SBITAs are amortized over the shorter of the lease term or subscription term or the estimated useful life of the asset. 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 Statement No. 35. 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 acquisition 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 position.

Unearned Revenues: Unearned revenues consist primarily of the portion 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 transactions such as payments received for providing services, payments made for services or goods received, and from grants and contracts. Certain significant revenue streams relied upon to support operations are recorded as non-operating 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. Capital gifts are considered neither operating nor non-operating activities, and are presented after non-operating 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.

Federal Refundable Loans: Certain loans to students are administered by UAH with funding primarily supported by the federal government. UAH's statements of net position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

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 has adopted a spending rate of 4.5%, based on a moving five-year average of the market (unit) value, and return of gains for underwater endowments.

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 – Component Unit

Basis of Accounting – The stand-alone 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 as prescribed by the Financial Accounting Standards Board ("FASB").

Basis of Presentation – Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets and changes therein are classified and reported as follows in separately issued financial statements:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category include unrestricted gifts and earnings on these unrestricted gifts. In order to comply with GASB presentation features, net assets without donor restrictions are presented as unrestricted net position within the University's discrete presentation of this component unit.

With Donor Restrictions – Net assets with donor restrictions are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature and the restriction will expire when the resources are used in accordance with the donor's instructions, or when the stipulated time has passed. When a donor's restriction is met, or has expired, the amounts are reclassified to net assets without donor restrictions. Items that affect this net asset category include restricted gifts and earnings on endowment funds expendable for purposes stipulated by the donor. In order to comply with GASB presentation features, these net assets with donor restrictions for UAHF are presented as restricted expendable net position within the University's discrete presentation of UAHF.

Some donor-imposed restrictions are to be maintained permanently by the Foundation. These resources include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income earned on the gifts be made available for expenditure. In order to comply with GASB presentation features, net assets with these donor restrictions for UAHF are presented as restricted nonexpendable net position within the University's discrete presentation of UAHF.

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 restrictions or the absence thereof.

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. All interest income and realized gains and losses are reported in the statement of activities.

Investments – The following are the cost and reported value of investments as of September 30, 2024 and 2023:

	2024		2023	
	Reported Value	Cost	Reported Value	Cost
Certificates of deposit	$ 6,099,066	$ 6,099,063	$ 5,828,820	$ 5,828,820
Pooled Endowment Fund	61,408,263	48,785,249	53,095,099	46,624,763
Liquidity and Capital Reserve Fund	3,008,901	3,132,993	2,551,443	3,078,241
Marketable debt securities	5,562,731	5,536,285	9,933,614	9,947,070
Marketable equity securities	6,470,525	5,509,224	4,955,208	4,463,921
Mutual funds	2,606,078	2,485,568	2,198,840	2,431,548
Total	$ 85,155,564	$ 71,548,382	$ 78,563,024	$ 72,374,363

UAHF invests certain amounts in an 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 investment pool invests in various investment securities, including both marketable and non-marketable securities.

The Liquidity and Capital Reserve Pool Fund serves as an investment vehicle to manage operating reserves of the System universities, hospital, and related entities with an investment strategy that matches the duration of reserves to their projected needs. The goals of the pool are to preserve and grow capital, maximize returns without undue exposure to risk, and maintain sufficient liquidity for credit ratings. The pool is invested in a diversified asset mix of liquid, semi-liquid, and illiquid securities. The pool can invest no more than 15% in illiquid assets and must invest no less than 60% in liquid assets as defined by Board Rule 404.

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%. 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 fiscal year 2020, one of the income interests terminated; and a pro-rata distribution of the ownership interests held by the trust was transferred to the Foundation. As a result of the receipt of these equity interests, the Foundation currently holds approximately 42% and 39% of Big Springs and Chambers, respectively. These equity interests allow the Foundation to exercise significant influence over Big Springs and Chambers and, accordingly, the Foundation accounts for these interests under the equity method of accounting.

During the years ended September 30, 2024 and 2023, UAHF recorded its proportionate share of earnings of each company (on a combined basis) of $4,771,501 and $6,396,999, respectively. In addition, UAHF received distributions from Chambers of $4,262,073 and $5,459,000 in FY 2024 and FY 2023, respectively.

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.

This table summarizes the combined financial position and results of operations of Big Springs and Chambers (on a combined basis) for the years ended September 30, 2024 and 2023:

	2024	2023
Current Assets	$ 30,286,802	$ 30,321,028
Noncurrent Assets	12,473,003	12,024,466
Current Liabilities	(4,909,304)	(5,135,642)
Noncurrent Liabilities	(535,313)	(1,098,429)
Equity	$ 37,315,188	$ 36,111,423
Net Sales	$ 81,745,132	$ 79,397,459
Operating Income	$ 10,693,299	$ 15,278,850
Net Income	$ 12,181,192	$ 16,370,158

The Foundation, as a result of a related party donation in fiscal year 2022, holds ownership interests in three unconsolidated entities that each hold investment property. During the year ended September 30, 2024, the entities sold certain property which resulted in the Foundation receiving funds totaling $90,613 and recognizing a gain of $10,429. The Foundation received distributions from the three unconsolidated entities totaling $228,689 in fiscal year 2024. The market value of the three unconsolidated entities as of September 30, 2024 is $3,541,406. During the year ended September 30, 2023, the contribution of the ownership interest received totaled 271,155, which is reflected on the statement of activities. The entities sold certain property which resulted in the Foundation receiving funds totaling $51,649 and recognizing a loss of $13,359. The market value of the three unconsolidated entities as of September 30, 2023 is $3,621,591.

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 $1,144,243 and $1,305,797 for the years ended September 30, 2024 and 2023, 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 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 follows guidance provided by the FASB relevant to endowments of not-for-profit organizations and the related net asset classification of endowment funds subject to an enacted version of UPMIFA and enhanced disclosures for all endowment funds. The earnings distributions are appropriated for expenditure by the governing Board 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.

Note 3 – Cash and Cash Equivalents

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.

As of September 30, 2024 and 2023, the University had cash and cash equivalents totaling $179,984,940 and $131,371,402 respectively. Included in the amounts are deposits with trustees held for reserves, which totaled $1,495,525 and $1,806,928 in fiscal years 2024 and 2023, respectively.

Note 4 – 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.

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 two distinct investment pools based primarily on the projected investment time-horizons for System funds: the Pooled Endowment Fund ("PEF") and the Liquidity and Capital Reserve Pool Fund ("LCRP"); 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 reside 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.

Pooled Endowment Fund (PEF): The purpose of the PEF is to pool endowment and similar funds to support the System universities, hospital and related entities in carrying out their respective missions over a perpetual time frame. Accordingly, the primary investment objectives of the PEF 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 PEF 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.

Liquidity and Capital Reserve Pool: The LCRP serves as an investment vehicle to manage operating reserves of the System universities, hospital, and related entities with an investment strategy that matches the duration of reserves to their projected needs. The goals of the pool are to preserve and grow capital, maximize returns without undue exposure to risk, and maintain sufficient liquidity for credit ratings. The pool is invested in a diversified asset mix of liquid, semi-liquid, and illiquid securities. The pool can invest no more than 15% in illiquid assets and must invest no less than 60% in liquid assets as defined by Board Rule 404.

Fair Value Measurements: GASB 72 sets forth the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB 72 are described as follows:

- **Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the University has the ability to access.

- **Level 2** – Inputs to the valuation methodology include:

    - Quoted prices for similar assets or liabilities in active markets;
    - Quoted prices for identical or similar assets or liabilities in inactive markets;
    - Inputs other than quoted prices that are observable for the assets or liabilities;
    - Inputs that are derived principally from or corroborated by observable market data by correlation or other means

- **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the University's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the University's own data.

GASB 72 allows for the use of net asset value ("NAV") as a practical expedient for valuation purposes. Investments that use NAV in determining fair value are disclosed separately from the valuation hierarchy as presented herein.

