

T H E U N I V E R S I T Y O F A L A B A M A ®



2023-2024 ANNUAL FINANCIAL REPORT

The University of Alabama

2023-2024 Annual Financial Report

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Management's Responsibility for Financial Reporting

The management of The University of Alabama (the "University") is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements. The accompanying financial statements for the years ended September 30, 2024 and 2023 have been prepared in conformity with accounting principles generally accepted in the United States of America and, as such, include amounts based on judgments and estimates by management.

The consolidated financial statements have been audited by our independent auditor PricewaterhouseCoopers, LLP, which was given unconditional access to all financial records and related data, including minutes of all meetings of the Board of Trustees. The University believes that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers' audit opinion is presented on the following pages.

The University maintains a system of internal controls over financial reporting, which is designed to provide reasonable assurance to the University's management and Board of Trustees regarding the preparation of reliable published financial statements. Such controls are designed to identify internal control weaknesses in order to permit management to take appropriate corrective action on a timely basis. There are, however, inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls.

The Board of Trustees, through its Audit Committee, is responsible for engaging the independent auditors. The Audit Committee provides oversight of the internal and external audit functions of The University of Alabama. Both internal auditors and the independent auditors have full and free access to the Audit Committee.

Based on the above, I certify that the information contained in the accompanying financial statements fairly presents, in all material respects, the financial condition, changes in net position and cash flows of The University of Alabama, an institution of the University of Alabama System, which is a component of the State of Alabama, as of and for the years presented in this report.

Sincerely,



Daniel T. Layzell
Vice President for Finance and Operations and Treasurer



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, the aggregate discretely presented component units, and the fiduciary activities of The University of Alabama (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 and of fiduciary net position as of September 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position, of changes in fiduciary 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, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component units, and the fiduciary activities 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.

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, the aggregate discretely presented component units, and the fiduciary activities 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.

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 6 through 18 and required supplemental information for the pension plan and postemployment benefits on pages 74 through 75 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 information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Other Information

Management is responsible for the other information included in the annual report. The other information comprises the enrollment and statistics information on page 19, but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

PricewaterhouseCoopers LLP

Birmingham, Alabama
January 27, 2025

The University of Alabama

Management's Discussion and Analysis (Unaudited)

The Management's Discussion and Analysis ("MD&A") of The University of Alabama's (the "University" or "UA") annual financial report presents a discussion and analysis of the financial performance of the University during the fiscal years ended September 30, 2024 and 2023. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes, required supplementary information, and this discussion are the responsibility of management.

History, Mission and Governance

The University, the State of Alabama's (the "State") oldest institution of higher education, is the senior comprehensive doctoral-level institution in Alabama and began instructing students in 1831. Established by constitutional provision, with subsequent statutory mandates and authorizations, the University advances the intellectual and social condition of all the people of the State through quality programs of teaching, research and service. The University is a fully accredited institution of higher learning offering bachelor's, master's and doctoral degrees in more than 200 fields of study. Professional programs include law and rural medicine. The University, a beautiful 1,400-acre residential campus located in Tuscaloosa, Alabama, features exceptional facilities and technology. UA emphasizes quality programs in the areas of teaching, research and service through scholarship opportunities, student organizations, leading-edge research initiatives, and an academic community united in its commitment to enhancing quality of life.

The University is accredited by and is a member of the Southern Association of Colleges and Schools Commission on Colleges. All degree programs in professional schools and colleges subject to recognized accrediting agencies are fully accredited by the appropriate national organization. The University is a member of the Association of Public and Land-Grant Universities.

The University is governed by The Board of Trustees of The University of Alabama (the "Board"), a body corporate under Alabama Law. The Board also governs The University of Alabama at Birmingham and The University of Alabama in Huntsville, which, along with the University, make up The University of Alabama System (the "System"). The Board determines policy and approves operating budgets, educational programs, facilities and capital financings for each university, and sets the separate tuition and fee schedules applicable at each university. Oversight responsibilities of the Alabama Commission on Higher Education ("ACHE") and annual requests for appropriations from the Alabama legislature are coordinated for each University by the Chancellor of the System with the approval of the Board.

Overview of Financial Statements

The University's financial report includes the following financial statements:

- The three basic financial statements of the University and its blended component unit, The Crimson Tide Foundation ("CTF"): the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows.
- The two aggregate financial statements of six affiliated foundations presented discretely from the University: the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position.
- The two financial statements for the University's fiduciary funds: the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

The MD&A focuses solely on the University and CTF. Information on discretely presented component units can be found in the component units' annual financial reports, as well as Note 2 – Component Units. Also included are the notes to the financial statements and required supplementary information which are essential to a comprehensive understanding of the financial position of the University.

Statements of Net Position

The statements of net position present the financial position of the University at the end of the fiscal year. These statements reflect the various assets, deferred outflows, liabilities, deferred inflows, and net position of the University as of the fiscal years ended September 30, 2024 and 2023. Distinctions are made between current and noncurrent assets and liabilities. Net position is classified as unrestricted, restricted (expendable and nonexpendable), and net investment in capital assets. From the data presented, readers of the statements of net position have the information to determine the assets available to continue the operations of the University. They may also determine how much the University owes vendors, bondholders, and lending institutions. In addition, the statements of net position outline the resources available to the University and are an indicator of the University's overall financial health. Changes in net position reflect the activities of the University presented in the statements of revenues, expenses, and changes in net position.

A summarized comparison of the University's assets, deferred outflows, liabilities, deferred inflows, and net position at September 30, 2024, 2023, and 2022 is presented below.

Condensed Statements of Net Position	2024	2023	2022
Assets			
Current assets	\$ 962,454,665	\$ 883,372,278	\$ 866,432,195
Capital assets, net	2,917,944,457	2,748,890,107	2,578,423,035
Other noncurrent assets	<u>2,466,267,518</u>	<u>2,116,351,607</u>	<u>1,779,807,553</u>
Total assets	6,346,666,640	5,748,613,992	5,224,662,783
Deferred outflows of resources	437,529,679	444,311,087	344,140,710
Liabilities			
Current liabilities	640,232,682	601,771,356	562,727,334
Noncurrent liabilities	<u>2,260,685,098</u>	<u>2,028,561,206</u>	<u>1,903,816,313</u>
Total liabilities	2,900,917,780	2,630,332,562	2,466,543,647
Deferred inflows of resources	318,795,583	330,284,306	377,201,632
Net Position			
Net investment in capital assets	1,852,845,703	1,655,747,911	1,460,484,243
Restricted	1,593,579,869	1,480,576,552	1,161,672,454
Unrestricted	<u>118,057,384</u>	<u>95,983,748</u>	<u>102,901,517</u>
Total net position	\$ 3,564,482,956	\$ 3,232,308,211	\$ 2,725,058,214

The University's current assets are used to support the University's normal operations and are largely composed of cash and cash equivalents, short-term investments available for operating purposes, net accounts receivable, and prepaid expenses and unearned scholarships. Accounts receivable is comprised primarily of student accounts receivable, receivables from sponsoring agencies and accrued interest receivable. Unearned scholarship expense results from the Fall semester spanning across the fiscal year-end. The University prorates scholarship expense to recognize only the amounts incurred in each fiscal year, which can result in fluctuations depending on the timing of the Fall semester.