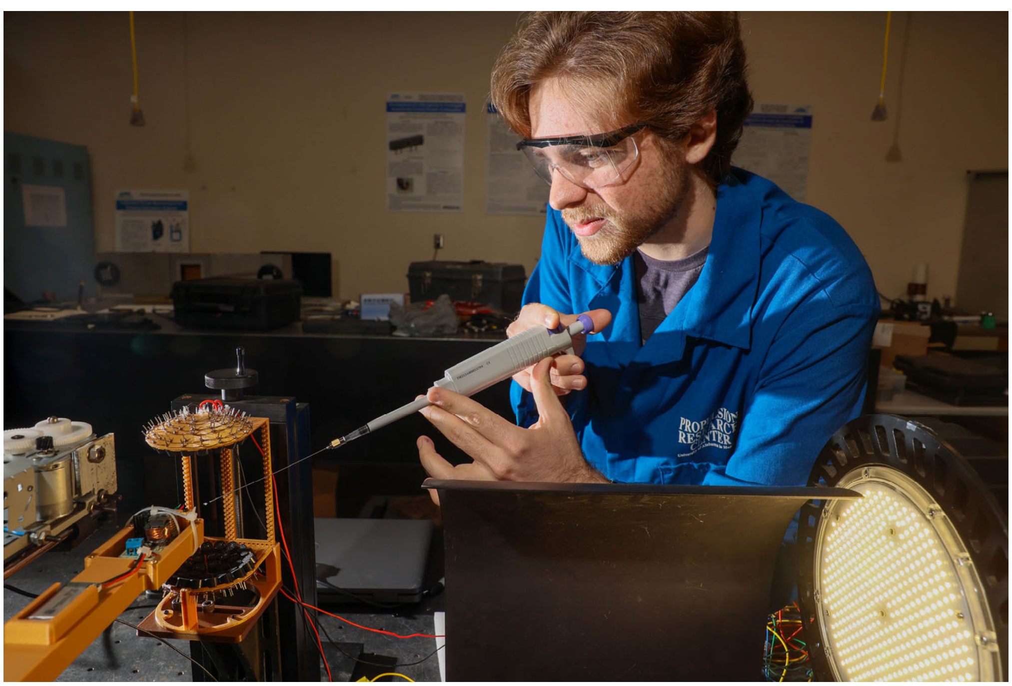
The level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The determination of what constitutes observable requires judgment by the University's management. University management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to University management's perceived risk of that investment.

The following is a description of the valuation methods and assumptions used by the University to estimate the fair value of its investments. There have been no changes in the methods and assumptions used at September 30, 2024. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. University management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. The University's Level 1 investments primarily consist of investments in mutual funds, exchange traded funds, and both domestic and foreign equity funds.

During 2023, the University invested excess cash that will be used for future capital expenditures in a Regions Bank Government Enhanced Cash Strategy Investment Account. At September 30, 2024, this account held $2,751,748 in a money market account that is classified as Level 1 and $42,839,864 of U.S. Treasury Notes and Treasury Bills that are classified as Level 2.



At September 30, 2024 and 2023, the fair value of the University's investments based on the inputs used to value them is summarized as follows:

2024	Level 1	Level 2	Level 3	Total
Cash & Receivables:				
PNC	$ 136,269	-	-	$ 136,269
Wind Trust	40,990	-	-	40,990
Durkee Trust	601,222	-	-	601,222
Pei Ling Fund for Excellence	576,965	-	-	576,965
Government-Enhanced Cash Strategy Investment Account	2,751,748	42,839,864	-	45,591,612
	4,107,194	42,839,864	-	46,947,058
UAH Portion of System Pool Investments:				
Pooled Endowment Fund				52,518,307
Liquidity and Capital Reserve Fund				77,622,419
Total Net Asset Value with System Pool Investments				$ 177,087,784

2023	Level 1	Level 2	Level 3	Total
Cash & Receivables:				
PNC	$ 136,276	-	-	$ 136,276
Wind Trust	36,493	-	-	36,493
Durkee Trust	442,904	-	-	442,904
Pei Ling Fund for Excellence	500,708	-	-	500,708
Government-Enhanced Cash Strategy Investment Account	1,083,759	45,104,305	-	46,188,064
	2,200,140	45,104,305	-	47,304,445
UAH Portion of System Pool Investments:				
Pooled Endowment Fund				46,531,920
Liquidity and Capital Reserve Fund				65,821,091
Total Net Asset Value with System Pool Investments				$ 159,657,456

At September 30, 2024 and 2023, the fair value of investments for the System Pools based on the inputs used to value them is summarized as follows:

Pooled Endowment Fund

	2024				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ -	$ -	$ -	$ -	$ 1,600,898
Total Receivables	-	-	-	-	1,600,898
Cash Equivalents:					
Money Market Funds	81,233,533	-	-	-	81,233,533
Total Cash Equivalents	81,233,533	-	-	-	81,233,533
Equities:					
U.S. Common Stock	234,136,305	-	-	-	234,136,305
Foreign Stock	84,570,587	-	-	-	84,570,587
Total Equities	318,706,892	-	-	-	318,706,892
Fixed Income Securities:					
U.S. Government Obligations	-	18,270,694	-	-	18,270,694
Mortgage Backed Securities	-	29,101,809	-	-	29,101,809
Corporate Bonds	-	49,944,362	-	-	49,944,362
Non-U.S. Bonds	-	6,326,768	-	-	6,326,768
Total Fixed Income Securities	-	103,643,633	-	-	103,643,633
Commingled Funds:					
U.S. Equity Funds	-	143,552,086	-	-	143,552,086
Non-U.S. Equity Funds	-	211,604,610	-	-	211,604,610
Hedge Funds	-	-	-	833,403,707	833,403,707
Private Equity Funds	-	-	2,018,106	513,428,363	515,446,469
Real Asset Funds	-	-	2,919,494	280,206,064	283,125,558
Total Commingled Funds	-	355,156,696	4,937,600	1,627,038,134	1,987,132,430
Total Fund Investments	$ 399,940,425	$ 458,800,329	$ 4,937,600	$ 1,627,038,134	2,490,716,488
Total Fund Assets					2,492,317,386
Total Fund Liabilities					(456,466)
Total Net Asset Value					$ 2,491,860,920

Pooled Endowment Fund

	2023				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ -	$ -	$ -	$ -	$ 1,004,822
Total Receivables	-	-	-	-	1,004,822
Cash Equivalents:					
Money Market Funds	82,092,112	-	-	-	82,092,112
Total Cash Equivalents	82,092,112	-	-	-	82,092,112
Equities:					
U.S. Common Stock	196,255,358	-	-	-	196,255,358
Foreign Stock	47,800,297	-	-	-	47,800,297
Total Equities	244,055,655	-	-	-	244,055,655
Fixed Income Securities:					
U.S. Government Obligations	-	12,068,968	-	-	12,068,968
Mortgage Backed Securities	-	13,998,021			13,998,021
Corporate Bonds	-	20,296,131	-	-	20,296,131
Non-U.S. Bonds	-	3,892,771	-	-	3,892,771
Total Fixed Income Securities	-	50,255,891	-	-	50,255,891
Commingled Funds:					
U.S. Equity Funds	-	65,208,495	-	-	65,208,495
Non-U.S. Equity Funds	-	165,312,862	-	-	165,312,862
Hedge Funds	-	-	-	716,526,857	716,526,857
Private Equity Funds	-	-	1,882,658	485,799,946	487,682,604
Real Asset Funds	-	-	3,095,306	332,524,313	335,619,619
Total Commingled Funds	-	230,521,357	4,977,964	1,534,851,116	1,770,350,437
Total Fund Investments	$ 326,147,767	$ 280,777,248	$ 4,977,964	$ 1,534,851,116	2,146,754,095
Total Fund Assets					2,147,758,917
Total Fund Liabilities					(724,160)
Total Net Asset Value					$ 2,147,034,757

Liquidity and Capital Reserved Pool Fund

	2024				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ -	$ -	$ -	$ -	$ 10,640,366
Total Receivables	-	-	-	-	10,640,366
Cash Equivalents:					
Money Market Funds	105,429,459	-	-	-	105,429,459
Total Cash Equivalents	105,429,459	-	-	-	105,429,459
Equities:					
U.S. Common Stock	537,941,228	-	-	-	537,941,228
Foreign Stock	113,727,734	-	-	-	113,727,734
Total Equities	651,668,962	-	-	-	651,668,962
Fixed Income Securities:					
U.S. Government Obligations	-	380,205,238	-	-	380,205,238
Mortgage Backed Securities	-	353,124,859	-	-	353,124,859
Collateralized Mortgage Obligation	-	17,221,589	-	-	17,221,589
Corporate Bonds	-	275,254,754	-	-	275,254,754
Non-U.S. Bonds	-	95,357,657	-	-	95,357,657
Other Fixed Income Assets	-	9,701,055	-	-	9,701,055
Total Fixed Income Securities	-	1,130,865,152	-	-	1,130,865,152
Commingled Funds:					
U.S. Equity Funds	-	132,811,476	-	-	132,811,476
Non-U.S. Equity Funds	-	195,780,737	-	-	195,780,737
U.S. Bond Funds	-	540,780,028	-	-	540,780,028
Hedge Funds	-		-	1,274,176,358	1,274,176,358
Real Asset Funds	-		-	171,629,177	171,629,177
Total Commingled Funds	-	869,372,241	-	1,445,805,535	2,315,177,776
Total Fund Investments	$ 757,098,421	$ 2,000,237,393	$ -	$ 1,445,805,535	4,203,141,349
Total Fund Assets					4,213,781,715
Total Fund Liabilities					(1,162,661)
Total Net Asset Value					$ 4,212,619,054

Liquidity and Capital Reserved Pool Fund

	2023				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ -	$ -	$ -	$ -	$ 7,759,723
Total Receivables	-	-	-	-	7,759,723
Cash Equivalents:					
Money Market Funds	40,904,062	-	-	-	40,904,062
Total Cash Equivalents	40,904,062	-	-	-	40,904,062
Equities:					
U.S. Common Stock	516,663,547	-	-	-	516,663,547
Foreign Stock	86,028,713	-	-	-	86,028,713
Total Equities	602,692,260	-	-	-	602,692,260
Fixed Income Securities:					
U.S. Government Obligations	-	289,033,443	-	-	289,033,443
Mortgage Backed Securities	-	220,244,106	-	-	220,244,106
Collateralized Mortgage Obligation	-	16,737,264	-	-	16,737,264
Corporate Bonds	-	214,097,075	-	-	214,097,075
Non-U.S. Bonds	-	88,577,042	-	-	88,577,042
Other Fixed Income Assets	-	7,257,193	-	-	7,257,193
Total Fixed Income Securities	-	835,946,123	-	-	835,946,123
Commingled Funds:					
U.S. Equity Funds	-	118,765,609	-	-	118,765,609
Non-U.S. Equity Funds	-	200,099,176	-	-	200,099,176
U.S. Bond Funds	-	451,679,478	-	-	451,679,478
Hedge Funds	-	-	-	1,152,378,614	1,152,378,614
Real Asset Funds	-	-	-	223,207,527	223,207,527
Total Commingled Funds	-	770,544,263	-	1,375,586,141	2,146,130,404
Total Fund Investments	$ 643,596,322	$ 1,606,490,386	$ -	$ 1,375,586,141	3,625,672,849
Total Fund Assets					3,633,432,572
Total Fund Liabilities					(1,191,854)
Total Net Asset Value					$ 3,632,240,718

Additional information on fair values, unfunded commitments, remaining life, and redemption for investments measured at the NAV at September 30, 2024 and 2023 is as follows:

September 30, 2024		**Pooled Endowment Fund**			
	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 833,403,707	$ 18,000,000.00	No limit	Monthly,Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Private equity - private credit, buyouts, venture, secondary	513,428,363	277,411,372	1-15 years	Partnerships ineligible for redemption	Not redeemable
Real assets - public real estate, natural resources, and infrastructure	1,278,445	-	No limit	Monthly and Quarterly	None
Real assets - private real estate, natural resources, and infrastructure	278,927,619	103,602,564	1-15 years	Partnerships ineligible for redemption	Not redeemable
	$ 1,627,038,134	$ 399,013,936			

September 30, 2023		**Pooled Endowment Fund**			
	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 716,526,857	$ 14,251,160.00	No limit	Monthly,Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Private equity - private credit, buyouts, venture, secondary	485,799,946	268,537,638	1-15 years	Partnerships ineligible for redemption	Not redeemable
Real assets - public real estate, natural resources, and infrastructure	41,700,197	-	No limit	Monthly and Quarterly	None
Real assets - private real estate, natural resources, and infrastructure	290,824,116	88,090,197	1-15 years	Partnerships ineligible for redemption	Not redeemable
	$ 1,534,851,116	$ 370,878,995			

September 30, 2024

	Liquidity and Capital Reserve Pool				
	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 1,274,176,358	$ 26,720,926	No limit	Monthly,Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Real assets - public real estate, natural resources, and infrastructure	171,629,177	-	No limit	Monthly and Quarterly	None
	$ 1,445,805,535	$ 26,720,926			

September 30, 2023

	Liquidity and Capital Reserve Pool				
	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 1,152,378,614	$ 26,720,926	No limit	Monthly,Quarterly, and Annually	Lock-up provisions ranging from none to 2 years
Real assets - public real estate, natural resources, and infrastructure	223,207,527	-	No limit	Monthly and Quarterly	None
	$ 1,375,586,141	$ 26,720,926			

Investment Risk Factors: Many factors 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.

The investment policy recognizes that credit risk is appropriate in balanced investment pools such as the PEF and LCRP, and the credit quality of underlying fund investments is monitored on an ongoing basis. Fixed income investments within the PEF and LCRP include corporate, mortgage backed, asset backed, collateralized mortgage and U.S. treasury and/or agency bonds. In addition, approximately $283.6 million and $190.1 million in the PEF and LCRP, collectively, at September 30, 2024 and 2023, respectively, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds and money market funds were approximately $727.4 million and $574.7 million in the PEF and LCRP, collectively, at September 30, 2024 and 2023, respectively.

The credit risk for fixed and variable income securities, for the System Pools, at September 30, 2024 and 2023 are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2024	2023	2024	2023
Fixed or Variable Income Securities				
U.S. Government Obligations	$ 18,270,694	$ 12,068,968	$ 380,205,238	$ 289,033,443
Other U.S. and Non-U.S. Denominated:				
AAA	4,616,030	1,444,806	84,783,139	35,779,230
AA	2,107,235	763,308	47,401,157	38,107,146
A	15,877,316	7,561,794	169,666,401	148,052,814
BBB	28,238,200	10,993,260	166,297,329	129,358,721
BB	8,030,269	3,993,984	10,809,497	6,707,732
B	1,058,908	495,051	11,302,078	8,090,491
C and < C	-	-	2,259,505	3,635,591
Unrated	25,444,981	12,934,720	258,140,808	177,180,955
Commingled Funds:				
U.S. Bond Funds: Unrated	-	-	540,780,028	451,679,478
Money Market Funds: Unrated	81,233,533	82,092,112	105,429,459	40,904,062
Total	$ 184,877,166	$ 132,348,003	$ 1,777,074,639	$ 1,328,529,663

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a corporate failure of a custodian, the investment securities may not be returned. Investment securities in the System Pools and UAH's separately held investments 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 and UAH's separately held portfolio 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 September 30, 2024 and 2023, no investment in a single issuer represents 5% or more of total investments held by any single investment manager of the System Pools or the University's separately held investment portfolio, except for investments issued by the U.S. government and money market fund investments.