At September 30, 2024, the University's current assets increased \$79.1 million from the prior year, primarily due to a combined increase of \$62.7 million in cash and cash equivalents and short-term investments at year-end. These balances fluctuate based on operating needs, timing of expenditures, and cash management strategies.

At September 30, 2023, the University's current assets increased \$16.9 million. Prepaid expenses and unearned scholarships increased by \$25.0 million in 2023. Fall 2023 classes started a week later than the prior year resulting in more scholarship expense being deferred at September 30, 2023. This increase was offset by decreases in cash and cash equivalents and short-term investments based on operating needs at September 30, 2023.

Noncurrent assets are predominantly composed of endowment and life income investments, investments for capital activities, other long-term investments, capital assets (net), notes receivable (net), and pledges receivable (net).

The University's noncurrent assets increased \$519.0 million during 2024. Total noncurrent investments increased \$362.6 million during 2024 largely due to investment gains resulting from improved market performance. Additionally, the construction of new buildings and renovations on campus contributed to a rise in capital assets of \$169.1 million in 2024.

The University's noncurrent assets increased \$507.0 million at September 30, 2023. During 2023 noncurrent investments increased \$304.0 million resulting from market-related gains as well as increased additions to the Endowment for the The Shelby Endowment for Distinguished Faculty, which are permanent endowments dedicated to fostering the recruitment and retention of outstanding faculty members specializing in science, technology, engineering and mathematics disciplines. Capital assets increased \$170.5 million in 2023 due to the construction of new buildings and renovations on campus.

Deferred outflows of resources represent the consumption of net position that is applicable to future reporting periods. The University's deferred outflows of resources consist of bond deferred refunding amounts (note 7), pension obligations (note 9), and other post-employment benefits ("OPEB") obligations (note 10). Pension obligations are a component of reporting related to the University's proportionate share of the Teachers' Retirement System ("TRS") Plan (the "Plan"). OPEB obligations are a component of reporting related to the University's proportionate share of the Alabama Public Education Employee Health Insurance Plan ("PEEHIP").

At September 30, 2024, deferred outflows of resources decreased \$6.8 million, primarily due to fluctuations in deferred outflows related to pension and OPEB obligations. During 2024, deferred outflows related to pension obligations decreased \$66.2 million, and deferred outflows related to OPEB obligations increased \$60.7 million. These changes are due to actuarial changes at the Plan level as reported by TRS and PEEHIP, respectively, along with a change in the University's respective proportionate shares thereof.

At September 30, 2023, deferred outflows of resources increased \$100.2 million also resulting largely from fluctuations in deferred outflows related to pension and OPEB obligations. During 2023, deferred outflows related to pension obligations increased \$152.4 million and deferred outflows related to OPEB obligations decreased \$50.9 million. These changes were due to actuarial changes at the Plan level as reported by TRS and PEEHIP, respectively, along with a change in the University's respective proportionate shares thereof.



Current liabilities consist of accounts payable, accrued liabilities, unearned revenue, deposits, and the current portion of long-term debt. Accounts payable and accrued liabilities represents amounts owed for salaries, wages and benefits, and supplies and services. Current unearned revenue consists primarily of tuition and housing revenues for the portion of the fall semester that occurs after September 30, as well as football ticket revenue for home games occurring after September 30. CTF unearned revenue consists of Tide Pride amenity income collected in advance that will not be earned until future years.

In 2024, current liabilities increased \$38.5 million. Accounts payable and accrued liabilities increased \$19.6 million due to the timing of certain payments around year-end. Additionally, current unearned revenue increased \$18.2 million in 2024 in line with increases in Fall 2024 enrollment and tuition rates. Approximately 64% of Fall 2024 tuition revenue is reported as unearned revenue at September 30, 2024.

Current liabilities increased \$39.0 million in 2023. Current unearned revenues increased \$38.1 million. Fall 2023 classes started a week later than in the prior year resulting in more tuition revenue being deferred to 2024. Approximately 66% of Fall 2023 tuition is reported as unearned revenue at September 30, 2023.

The University's long-term debt, the University's proportionate share of the net pension liability in the TRS Plan, and the University's proportionate share of the net OPEB liability in the PEEHIP comprise the majority of its noncurrent liabilities. Both pension and OPEB liabilities fluctuate based on actuarial valuations.

During 2024, total noncurrent liabilities increased \$232.1 million. Long-term debt (noncurrent portion) increased \$170.9 million due to the issuance of the 2024B bonds (see note 7), net of debt repayments. The University's proportionate share of the net pension liability increased \$26.1 million and the University's proportionate share of the net OPEB liability increased \$28.1 million resulting from increases in both the total pension liability and the total OPEB liability based on actuarial valuations.

During 2023, total noncurrent liabilities increased \$124.7 million. Long-term debt decreased \$54.3 million as debt repayments were made throughout the year. The University's proportionate share of the net pension liability increased \$340.5 million. The 2023 liability is based on the plan's measurement date as of September 30, 2022. For the Plan's 2022 fiscal year, the overall fiduciary net position value dropped due to a downturn in the market, wiping out most of the investment gains made during 2021. The University's proportionate share of the net OPEB liability decreased \$162.8 million due to a change in the discount rate used in the actuarial valuation, as well as lower than anticipated claims which impacted the assumptions and resulted in an overall lower liability.

Governmental Accounting Standards Board ("GASB") Statements No. 68 and 75 require governmental employers participating in multi-employer cost-sharing pension and healthcare benefit plans to recognize liabilities for their proportionate share of the unfunded liability for plans whose actuarial liabilities exceed the plan's net assets. As required by Alabama statute, all eligible employees of a qualifying public educational employer must be a member of the TRS. As a qualifying employer, the University is required to make certain employer contributions on behalf of its employees participating in TRS's defined benefit pension plan. Additionally, Alabama statutes permit the University to opt-in to provide its eligible retirees with healthcare benefits through the PEEHIP.

The employer contribution rates for both plans are established annually by TRS and PEEHIP, and adopted by the Alabama Legislature. Both the TRS employer contribution rate and the employer's PEEHIP cost for retiree coverage are based upon the actuarial valuations for each plan that are performed by TRS and PEEHIP, respectively. The University records its share of the collective liabilities, deferred inflows and outflows, and net pension and OPEB expense (benefit) of the Plan and PEEHIP based on audited schedules provided by TRS and PEEHIP. As a participating employer, the University is not involved in establishing the assumptions and methodologies used to estimate the respective balances associated with these plans. Although the liabilities recognized under GASB Statements No. 68 and 75 meet GASB's definition of a liability within GASB's framework for accounting standards, the University does not believe that the associated recorded liabilities constitute legal liability for the University, nor do they open the University to other claims on its resources.

Deferred inflows of resources are an acquisition of net position that is applicable to a future reporting period. The University's deferred inflows of resources result from pension obligations (note 9), OPEB obligations (note 10), the University's leases receivable, and the University's remainder interest in its irrevocable split interest agreements, which are charitable remainder trusts (note 1). Pension obligations are a component of reporting related the University's proportionate share of the TRS Plan. OPEB obligations are a component of reporting related to the University's proportionate share of the PEEHIP.

During 2024 deferred inflows of resources decreased \$11.5 million due largely to changes in deferred inflows relating to pension obligations. The decrease is due to actuarial changes at the Plan level as reported by TRS along with a change in the University's proportionate share thereof.

During 2023 deferred inflows of resources decreased \$46.9 million due primarily to fluctuations in deferred inflows relating to pension and OPEB obligations. Deferred inflows related to pension obligations decreased \$135.6 million, while deferred inflows related to OPEB obligations increased \$81.9 million. These changes were due to actuarial changes at the Plan level as reported by TRS and PEEHIP, respectively, along with a change in the University's respective proportionate shares thereof.

University Endowments

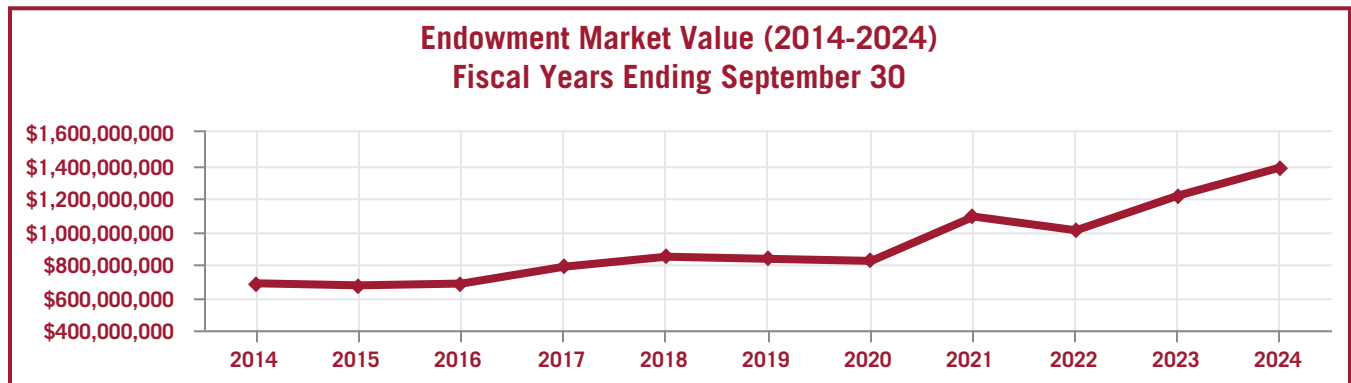
The University's endowments are invested in the Pooled Endowment Fund ("PEF"), an investment pool established by the Board and managed by the System. Endowed gifts are invested in perpetuity and ensure support for today while providing excellence far into the future. Endowments grow over time to create a legacy of learning, research and scholarship as they extend the impact of the donor's generosity well beyond a lifetime. These gifts allow the University to create and maintain excellence in academics beyond what can be accomplished with funding from the State and tuition. Endowments provide funding for scholarships, fellowships, professorships, academic chairs, libraries, and programs that serve as crucial elements in student and faculty recruitment and retention.

The University Endowment grew \$170.8 million in 2024 resulting from additions to the Endowment coupled with favorable market conditions. In 2023 the Endowment grew \$210.9 million also resulting from additions to the Endowment and favorable market conditions. During 2023, the University received \$100.0 million in funding directed by Congress to establish permanent endowments dedicated to fostering the recruitment and retention of outstanding faculty members specializing in science, technology, engineering and mathematics disciplines.

Activity related to the University's endowment and life income investments for 2024 and 2023 is presented below.

Endowment and Life Income Investments	2024	2023
Endowment and life income investments, beginning of year	\$ 1,216,816,640	\$ 1,005,954,484
Additions to permanent endowments	30,872,207	145,730,568
Other additions	15,302,476	22,658,401
Distributions	(55,510,898)	(55,145,681)
Market change	180,173,039	97,618,868
Endowment and life income investments, end of year	\$ 1,387,653,464	\$ 1,216,816,640

The University's endowment and life income investments total market value as of September 30 is presented graphically below. The endowment totals do not include the endowment values of discretely presented component units.



Capital Assets and Debt Administration

The University prioritizes capital renewal and stewardship of facilities to foster dynamic and interactive experiences for students, faculty, and staff. Capital spending remains a priority with a shifting focus from new construction to reinvesting in existing spaces that are flexible, functional, and promote collaboration, aiming to create interconnectedness among individuals within the University community. The University strives to create a campus that is inclusive and safe, and an environment that fosters innovation and discovery, enabling students, faculty, and staff to reach their full potential. A summary of the University's capital assets, net of accumulated depreciation, is below.

Capital Assets, Net of Accumulated Depreciation	2024	2023	2022
Land	\$ 100,089,921	\$ 94,691,467	\$ 94,028,783
Land improvements	60,480,458	57,160,846	51,972,057
Infrastructure	165,684,782	164,681,759	135,733,386
Buildings and fixed equipment	2,107,873,047	2,025,350,249	1,993,744,194
Construction in progress	247,010,362	180,086,355	91,697,132
Equipment	112,077,392	102,707,977	95,345,870
Library materials and collections	38,869,640	40,230,624	39,601,544
Intangible assets	65,300,314	65,391,724	59,263,831
Right-of-use assets - leased real estate & equipment	3,248,693	3,447,075	4,281,286
Right-of-use assets - software subscriptions	17,309,848	15,142,031	12,754,952
Total capital assets, net of accumulated depreciation	\$ 2,917,944,457	\$ 2,748,890,107	\$ 2,578,423,035

Significant capital asset expenditures for 2024 include (in millions):