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 investment pool as they are managed relative to the investment objectives and liquidity demands of the investors.

The effective durations for fixed or variable income securities held by the System Pools at September 30, 2024 and 2023 are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2024	2023	2024	2023
U.S. Government Obligations	12.9	8.3	3.4	3.8
Corporate Bonds	4.6	4.7	2.7	2.2
Non-U.S. Bonds	4.6	4.7	2.7	2.2
Commingled Bond Funds	-	-	2.9	3.4
Other Fixed Income	-	-	0.1	(0.1)

The effective durations for fixed or variable income securities for UAH's separately held investments at September 30, 2024 and 2023 are as follows:

	Government Enhanced Cash Strategy Investment	
	2024	2023
U.S. Government Obligations	0.63	0.60

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. As of September 30, 2024 and 2023 the fair market value of these investments held by the System Pools are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2024	2023	204	2023
Mortgage Backed Securities	$29,101,809	$13,998,021	$ 353,124,859	$ 220,244,106
Collateralized Mortgage Obligations	-	-	17,221,589	16,737,264
Total Fixed	$29,101,809	$13,998,021	$ 370,346,448	$ 236,981,370

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 assets 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.

As of September 30, 2024 and 2023, the effective durations for securities held in the System Pools are as follows:

	Pooled Endowment Fund		LCRP Fund	
	2024	2023	2024	2023
Mortgage Backed Securities	6.3	6.7	2.7	3.2
Collateralized Mortgage Obligations	0	0	4.7	3.8

There are no mortgage backed securities or CMOs in UAH's separately held investments at September 30, 2024 and 2023.

Foreign Currency Risk: The strategic asset allocation policy for the PEF, the LCRP, and UAH's separately held investments includes an allocation to non-United States equity securities and fixed income securities. Currency hedging of foreign bonds and stocks is allowed under System Policy. As of September 30, 2024 and 2023 all foreign investments in the System Pools and UAH's separately held investments 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 foreign stock and non-U.S. bond funds denominated in U.S. dollars and held by each of the two pools as disclosed in the previous tables. At September 30, 2024 and 2023, the University did not hold any foreign securities in its separately held investment portfolio.

Securities Lending: The System permits 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, 2024 and 2023, there were no securities on loan from the investment pools.

Note 5 – Receivables

Accounts receivable
Accounts receivable consist primarily of amounts for student tuition and fees and contract and grant reimbursements from third parties.

The composition of accounts receivable as of September 30, 2024 and 2023 is summarized as follows:

	2024	2023
Tuition and fees	$ 15,983,683	$ 14,265,810
Federal, state, and private grants and contracts	29,767,470	25,173,700
Pledge receivable	3,200,000	3,400,000
Other	13,684	1,257,567
Total accounts receivable	48,964,837	44,097,077
Less allowance for doubtful accounts	(3,637,103)	(2,599,271)
Accounts receivable, net	$ 45,327,734	$ 41,497,806

Leases Receivable:

Leases receivable consist of amounts due from federal and private entities for the leasing of UAH-owned facilities and land.

The composition of leases receivable as of September 30, 2024 and 2023 is summarized as follows:

	2024	2023
Leases receivable	$ 5,821,595	$ 6,484,735
Less: current portion	(734,327)	(688,974)
Total Leases receivable, noncurrent	$ 5,087,268	$ 5,795,761

Note 6 – Capital Assets

Capital assets activity for the years ended September 30, 2024 and 2023 is summarized as follows:

	October 1, 2023	Additions	Retirements	Adjustments	September 30, 2024
Land	$ 14,050,899	$ -	$ -	$ -	$ 14,050,899
Land improvements and infrastructure	30,988,373	2,022,668	-	-	33,011,040
Buildings and building improvements	474,367,754	113,224	-	5,051,569	479,532,546
Construction in progress	2,236,324	9,082,263	(45,095)	(5,051,569)	6,221,922
Equipment	89,776,523	9,649,220	(11,453,211)	-	87,972,532
Library books	27,027,353	37,119	(2,027)	-	27,062,445
Software	-	-	-	-	-
Right of use assets - Leases	8,774,193	-	(812,251)	-	7,961,942
Right of use assets - SBITAs	3,332,321	3,119,645	(239,504)	-	6,212,462
Collections	1,199,402	-	-	-	1,199,402
Total cost of capital assets	651,753,140	24,024,137	(12,552,088)	-	663,225,190
Less accumulated depreciation	344,600,387	21,554,029	(11,774,562)	-	354,379,854
Capital assets, net	$ 307,152,753	$ 2,470,108	$ (777,526)	$ -	$ 308,845,336

	October 1, 2022	Additions	Retirements	Adjustments	September 30, 2023
Land	$ 14,050,899	$ -	$ -	$ -	$ 14,050,899
Land improvements and infrastructure	28,212,656	2,775,717	-	-	30,988,373
Buildings and building improvements	468,924,357	459,904	-	4,983,493	474,367,754
Construction in progress	4,877,938	2,236,324	-	(4,877,938)	2,236,324
Equipment	87,753,561	7,210,980	(5,168,825)	(19,193)	89,776,523
Library books	26,907,813	124,146	(4,606)	-	27,027,353
Software	3,550,401	-	(3,444,846)	(105,555)	-
Right of use assets - Leases	-	8,774,193	-	-	8,774,193
Right of use assets - SBITAs	3,030,364	301,957	-	-	3,332,321
Collections	1,199,402	-	-	-	1,199,402
Total cost of capital assets	638,507,391	21,883,220	(8,618,277)	(19,193)	651,753,140
Less accumulated depreciation	332,446,084	20,326,789	(8,172,486)		344,600,387
Capital assets, net	$ 306,061,307	$ 1,556,431	$ (445,793)	$ (19,193)	$ 307,152,753

Note 7 – Long-Term Debt

Long-term debt activity for the years ended September 30, 2024 and 2023 is summarized as follows:

Type/Supported by	October 1, 2023	New Debt	Principal Repayment	September 30, 2024
Bonds:				
General fee revenue	$ 125,600,000	$ -	$ 5,942,000	$ 119,658,000
Other obligations	9,389,872	3,119,644	3,076,722	9,432,794
Total debt	134,989,872	3,119,644	9,018,722	129,090,794
Less current portion	(7,234,920)			(7,985,213)
Premium, net	10,188,576			9,596,332
Total long-term debt	$ 137,943,528			$ 130,701,913

Type/Supported by	October 1, 2022	New Debt	Principal Repayment	September 30, 2023
Bonds:				
General fee revenue	$ 131,180,000	$ 25,735,000	$ 31,315,000	$ 125,600,000
Other obligations	1,684,095	9,032,474	1,326,697	9,389,872
Total debt	132,864,095	34,767,474	32,641,697	134,989,872
Less current portion	(6,227,786)			(7,234,920)
Premium, net	10,780,819			10,188,576
Total long-term debt	$ 137,417,128			$ 137,943,528

Maturities and interest on general fee revenue bonds and other obligations for the next five years and subsequent five-year periods ended September 30 are as follows:

	General Revenue Bonds				Lease & SBITA Obligations		
	Principal	Interest	Total		Principal	Interest	Total
2025	6,193,000	4,594,487	10,787,487	2025	1,792,213	500,517	2,292,729
2026	6,480,000	4,386,244	10,866,244	2026	1,680,852	403,008	2,083,861
2027	6,740,000	4,162,647	10,902,647	2027	1,617,080	304,337	1,921,416
2028	5,035,000	3,967,581	9,002,581	2028	1,267,353	215,032	1,482,385
2029	5,250,000	3,774,247	9,024,247	2029	543,669	155,645	699,314
2030-2034	25,365,000	15,974,522	41,339,522	2030-2034	2,531,627	296,868	2,828,495
2035-2039	25,295,000	11,279,542	36,574,542	2035-2039			-
2040-2044	25,450,000	6,284,667	31,734,667	2040-2044			-
2045-2048	13,850,000	1,773,500	15,623,500	2045-2048			-
	$ 119,658,000	$ 56,197,436	$ 175,855,436		$ 9,432,794	$ 1,875,407	$ 11,308,201

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, 2024	Outstanding Indebtedness September 30, 2023
Bonds Payable:						
General Fee Revenue Bonds-Series 2014-A	12/15/2014	9/1/2034	3.00-5.00	11,860,000	6,160,000	6,650,000
General Fee Revenue Bonds-Series 2015-A	3/25/2015	6/1/2025	1.96	5,175,000	563,000	1,115,000
General Fee Revenue Bonds-Series 2018-A-1	3/22/2018	9/1/2027	5.00	5,400,000	2,070,000	2,695,000
General Fee Revenue Bonds-Series 2018-A-2	3/22/2018	9/1/2048	5.00	27,115,000	27,115,000	27,115,000
General Fee Revenue Bonds-Series 2018-B-1	10/30/2018	9/1/2028	5.00	5,290,000	2,395,000	2,925,000
General Fee Revenue Bonds-Series 2018-B-2	10/30/2018	9/1/2048	5.00	22,310,000	22,310,000	22,310,000
General Fee Revenue Bonds-Series 2019	10/16/2019	6/1/2042	3.00-5.00	30,845,000	25,685,000	26,855,000
General Fee Revenue Bonds-Series 2022B	3/11/2022	10/1/2031	1.75	6,380,000	4,485,000	5,095,000
General Fee Revenue Bonds-Series 2022C	3/11/2022	12/1/2026	1.50	6,815,000	4,235,000	5,165,000
General Fee Revenue Bonds-Series 2023A	1/19/2023	4/1/2043	2.18	25,735,000	24,640,000	25,675,000
Total Bonds Payable				146,925,000	119,658,000	125,600,000
Other Obligations:						
Lease obligations, 2.97% to 6.95% due annually through 2033					6,629,693	8,159,572
SBITA obligations, 3.25% to 13% due annually through 2029					2,803,101	1,230,300
Total Other Obligations					9,432,794	9,389,872

The University's general fee 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 University, 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, 2024.

During fiscal year 2022, the University redeemed and retired, by exchange, its General Fee Revenue Refunding Bonds Series 2012-A Bond (the "2012-A Bond") with its Series 2022-B Bond, redeemed and retired, by exchange, its General Fee Revenue Refunding Bonds Series 2012-B (the "2012-B Bond") with its Series 2022-C Bond, and refunded and retired its General Fee Revenue Bonds, Series 2013-A2 Bonds (the "2013-A2 Bonds") with the issuance of its Taxable General Fee Revenue Bond, Series 2022-A. The amounts outstanding on the Series 2012-A Bond and the Series 2012-B Bond were redeemed and retired in March 2022 and resulted in a reduction of interest payments totaling $1.1 million. The amounts outstanding on the Series 2013-A2 Bonds were defeased in February 2022 for economic savings. The undiscounted cash flows required to service principal and interest under the old Series 2012-A bonds as of September 30, 2022 would have been $37.5 million compared to undiscounted cash flow requirements of $32.7 million under the new Series 2022-A bonds. The undiscounted cash flows required to service principal and interest under the old Series 2012-B and 2013A-2 bonds as of September 30, 2022 would have been $1.7 million compared to undiscounted cash flow requirements of $1.6 million under the new Series 2022-B and 2022-C bonds. The economic gain to the University from the bond refinancing in fiscal year 2022 was calculated to be approximately $3.9 million for the 2012-A bond refinancing using an effective interest rate of 2.24% applied to the old and new bond cash flow requirements and $799 thousand for the 2012-B and 2013-A2 bond refinancing using an effective interest rate of 1.76% applied to the old and new bond cash flow requirements.

In conjunction with the issuance of the Series 2022-A Bond, the University executed a forward delivery agreement in 2022 that provided the option for the University refund the Series 2022-A Bond on a tax-exempt basis between January 2, 2023 and April 1, 2023. The University elected to exercise its option to redeem all of the outstanding Series 2022-A Bond on January 19, 2023 with the issuance of its $25,735,000 General Fee Revenue Bond, Series 2023-A (the “2023-A Bond”) resulting in savings with a net present value of $1,695,128. Proceeds of the Series 2023-A Bond were used for the purpose of refunding and retiring the Series 2022-A Bond.

Note 8 – 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 $386,176 for general liability for fiscal years 2024 and 2023.

The University also maintains a self-insured health plan. During 2024, the University paid $28.50 and $22.47 per month per health insurance contract for administrative charges and stop loss coverage, respectively. The accompanying statements of net position include a self-insurance reserve of $1,721,519 and $1,627,072 for health insurance for 2024 and 2023, 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:

	2024	2023
Balance, beginning of year	$ 2,013,249	$ 2,200,524
Claims paid	(13,772,149)	(13,016,580)
Contributions and adjustments	13,866,594	12,829,305
Balance, end of year	$ 2,107,694	$ 2,013,249

Note 9 – Employee Benefits

Eligible employees of the University participate in the mandatory Teachers’ Retirement System of Alabama (“TRS”), a cost sharing, multiple-employer public retirement system designated as a defined benefit plan. In addition, eligible employees may elect to participate in a voluntary UA System 403(b) defined contribution retirement plan. Prior to fiscal year 2020, the plan offered eligible employees a choice between two record keepers, Teachers Insurance and Annuity Association (“TIAA”) and the Variable Annuity Life Insurance Company (“VALIC”). Effective in fiscal year 2020, the System, in conjunction with its participating universities and with the Board’s approval, transitioned to a single record keeper with TIAA serving as sole-vendor for the plan.

Defined Benefit Plan – TRS
Plan description. The Teacher’s Retirement System of Alabama, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 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 for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of control consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama (“RSA”). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

Benefits provided. State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Members of the TRS are classified as either Tier 1 or Tier 2 plan members, contingent upon if their eligible service began prior to January 1, 2013. Benefits for TRS members vest after 10 years of creditable service. Tier 1 members who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or Employees’ Retirement System (“ERS”) agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of the TRS are allowed 2.0125% of their average final compensation (highest 3 of last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life unless there is a return to full-time employment with a TRS or ERS agency, or to temporary employment in excess of specified limits. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service. Members are eligible for disability retirement if they have 10 years of creditable service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty.

Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status and eligibility for retirement.

Contributions. Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the TRS are required by statute to contribute 7.5% of earnable compensation. Tier 2 covered members of the TRS contribute 6% of earnable compensation to the TRS as required by statute. All regular employees of the University are members of the TRS with the exception of temporary employees.

The University's contractually required contribution rate for the year ended September 30, 2024 was 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. The University's contribution rate for the year ended September 30, 2023 was 12.57% of annual pay for Tier 1 members and 11.44% of annual pay for Tier 2 members.

These required contribution rates are a percent of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. The following is a comparative presentation of contributions:

	2024	2023
University contributions	$ 15,113,532	$ 14,322,039
Employee contributions	8,504,424	8,155,893
Total contributions	$ 23,617,956	$ 22,477,933

	2024 Tier 1	2024 Tier 2	2023 Tier 1	2023 Tier 2
University contribution regular rate	12.59%	11.57%	12.59%	11.44%
Employee contribution rate	7.50%	6.20%	7.50%	6.20%
Employee contribution law enforcement rate	8.50%	7.20%	8.50%	7.20%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2024 and 2023, the financial statements of the University reflected a liability of $231,952,000 and $237,205,000 for its proportionate share of the collective net pension liability, as prescribed by GASB 68. For the 2024 reported amounts the collective net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022.