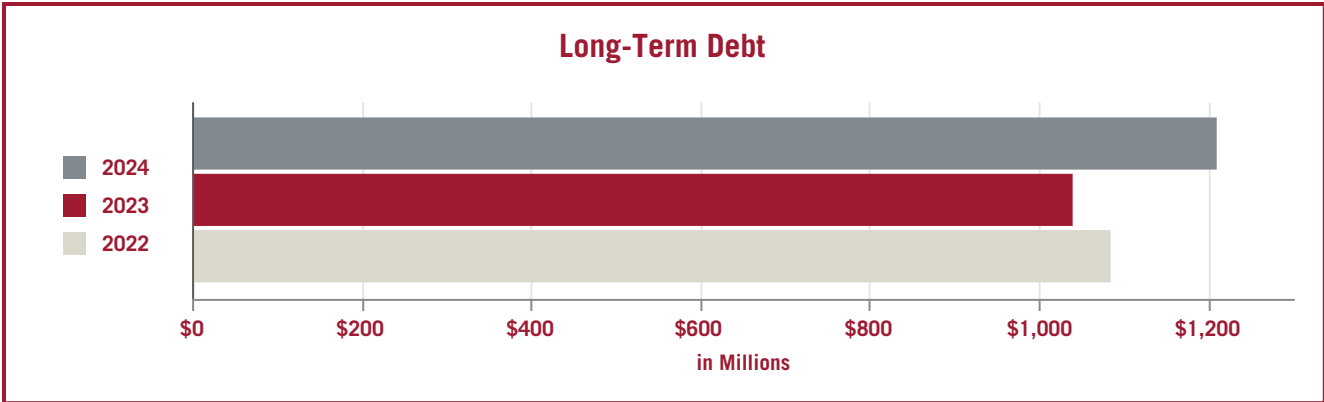
Alabama Intercollegiate Athletics Golf Facility	\$28.6
Peter Bryce Main Building Stabilization, Phase 2	\$24.4
Smart Communities and Innovation Building	\$15.5
Performing Arts Center	\$12.7
University Club Renovation & Addition	\$10.2

Significant capital asset expenditures for 2023 include (in millions):

Peter Bryce Main Building Stabilization, Phase 2	\$30.3
Smart Communities and Innovation Building	\$27.2
Drummond Lyon Hall	\$16.1
Performing Arts Center	\$9.6
Alston Hall Renovation	\$9.5

The University plans to fund ongoing construction projects with reserves, debt proceeds, private gifts, and various federal and state grants.

The University's long-term debt consists of general revenue bonds and notes payable. In 2024 the University issued the 2024B bonds. Additionally, the 2022A bonds were redeemed for the 2024A bonds (see note 7). At September 30, 2024, debt obligations bear interest at fixed rates ranging from 2.0% to 5.875% and mature at various dates through 2054. A summary of the University's debt, exclusive of debt discounts and premiums, is presented graphically below:



The University's Net Position

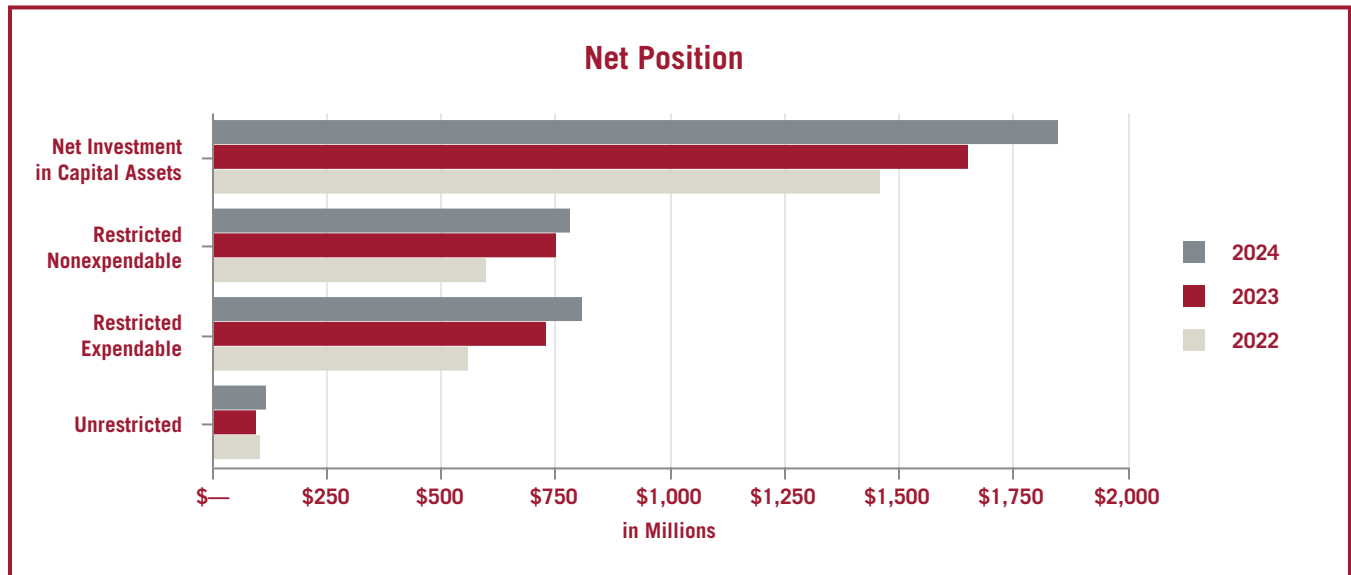
Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. The major net position categories are discussed in detail below.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt attributable to the acquisition, construction or improvement of those assets. Net investment in capital assets increased \$197.1 million and \$195.3 million in 2024 and 2023, respectively. Increases result from capital asset purchases which exceed the related depreciation expense, as well as a decrease in the related debt as debt repayments are made during the year.

Restricted nonexpendable net position encompasses true endowments that are required to be held in perpetuity. Restricted nonexpendable net position increased \$32.8 million in 2024 and \$150.3 million in 2023 due primarily to additions to the Endowment and earnings on true endowment corpus funds. As mentioned previously, in 2023 the University received \$100.0 million in funding directed by Congress to establish permanent endowments which resulted in a large increase in that year.

Restricted expendable net position includes restricted gifts, institutional loan funds, sponsored programs, restricted quasi endowments, term endowments, endowment income and unrealized appreciation (depreciation), and restricted plant funds. This net position type is restricted by externally-imposed constraints. In 2024, restricted expendable net position increased \$80.2 million due largely to an increase in true endowment gains. Some of these gains were offset by decreases in CTF's restricted expendable net position due to a decrease in private gift revenue related to contingent pledges, as well as an increase in intragovernmental transfers from CTF to UA to fund intercollegiate athletics. In 2023, restricted expendable net position increased \$168.6 million due to increases in true endowment gains, gift revenues, and state capital appropriations received in 2023.