For the year ended September 30, 2024, the University recognized pension expense of $34.9 million. At September 30, 2024 the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 20,740,000	$ 3,131,000
Changes of assumptions	6,525,000	-
Net difference between projected and actual earnings on pension plan investments	15,908,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,053,000	8,804,000
Employer contributions subsequent to the measurement date	15,123,281	-
Total	$ 60,349,281	$ 11,935,000

For the year ended September 30, 2023, the University recognized pension expense of $29.7 million. At September 30, 2023 the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,214,000	$ 5,756,000
Changes of assumptions	10,764,000	-
Net difference between projected and actual earnings on pension plan investments	47,599,000	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,180,000	3,878,000
Employer contributions subsequent to the measurement date	14,658,669	-
Total	$ 82,415,669	$ 9,634,000

$15,123,281 of the amount reported as deferred outflows of resources resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending September 30:	
2025	$ 12,365,000
2026	$ 6,681,000
2027	$ 16,144,000
2028	$ (1,899,000)
2029	$ -
Thereafter	$ -

Actuarial assumptions. The total pension liability as of September 30, 2023 was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	3.25% - 5.00%
Investment rate of return*	7.45%

*Net of pension plan investment expense.

The actuarial assumptions used in the actuarial valuation as of September 30, 2022 were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021, which became effective at the beginning of fiscal year 2021.

Mortality rates were based on the Pub-2010 Teacher tables with the following adjustments, projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019.

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Service Retirees	Teacher Retiree - Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69-74
Beneficiaries	Contingent Survivor - Below Median	Male: +2 Female: None	None
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of geometric real rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed Income	15.00%	2.80%
U.S. Large Stocks	32.00%	8.00%
U.S. Mid Stocks	9.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	12.00%	9.50%
International Emerging Market Stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real Estate	10.00%	6.50%
Cash Equivalents	5.00%	1.50%
Total	100.00%	

*Includes assumed rate of inflation of 2.00%.

Discount rate. The discount rate used to measure the total pension liability was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's proportionate share of the net pension liability to changes in the discount rate. The following table presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.45%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.45%) or 1-percentage-point higher (8.45%) than the current rate (dollar amounts in thousands):

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
University's proportionate share of collective net pension liability (Dollar amounts in thousands)	$303,018	$231,952	$172,180

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2023. The auditor's report on the Schedule of Employer Allocations and Pension Amounts by Employer and accompanying notes detail by employer and in aggregate information needed to comply with GASB 68. The additional financial and actuarial information is available at http://www.rsa-al.gov/index.php/employers/financial-reports/gasb-68-reports/.

Defined Contribution Plans

As previously noted, some employees participate in a voluntary UA System 403(b) defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All employees, except those enrolled as students and regularly attending classes offered by a System university, are eligible to participate from the date of employment. Employer matching contributions are made for match-eligible participants by the System Office at a rate of 100% of elective deferrals up to a discretionary percentage of compensation per pay period, currently 5%. The University's contribution is funded as it accrues and, along with that of employees, is immediately and fully vested. The contribution for fiscal years 2024 and 2023, excluding amounts not eligible for matching, are summarized as follows:

	2024	2023
University contributions	$ 3,999,098	$ 3,865,933
Employee contributions	8,569,125	8,152,580
Total contributions	$ 12,568,223	$ 12,018,513

The University's total salaries and wages subject to benefit plan participation for the years ended September 30, 2024 and 2023 are summarized in the table below:

	2024	2023
Total Salaries and Wages	$ 148,248,984	$ 144,924,225
Salaries and Wages of employees participating in:		
TRS	$ 138,062,300	$ 122,726,962
TIAA - CREF	$ 91,525,651	$ 88,860,426

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 $5,048,529 and $5,136,565 for fiscal years 2024 and 2023, 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 10 – Post-Employment Benefits

Post-employment health care benefits are offered to all employees who officially retire from the University through the Alabama Retired Education Employees' Health Care Trust with TRS. TRS offers health care benefits through a cost-sharing multiple-employer defined benefit health care plan administered by the Public Education Employee Health Insurance Board ("PEEHIP"). 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 PEEHIP becomes the secondary insurer. Most retirees elect to participate in the PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium and the University pays an allocation toward the cost of retiree coverage.

Plan description. The Alabama Retired Education Employees' Health Care Trust (Trust) is a cost-sharing multiple-employer defined benefit postemployment healthcare plan that administers healthcare benefits to the retirees of participating state and local educational institutions. The Trust was established under the Alabama Retiree Health Care Funding Act of 2007 which authorized and directed the Public Education Employees' Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the Public Education Employees' Health Insurance Plan (PEEHIP). In accordance with GASB, the Trust is considered a component unit of the State of Alabama (State) and is included in the State's Annual Comprehensive Financial Report.

The PEEHIP was established in 1983 pursuant to the provisions of the *Code of Alabama 1975, Title 16, Chapter 25A* (Act 83-455) to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions which provide instruction at any combination of grades K-14 (collectively, eligible employees), and to provide a method for funding the benefits related to the plan. The four-year universities participate in the plan with respect to their retired employees, and are eligible and may elect to participate in the plan with respect to their active employees. Responsibility for the establishment of the health insurance plan and its general administration and operations is vested in the Board. The Board is a corporate body for purposes of management of the health insurance plan.

The *Code of Alabama 1975, Section 16-25A-4* provides the Board with the authority to amend the benefit provisions in order to provide reasonable assurance of stability in future years for the plan. All assets of the PEEHIP are held in trust for the payment of health insurance benefits. The Teachers' Retirement System of Alabama (TRS) has been appointed as the administrator of the PEEHIP and, consequently, serves as the administrator of the Trust.

Benefits provided. PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Benefits include inpatient hospitalization for a maximum of 365 days without a dollar limit, inpatient rehabilitation, outpatient care, physician services, and prescription drugs.

Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO) in lieu of the basic hospital medical plan. The HMO includes hospital medical benefits, dental benefits, vision benefits, and an extensive formulary. However, participants in the HMO are required to receive care from a participating physician in the HMO plan.

The PEEHIP offers four optional plans (Hospital Indemnity, Cancer, Dental, and Vision) that may be selected in addition to or in lieu of the basic hospital medical plan or HMO. The Hospital Indemnity Plan provides a per-day benefit for hospital confinement, maternity, intensive care, cancer, and convalescent care. The Cancer Plan covers cancer disease only and benefits are provided regardless of other insurance. Coverage includes a per-day benefit for each hospital confinement related to cancer. The Dental Plan covers diagnostic and preventative services, as well as basic and major dental services. Diagnostic and preventative services include oral examinations, teeth cleaning, x-rays, and emergency office visits. Basic and major services include fillings, general aesthetics, oral surgery not covered under a Group Medical Program, periodontics, endodontics, dentures, bridgework, and crowns. Dental services are subject to a maximum of $1,250 per year for individual coverage and $1,000 per person per year for family coverage. The Vision Plan covers annual eye examinations, eye glasses, and contact lens prescriptions.

PEEHIP members may opt to elect the PEEHIP Supplemental Plan as their hospital medical coverage in lieu of the PEEHIP Hospital Medical Plan. The PEEHIP Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer. Only active and non-Medicare retiree members and dependents are eligible for the PEEHIP Supplemental Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. The plan cannot be used as a supplement to Medicare, the PEEHIP Hospital Medical Plan, or the State or Local Governmental Plans administered by the State Employees' Insurance Board (SEIB).

Effective January 1, 2017, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the United Healthcare (UHC) Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2020, Humana replaced the UHC contract. The MAPDP plan is fully insured by Humana and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the MAPDP plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

Contributions. The *Code of Alabama 1975, Section 16-25A-8* and the *Code of Alabama 1975, Section, 16-25A-8.1* provide the Board with the authority to set the contribution requirements for plan members and the authority to set the employer contribution requirements for each required class, respectively. Additionally, the Board is required to certify to the Governor and the Legislature, the amount, as a monthly premium per active employee, necessary to fund the coverage of active and retired member benefits for the following fiscal year. The Legislature then sets the premium rate in the annual appropriation bill.