Unrestricted net position represents the net position available to the University for any lawful purpose of the University and is typically internally designated or committed for specific academic programs or initiatives. Unrestricted net position increased \$22.1 million in 2024. The University saw increases in State educational appropriations, intergovernmental transfers, and investment and endowment income resulting from improved market conditions; however, continued rising costs due to inflation and salary base increases offset some of these gains. Unrestricted net position decreased \$6.9 million in 2023. Although the University also experienced increases in unrealized gains and State educational appropriations in 2023, unrestricted net position was impacted by rising costs due to inflation as well as the impact of the GASB Statement No. 68 pension expense adjustment.



Statements of Revenues, Expenses and Changes in Net Position

The statements of revenues, expenses and changes in net position ("SRECNP") present the revenues received by the University, both operating and nonoperating, and the expenses paid by the University, both operating and nonoperating, and any other revenues and expenses received or expended by the University.

Operating revenues consist primarily of tuition and fees and auxiliary sales and services, which are generated from self-supporting departments including Intercollegiate Athletics, residence halls, the UA Supply Store, and food service operations. The University also seeks funding from the federal and state governments and sponsored programs in support of its mission of teaching, research, and service. Operating expenses are those incurred in conjunction with the fulfillment of the University's mission and include salaries, wages and benefits, supplies and services, depreciation, and scholarships and fellowships.

Other significant revenue sources, which are considered nonoperating as defined by the GASB, include State educational appropriations, private gifts, investment income, and nonoperating grants such as Federal Pell grants. As shown below, the University experienced operating losses in all fiscal years presented, highlighting the University's dependency on these nonoperating revenues.

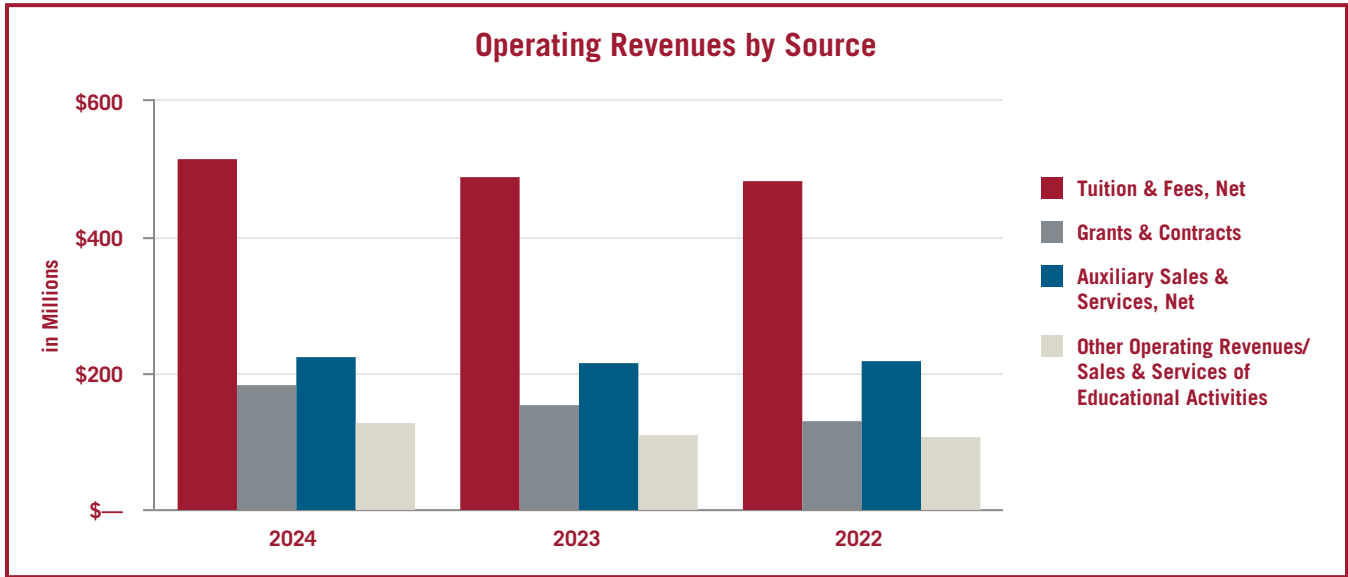
Other changes affecting the University's net position include state capital funds, state capital appropriations, capital gifts and grants, additions to permanent endowments, intergovernmental transfers between the University and the System, and intragovernmental transfers between the University and CTF, its blended component unit.

A summary of the University's revenues, expenses and changes in net position at September 30 follows.

Condensed Statements of Revenues, Expenses and Changes in Net Position	2024	2023	2022
Operating revenues			
Tuition and fees, net	\$ 516,178,372	\$ 489,751,283	\$ 485,015,783
Grants and contracts	184,999,725	155,691,181	131,566,581
Auxiliary sales and services, net	226,534,302	218,138,305	220,599,553
All other operating revenues	129,788,578	113,138,505	109,145,743
Total operating revenues	<u>1,057,500,977</u>	<u>976,719,274</u>	<u>946,327,660</u>
Operating expenses			
Operating expenses	1,453,290,752	1,287,972,046	1,149,130,230
Operating loss	<u>(395,789,775)</u>	<u>(311,252,772)</u>	<u>(202,802,570)</u>
Nonoperating revenues (expenses)			
State educational appropriations	229,905,984	212,885,740	194,970,221
Gifts	46,804,226	78,861,700	44,942,506
Investment income (loss), net	359,127,912	219,906,628	(286,146,166)
All other nonoperating revenues (expenses), net	7,030,270	1,435,739	(3,482,039)
Net nonoperating revenues (expenses)	<u>642,868,392</u>	<u>513,089,807</u>	<u>(49,715,478)</u>
Income (loss) before other changes in net position	<u>247,078,617</u>	<u>201,837,035</u>	<u>(252,518,048)</u>
Other changes in net position			
Increase (decrease) in net position	<u>85,096,128</u>	<u>305,412,962</u>	<u>114,062,788</u>
Net position, beginning of year	<u>3,232,308,211</u>	<u>2,725,058,214</u>	<u>2,863,513,474</u>
Net position, end of year	<u>\$ 3,564,482,956</u>	<u>\$ 3,232,308,211</u>	<u>\$ 2,725,058,214</u>

Operating Revenues

The University's operating revenues by source are presented graphically below.



Net tuition and fees increased \$26.4 million in 2024 following an increase of \$4.7 million in 2023. The University's Fall semester spans across the fiscal year-end, and tuition revenue is pro-rated to recognize only the amounts incurred in each fiscal year. Fall 2023 classes started a week later than in the prior year resulting in a larger percentage of that tuition revenue being deferred to and recognized in 2024. Enrollment increased in both years, but there was more growth in out-of-state enrollment for the 2023-2024 academic year, which also contributed to the increase in 2024 revenue. For the 2022-2023 academic year, tuition rates increased for both in-state and out-of-state students. For the 2023-2024 academic year, tuition rates increased for out-of-state students. Tuition rates are reviewed annually by the University and presented to the Board for approval.

The University receives grant and contract revenue from federal, state, and local governments and private agencies. These funds are used to further the mission of the University – to advance the intellectual and social condition of the people of the State, the nation and the world through the creation, translation and dissemination of knowledge with an emphasis on quality programs in the areas of teaching, research and service. The University is classified by the Carnegie Classification of Institutions of Higher Education as Doctoral Universities - Very High Research Activity status (formerly known as the R1 category). The University continues to experience record levels of growth in external funding for research and other sponsored activities, which impacted fiscal year expenditures and resulted in increases in total operating grants and contracts revenue of \$29.3 million in 2024 and \$24.1 million in 2023.

The University's auxiliary activities are comprised of Intercollegiate Athletics, residence halls, the UA Supply Store, food service operations and other miscellaneous auxiliary enterprises. Auxiliary revenue increased \$8.4 million in 2024 primarily due to increases in athletics ticket revenues and residence hall revenues. Auxiliary revenue decreased \$2.5 million in 2023. While revenues for many auxiliary units increased, including the UA Supply Store and residence halls, these increases were offset by an increase in auxiliary scholarship allowance, which is the amount applied by the University to auxiliary housing on behalf of students receiving scholarship awards, and a decrease in athletics ticket revenues. In 2023, there was a change to the pricing structure of Tide Pride ticket packages, resulting in a decrease to ticket revenue in that year.

Other operating revenues are comprised of both University and CTF revenues. During 2024, other operating revenues for the University remained stable, while increases in CTF Tide Pride rates contributed to an overall increase of \$15.0 million from the prior year. In 2023 other operating revenues for the University and CTF remained consistent with prior years, with a slight increase of \$3.4 million resulting primarily from increases in CTF media revenues.

Operating Expenses

The University reports natural classifications of expenses in the SRECNP. Salaries, wages and benefits increased \$85.6 million in 2024 following an \$81.8 million increase in 2023 due to growth in the University's salary base, rising benefit costs related to salary growth, and an increase in the net pension expense adjustment resulting from GASB Statement No. 68 in both years. The University is committed to recruiting and retaining outstanding and diverse faculty, staff and graduate students. Compensation packages and benefit offerings provide leverage for the University to successfully compete with peer institutions and employers outside of the academic sector.

Supplies and services increased \$66.8 million in 2024, following an increase of \$45.4 million in 2023. The 2024 increase was driven primarily by growth in the University's sponsored research activities and intercollegiate athletics expenses. The 2023 increase is related primarily to growth in sponsored research activities. Additionally, the University continues to face rising costs due to inflation.

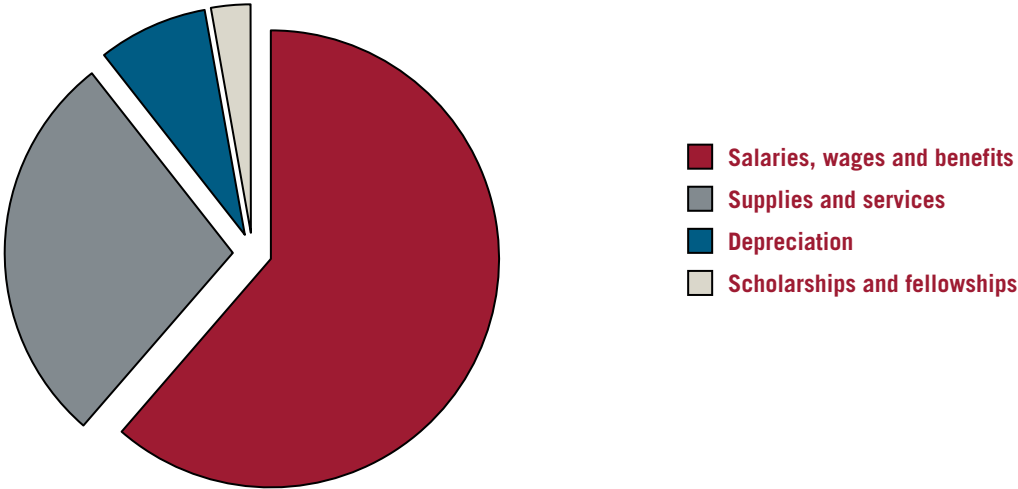
Scholarships and fellowships expense is reported net of scholarship allowances. Scholarship allowance is the amount applied by the University against tuition billing and auxiliary housing on behalf of students receiving scholarship awards. The net expenses of \$40.9 million, \$37.1 million, and \$33.8 million for 2024, 2023, and 2022, respectively, represent payments made directly to students after awards have been applied against tuition and fees and auxiliary housing charged to student accounts.

Depreciation expense continues to rise in line with capital assets due to the construction of new buildings and renovations on campus.

Operating Expenses (by natural classification)	2024	2023	2022
Salaries, wages and benefits	\$ 891,842,430	\$ 806,257,448	\$ 724,478,126
Supplies and services	407,448,299	340,622,841	295,245,914
Depreciation	113,134,875	103,954,222	95,571,952
Scholarships and fellowships	40,865,148	37,137,535	33,834,238
Total operating expenses	\$ 1,453,290,752	\$ 1,287,972,046	\$ 1,149,130,230

A graphical illustration of the University's operating expenses by natural classification for the year ended September 30, 2024 is presented below:

2024 Operating Expenses (by natural classification)

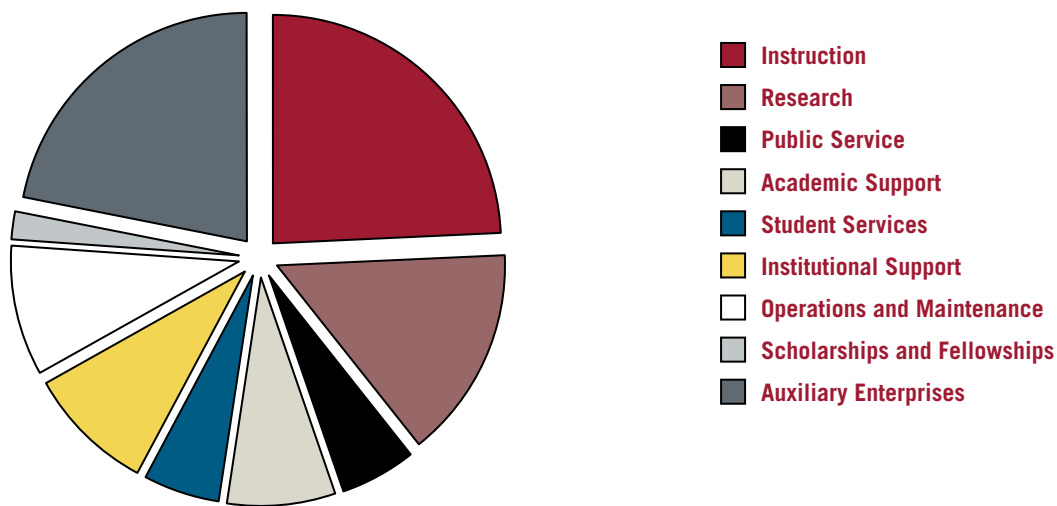


In addition to natural classifications, operating expenses are reported by functional classifications as defined by the National Association of College and University Business Officers. The functional classification of an operating expense (Instruction, Research, etc.) is assigned to a department based 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.