For employees who retired after September 30, 2005, but before January 1, 2012, the employer contribution of the health insurance premium set forth by the Board for each retiree class is reduced by 2% for each year of service less than 25 and increased by 2% percent for each year of service over 25 subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by 4% for each year of service less than 25 and increased by 2% for each year over 25, subject to adjustment by the Board for changes in Medicare premium costs required to be paid by a retiree. In no case does the employer contribution of the health insurance premium exceed 100% of the total health insurance premium cost for the retiree.

For employees who retired after December 31, 2011, who are not covered by Medicare, regardless of years of service, the employer contribution to the health insurance premium set forth by the Board for each retiree class is reduced by a percentage equal to 1% multiplied by the difference between the Medicare entitlement age and the age of the employee at the time of retirement as determined by the Board. This reduction in the employer contribution ceases upon notification to the Board of the attainment of Medicare coverage.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At September 30, 2024, the financial statements of the University reflected a liability of $19.7 million for its proportionate share of the net OPEB liability, as prescribed by GASB 75. The net OPEB liability was measured as of September 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2024, the University's proportion was 1.02%, which was an increase of 0.26% from its proportion measured as of September 30, 2023.

For the year ended September 30, 2024, the University recognized OPEB expense of ($4.6 million). At September 30, 2024 the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 386,085	$ 31,157,467
Changes of assumptions	16,634,717	19,533,416
Net difference between projected and actual earnings on OPEB plan investments	674,462	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	26,889,338	14,352,636
Employer contributions subsequent to the measurement date	1,313,448	-
Total	$ 45,898,050	$ 65,043,519

For the year ended September 30, 2023, the University recognized an OPEB expense of ($4.5) million. At September 30, 2023 the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 610,133	$ 26,897,766
Changes of assumptions	10,790,627	19,363,456
Net difference between projected and actual earnings on OPEB plan investments	1,672,991	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	18,602,348	18,568,020
Employer contributions subsequent to the measurement date	1,599,046	-
Total	$ 33,275,145	$ 64,829,242

$1.3 million reported as deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending September 30:		
2025	$	(7,743,782)
2026	$	(401,613)
2027	$	(2,085,660)
2028	$	(7,053,038)
2029	$	(3,952,289)
Thereafter	$	777,465

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary Increases[1]	5.00%-3.25%
Long-Term Investment Rate of Return[2]	7.00%
Municipal Bond Index Rate at the Measurement Date	4.53%
Municipal Bond Index Rate at the Prior Measurement Date	4.40%
Projected Year for Fiduciary Net Position (FNP) to be Depleted	N/A
Single Equivalent Interest Rate at the Measurement Date	7.00%
Single Equivalent Interest Rate at the Prior Measurement Date	7.00%
Healthcare Cost Trend Rate	
Pre-Medicare Eligible	7.00%
Medicare Eligible	**
Ultimate Trend Rate	
Pre-Medicare Eligible	4.50% in 2033
Medicare Eligible	4.50% in 2033

[1]Includes 2.75% wage inflation.

[2]Compounded annually, net of investment expense, and includes inflation.

**Initial Medicare claims are set based on scheduled increases through plan year 2025.

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables, adjusted generationally based on scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. The mortality rates are adjusted forward and/or back depending on the plan and group covered, as shown in the table below:

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	Teacher Continengent Surivor Below Median	Male: +2 Female: None	None

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the Teachers' Retirement System of Alabama Board on September 13, 2021.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) were based on the September 30, 2021 valuation.

The long-term expected return on plan assets is to be reviewed as part of regular experience studies prepared every five years, in conjunction with similar analysis for the Teachers' Retirement System of Alabama. Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation), as developed for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected rate of return on the OPEB plan investments is determined based on the allocation of assets by asset class and by the mean and variance of real returns.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class is summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Fixed Income	30.00%	4.40%
U.S. Large Stocks	38.00%	8.00%
U.S. Mid Stocks	8.00%	10.00%
U.S. Small Stocks	4.00%	11.00%
International Developed Market Stocks	15.00%	9.50%
Cash	5.00%	1.50%
Total	**100.00%**	

* Geometric mean, includes 2.5% inflation

Discount rate. The discount rate (also known as the Single Equivalent Interest Rate ("SEIR"), as described by GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans) used to measure the total OPEB liability at September 30, 2023 was 7.00%. The discount rate used to measure the total OPEB liability at the prior measurement date was 7.00%. Premiums paid to the PEEHI Board for active employees shall include an amount to partially fund the cost of coverage for retired employees. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating school systems must contribute for each active employee. Currently, the monthly employer rate is $800 per non-university active member. Approximately 11.051% of the employer contributions were used to assist in funding retiree benefit payments in 2023 and it is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group with a cap of 20.00%. It is assumed the $800 rate will remain flat until, based on budget projections, it increases to $940 in fiscal year 2027 and then will increase with inflation at 2.50% starting in 2028. Retiree benefit payments for university members are paid by the Universities and are not included in the cash flow projections. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members are projected through 2121.

Sensitivity of the University's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following table reflects the University's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, and is calculated using the current healthcare trend rate, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare Eligible)	Current Healthcare Trend Rate (7.00% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare Eligible)	1% Increase (8.00% decreasing to 5.50% for pre-Medicare, Known decreasing to 5.50% for Medicare Eligible)
Net OPEB Liability	$ 14,966,709	$ 19,745,278	$ 25,547,427

The following table reflects the University's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, and is calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB Liability	$ 24,375,505	$ 19,745,278	$ 15,804,352

OPEB plan Fiduciary Net Position. Detailed information about the OPEB plan's fiduciary net position is located in the Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 74 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 11 – Federal Direct Student Loan 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. During the years ended September 30, 2024 and 2023, the University disbursed $23,437,373 and $24,310,983, respectively, under the FDSLP.

Note 12 – Contracts and Grants

As of September 30, 2024 and 2023, the University was awarded approximately $109.8 million and $97.4 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.

Note 13 – Operating Expenses by Function

Operating expenses by functional classification for the years ended September 2024 and 2023 are summarized as follows:

	Year Ended September 30, 2024					
	Salaries and Wages	Fringe Benefits	Supplies and Services	Depreciation	Scholarships and Fellowships	Total
Instruction	$ 45,460,071	$ 19,272,844	$ 4,996,643			$ 69,729,558
Research	64,086,551	26,337,910	25,391,666			115,816,127
Public service	1,487,103	595,343	1,669,569			3,752,015
Academic support	9,650,991	3,776,834	4,455,036			17,882,861
Student services	8,939,463	3,698,745	6,198,186			18,836,394
Institutional support	12,194,059	6,845,845	7,643,982			26,683,886
Operations and maintenance of plant	4,457,625	2,159,612	8,495,168			15,112,405
Scholarships and fellowships					3,357,151	3,357,151
Auxiliary enterprises	1,973,121	1,016,998	4,986,795			7,976,914
Depreciation				21,554,029		21,554,029
Total Operating Expenses	$148,248,984	$ 63,704,129	$ 63,837,044	$ 21,554,029	$ 3,357,151	$ 300,701,339

	Year Ended September 30, 2023					
	Salaries and Wages	Fringe Benefits	Supplies and Services	Depreciation	Scholarships and Fellowships	Total
Instruction	$ 45,300,813	$ 18,087,328	$ 5,591,959	$ -	$ -	$ 68,980,100
Research	62,389,013	25,221,792	34,304,183	-	-	121,914,988
Public service	1,726,543	673,493	1,467,224	-	-	3,867,260
Academic support	8,427,457	3,261,679	4,404,906	-	-	16,094,042
Student services	8,480,944	3,342,978	6,484,334	-	-	18,308,256
Institutional support	12,029,228	5,793,909	5,851,321	-	-	23,674,458
Operations and maintenance of plant	4,474,871	2,135,593	9,121,920	-	-	15,732,384
Scholarships and fellowships	-	-	-	-	4,212,336	4,212,336
Auxiliary enterprises	2,095,358	875,018	4,839,256	-	-	7,809,632
Depreciation	-	-	-	20,326,789	-	20,326,789
Total Operating Expenses	$144,924,227	$ 59,391,790	$ 72,065,103	$ 20,326,789	$ 4,212,336	$ 300,920,245

Note 14 – 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.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the United States Government. Any disallowed claims, including amounts already collected, may constitute a liability of the University. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the University expects any such amounts to be immaterial.