Operating Expenses (by functional classification)	2024	2023	2022
Instruction	\$ 352,819,834	\$ 321,772,008	\$ 294,544,687
Research	218,636,368	184,502,042	160,022,962
Public service	78,479,222	74,721,081	62,363,700
Academic support	111,661,446	102,275,108	92,306,218
Student services	78,567,326	73,164,888	67,633,043
Institutional support	132,022,353	114,591,252	104,841,530
Operations and maintenance	134,022,682	118,378,255	98,789,548
Scholarships and fellowships	29,030,816	24,182,490	28,305,453
Auxiliary enterprises	318,050,705	274,384,922	240,323,089
Total operating expenses	\$ 1,453,290,752	\$ 1,287,972,046	\$ 1,149,130,230

A graphical illustration of the University's operating expenses by functional classification for the year ended September 30, 2024 is presented below:

2024 Operating Expenses (by functional classification)



Nonoperating Revenues and Expenses

GASB requires certain key revenue sources such as State educational appropriations, financial aid grants (Federal Pell grant awards), and private gifts to be classified as nonoperating revenues. These nonoperating revenues are essential to cover the University's cost of operations. Net nonoperating revenues increased \$129.8 million in 2024, following an increase of \$562.8 million in 2023.

State educational appropriations are determined by the Alabama State Legislature and have continued to rise in all years presented, increasing \$17.0 million in 2024 and \$17.9 million in 2023.

Gift revenue decreased \$32.1 million in 2024, following an increase of \$33.9 million in 2023. During 2023, CTF was able to recognize previously unrecorded contingent pledges and gifts as all aspects of the contingency were met resulting in higher gift revenue in that year.

Nonoperating grants consist primarily of Federal Pell grant awards. Nonoperating grants revenue has increased steadily from \$34.7 million in 2022 to \$36.4 million in 2023, then to \$43.3 million in 2024. These increases follow in line with increases in enrollment.

Both investment and endowment income are combined as net investment income on the SRECNP. Net investment income increased \$139.2 million in 2024, totaling \$359.1 million, and \$506.1 million in 2023, totaling \$219.9 million. Improved market performance throughout both years strengthened the fair value of the University's investments.

Other Changes in Net Position

The University's other changes in net position are comprised of state capital appropriations, state capital funds, capital gifts and grants, additions to permanent endowments, intergovernmental transfers, and intragovernmental transfers. Net other changes in net position were \$85.1 million, \$305.4 million and \$114.1 million at September 30, 2024, 2023, and 2022, respectively.

The University's state capital funds are comprised of funding received from the Public School and College Authority ("PSCA") for specific capital projects. The University received PSCA funding of \$3.1 million, \$33.1 million, and \$21.0 million in 2024, 2023, and 2022, respectively.

Capital gifts and grants consist of gifts, grants and pledges received by both the University and CTF for capital projects. Capital gifts and grants revenue decreased \$35.0 million in 2024, following an increase of \$12.6 million in 2023. During 2023, CTF was able to recognize previously unrecorded contingent pledges and gifts as all aspects of the contingency were met in that year. Recognition of these pledges, along with continued capital fundraising, resulted in higher capital gift revenue for CTF in 2023.

Additions to permanent endowments totaled \$30.9 million, \$145.7 million, and \$58.7 million at September 30, 2024, 2023, and 2022, respectively. As previously mentioned, in 2023 the University received \$100.0 million in funding directed by Congress to establish permanent endowments dedicated to fostering the recruitment and retention of outstanding faculty members specializing in science, technology, engineering and mathematics disciplines.

Intergovernmental transfers are transfers from the System to the University. In 2024, the System received supplemental appropriations for all of the institutions in the System from the State to allocate as approved by the Board. The Board approved transfers of supplemental appropriations from the System to UA in the amount of \$56.7 million. In 2023, the University received supplemental appropriations directly from the State totaling \$58.2 million which were reported as state capital appropriations. In 2022, the System received supplemental appropriations for all of the institutions and UA did not receive any allocations from the System.

Intragovernmental transfers are transactions between the University and CTF, a blended component unit of the University. These transfers fund debt service, operating costs, and capital project expenditures for Intercollegiate Athletics. During 2024, intragovernmental transfers decreased \$39.0 million, following an increase of \$21.4 million in 2023. The net of these transfers varies and is impacted by operations, projects, and the timing of transfers around CTF's June 30 year-end.

Future Economic Outlook

The University has positioned itself to weather the uncertain times our economy experiences. Prudent management, cost containment, conservative budgeting, and sensible investment strategies help ensure the University can remain dedicated to its mission of teaching, research, and service. We continuously strive to attract the best students, while increasing the intrinsic and marketable value of education offered at the University.

A crucial element to the University's future will continue to be our relationship with the State of Alabama as we work to maintain competitive tuition while providing an outstanding college education for our students. A direct relationship exists between the growth of state support and the University's ability to control tuition rates. There can be no assurance of future state appropriations. The University expects to be able to absorb any potential decrease of state funds, without a material reduction of its budget, through a combination of tuition increases, steady enrollment and internal reserves. State appropriations are not, and cannot lawfully be, pledged under debt indentures. Major financial strengths of the University include a diverse source of revenues, including state appropriations, tuition and fees (net of scholarship allowances), auxiliary units' revenue, private support, and federally sponsored grants and contracts.

The University must have campus facilities that are competitive to support the mission of the institution and scope of its programs and services. The University continues to execute its long-term plan to modernize and expand its teaching, research, and student facilities with a balance of new construction and technology. The University strives to create a beautiful, inclusive and user-friendly campus. The continuous improvement of the University's aesthetic appeal offers visitors, current and prospective students, employees and the surrounding communities an attractive and appealing atmosphere in which to live and work.