The University has contracted for the construction and renovation of several facilities. At September 30, 2024, the estimated remaining costs to complete the construction and renovation of these facilities was approximately $51.2 million which is expected to be financed from bond proceeds, grants, University funds, and private gifts.

Note 15 – Recently Issued Pronouncements

The GASB issued Statement No. 99, Omnibus 2022, in April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The University has determined there was no material impact from its adoption of the GASB Statement No. 99.

The GASB issued Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, in June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The University has determined there was no material impact from its adoption of GASB Statement No. 100.

The GASB issued Statement No. 101, Compensated Absences, in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. The University is evaluating whether there will be any material impact from its adoption of GASB Statement No. 101.

The GASB issued Statement No. 102, Certain Risk Disclosures, in December 2023. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The University is evaluating whether there will be any material impact from its adoption of GASB 102.

The GASB issued Statement No. 103, Financial Reporting Model Improvements, in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The University is evaluating whether there will be any material impact from its adoption of GASB 103.

The GASB issued Statement No. 104, Disclosure of Certain Capital Assets, in September 2024. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures, as well as additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The University is evaluating whether there will be any material impact from its adoption of GASB Statement No. 104.

The University of Alabama in Huntsville
Required Supplementary Information (Unaudited)

Schedule of the University's Proportionate Share of the Collective Net Pension Liability
Teachers' Retirement Systems of Alabama

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	1.453527%	1.526341%	1.556525%	1.556335%	1.459237%	1.518226%	1.500009%	1.525333%	1.532529%	1.609851%
Employer's proportionate share of the collective net pension liability	$231,952,000	$237,205,000	$146,630,000	$192,513,000	$161,346,000	$150,951,000	$147,428,000	$165,132,000	$160,390,000	$146,248,000
Employer's covered payroll during measurement period	$122,726,962	$131,851,279	$115,212,970	$112,135,896	$105,412,352	$103,210,401	$100,416,137	$98,670,645	$97,998,750	$97,032,526
Employer's proportionate share of the collective net pension liability as percentage of its covered payroll	189.00%	179.90%	127.27%	171.68%	153.06%	146.26%	146.82%	167.36%	163.67%	150.72%
Plan fiduciary net position as a percentage of the total collective pension liability	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%	71.01%

Schedule of University Contributions
Teachers' Retirement System of Alabama

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$15,123,281	$14,658,669	$14,781,769	$13,604,773	$13,402,675	$12,186,202	$12,184,536	$11,711,569	$11,474,249	$11,311,261
Contributions in relation to the contractually required contribution	($15,123,281)	($14,658,669)	($14,781,769)	($13,604,773)	($13,402,675)	($12,186,202)	($12,184,536)	($11,711,569)	($11,474,249)	($11,311,261)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
University's covered payroll	$138,062,300	$122,726,962	$131,851,279	$115,212,970	$112,135,896	$105,412,352	$103,210,401	$100,416,137	$98,670,645	$97,998,750
Contributions as a percentage of covered payroll	10.95%	11.94%	11.21%	11.81%	11.95%	11.56%	11.81%	11.66%	11.63%	11.54%

Notes to Schedules

Employer's covered payroll: The payroll on which contributions to a pension plan are based.

Measurement period: For fiscal year 2024, the measurement period is October 1 2022 - September 30, 2023.

Measurement period: For fiscal year 2023, the measurement period is October 1, 2021 - September 30, 2022.

Measurement period: For fiscal year 2022, the measurement period is October 1, 2020 - September 30, 2021.

Measurement period: For fiscal year 2021, the measurement period is October 1, 2019 - September 30, 2020.

Measurement period: For fiscal year 2020, the measurement period is October 1, 2018 - September 30, 2019.

Measurement period: For fiscal year 2019, the measurement period is October 1, 2017 - September 30, 2018.

Measurement period: For fiscal year 2018, the measurement period is October 1, 2016 - September 30, 2017.

Measurement period: For fiscal year 2017, the measurement period is October 1, 2015 - September 30, 2016.

Measurement period: For fiscal year 2016, the measurement period is October 1, 2014 - September 30, 2015.

The University of Alabama in Huntsville
Required Supplementary Information (Unaudited)

Schedule of the University's Proportionate Share of the Collective Net OPEB Liability
Alabama Retired Education Employees' Health Care Trust

	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the net OPEB liability	1.027249%	0.763471%	1.023499%	0.946468%	0.617266%	0.686596%	0.724951%
Employer's proportionate share of the net OPEB liability	$19,745,278	$13,303,095	$52,882,284	$61,424,456	$23,288,013	$56,429,447	$53,845,219
Employer's covered payroll during measurement period	$122,726,962	$131,851,279	$115,212,970	$112,135,896	$105,412,352	$103,210,401	$100,416,137
Employer's proportionate share of the net OPEB liability as a percentage of its covered payroll	16.09%	10.09%	45.90%	54.78%	22.09%	54.67%	53.62%
Plan fiduciary net position as a percentage of the total OPEB liability	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

Schedule of the University's Contributions
Alabama Retired Education Employees' Health Care Trust

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$1,460,736	$1,599,046	$1,459,653	$1,664,437	$1,876,852	$1,753,547	$1,685,254
Contributions in relation to the contractually required contribution	($1,460,736)	($1,599,046)	($1,459,653)	($1,664,437)	($1,876,852)	($1,753,547)	($1,685,254)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered payroll	$138,062,300	$122,726,962	$131,851,279	$115,212,970	$112,135,896	$105,412,352	$103,210,401
Contributions as a percentage of covered payroll	1.06%	1.30%	1.11%	1.44%	1.67%	1.66%	1.63%

Notes to Schedules

Employer's covered payroll: The payroll on which contributions to a pension plan are based.

Measurement period: For fiscal year 2024, the measurement period is October 1, 2022 - September 30, 2023.

Measurement period: For fiscal year 2023, the measurement period is October 1, 2021 - September 30, 2022.

Measurement period: For fiscal year 2022, the measurement period is October 1, 2020 - September 30, 2021.

Measurement period: For fiscal year 2021, the measurement period is October 1, 2019 - September 30, 2020.

Measurement period: For fiscal year 2020, the measurement period is October 1, 2018 - September 30, 2019.

Measurement period: For fiscal year 2019, the measurement period is October 1, 2017 - September 30, 2018.

THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA (Unaudited)

Administration (Unaudited)

Charles L. Karr
President

Brad Cooper
Interim Chief Financial Officer

David Puleo
Provost and Executive Vice President
for Academic Affairs

Bryan D. Samuel
Vice President for Access, Connections
and Engagement

Mallie Hale
Vice President for University Advancement

Robert Lindquist
Vice President for Research and
Economic Development

Ronnie Hebert
Interim Vice President for Student Affairs

Kristina Hendrix
Vice President for Strategic Communications

Jon Hakkila
Associate Provost for International Services &
Academic Integrity
Dean, Graduate School

Sean Lane
Dean, College of Arts, Humanities & Social Sciences

Rainer Steinwandt
Dean, College of Science

Shankar Mahalingam
Dean, College of Engineering

Karen Frith
Dean, College of Nursing

Beth Nason Quick
Dean, College of Education

Jason Greene
Dean, College of Business Administration

D. Keith Hollingsworth
Interim Dean, Honors College

THE UNIVERSITY OF
ALABAMA IN HUNTSVILLE