The University's private support is fundamental in meeting budgetary needs. Gifts received are testaments to the high regard in which alumni, corporations, foundations, and other supporters hold the University. The level of private support underscores the continued confidence among donors in the quality of the University's programs and the importance of its mission. At the same time, economic pressures may also affect the future level of support the University receives from corporate and individual giving. Component units have also continued their level of support in the face of the current economic environment.



The University of Alabama Statistical Highlights (Unaudited)
Fall Semester

Fall Headcount Enrollment*	2023	2022	2021	2020	2019
Undergraduate	33,436	32,458	31,688	31,672	32,798
Graduate	5,694	5,687	6,152	5,730	4,870
Professional	493	500	480	440	435
Total Fall Enrollment	39,623	38,645	38,320	37,842	38,103

Fall Full-Time Equivalent ("FTE") Enrollment*	2023	2022	2021	2020	2019
Undergraduate	31,703	30,726	29,943	29,756	31,037
Graduate	4,474	4,457	4,824	4,615	3,985
Professional	491	499	480	440	435
Total Fall Enrollment	36,668	35,682	35,247	34,811	35,457

Fall First-Time Undergraduate Admissions*	2023	2022	2021	2020	2019
Applications	58,418	54,072	42,421	39,560	38,505
Admitted	44,295	43,290	33,472	31,804	31,835
Enrolled	8,279	8,037	7,593	6,507	6,764
Percent Admitted	75.8 %	80.1 %	78.9 %	80.4 %	82.7 %
Percent Enrolled	18.7 %	18.6 %	22.7 %	20.5 %	21.2 %

Degrees Conferred Academic Years Ending May*	2023-24	2022-23	2021-22	2020-21	2019-20
Baccalaureate	6,605	6,505	6,741	7,363	7,429
Master's	1,992	2,162	2,180	1,859	1,831
Juris Doctor	153	126	130	119	130
Educational Specialist	56	51	39	26	25
Doctoral	300	310	266	245	253
Total Degrees Conferred	9,106	9,154	9,356	9,612	9,668

Academic Years Ending May**	2023-24	2022-23	2021-22	2020-21	2019-20
Undergraduate and Graduate Tuition					
Tuition Per Full-Time In-State Student	\$11,100	\$11,100	\$10,780	\$10,780	\$10,780
Percent Increase Over Prior Year	— %	3.0 %	— %	— %	— %
Tuition Per Full-Time Out-of-State Student	\$32,400	\$31,460	\$30,250	\$30,250	\$30,250
Percent Increase Over Prior Year	3.0 %	4.0 %	— %	— %	3.5 %
Law School Tuition					
Tuition Per Full-Time In-State Student	\$24,080	\$24,080	\$23,610	\$23,610	\$23,610
Percent Increase Over Prior Year	— %	2.0 %	— %	— %	— %
Tuition Per Full-Time Out-of-State Student	\$45,570	\$44,470	\$43,060	\$43,060	\$43,060
Percent Increase Over Prior Year	2.5 %	3.3 %	— %	— %	2.8 %

*Data obtained from the Office of Institutional Research and Assessment website.

**Tuition data obtained from the Student Account Services website.

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

	2024	2023
Current assets		
Cash and cash equivalents	\$ 165,087,452	\$ 108,965,045
Short-term investments	498,683,202	492,120,473
Accounts receivable, net	111,739,115	103,335,878
Current portion of notes receivable, net	5,609,401	5,657,526
Current portion of student loans receivable, net	1,464,324	1,539,115
Current portion of pledges receivable, net	33,558,282	31,508,019
Inventories	8,488,207	7,343,288
Prepaid expenses and unearned scholarships	133,193,531	128,588,953
Other current assets	4,631,151	4,313,981
Total current assets	<u>962,454,665</u>	<u>883,372,278</u>
Noncurrent assets		
Restricted cash and cash equivalents	5,211,464	2,157,327
Endowment and life income investments	1,387,653,464	1,216,816,640
Investments for capital activities	551,765,838	420,257,423
Other long-term investments	213,434,324	153,227,759
Notes receivable, net	195,118,249	199,299,361
Student loans receivable, net	5,155,880	5,046,776
Pledges receivable, net	81,518,010	98,984,407
Capital assets, net	2,917,944,457	2,748,890,107
Other noncurrent assets	26,410,289	20,561,914
Total noncurrent assets	<u>5,384,211,975</u>	<u>4,865,241,714</u>
Total assets	<u>6,346,666,640</u>	<u>5,748,613,992</u>
Deferred outflows of resources		
Debt refundings	14,501,926	15,852,866
Pension and OPEB obligations	423,027,753	428,458,221
Total deferred outflows of resources	<u>437,529,679</u>	<u>444,311,087</u>
Total assets and deferred outflows of resources	<u>\$ 6,784,196,319</u>	<u>\$ 6,192,925,079</u>

See accompanying notes to financial statements.

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

	2024	2023
Current liabilities		
Accounts payable and accrued liabilities	\$ 189,043,850	\$ 169,442,601
Current portion of unearned revenue	383,815,955	365,608,854
Deposits	15,851,989	18,944,651
Current portion of long-term debt	51,520,888	47,775,250
Total current liabilities	<u>640,232,682</u>	<u>601,771,356</u>
Noncurrent liabilities		
Federal advances - loan funds	6,520,202	4,710,916
Other liabilities	21,135,479	15,568,777
Unearned revenue	4,516,564	4,858,664
Long-term debt, net	1,222,436,431	1,051,532,061
Pension liability	920,526,000	894,458,000
OPEB liability	85,550,422	57,432,788
Total noncurrent liabilities	<u>2,260,685,098</u>	<u>2,028,561,206</u>
Total liabilities	<u>2,900,917,780</u>	<u>2,630,332,562</u>
Deferred inflows of resources		
Pension and OPEB obligations	299,743,341	314,965,903
Leases	15,910,314	12,981,988
Charitable remainder trusts	3,141,928	2,336,415
Total deferred inflows of resources	<u>318,795,583</u>	<u>330,284,306</u>
Net position		
Net investment in capital assets	1,852,845,703	1,655,747,911
Restricted		
Nonexpendable	783,483,910	750,668,381
Expendable	810,095,959	729,908,171
Unrestricted	118,057,384	95,983,748
Total net position	<u>3,564,482,956</u>	<u>3,232,308,211</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 6,784,196,319</u>	<u>\$ 6,192,925,079</u>

See accompanying notes to financial statements.

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

	2024	2023
Operating revenues		
Tuition and fees	\$ 861,855,514	\$ 785,087,861
Less: scholarship allowances	(345,677,142)	(295,336,578)
Tuition and fees, net	516,178,372	489,751,283
Grants and contracts		
Federal	143,525,263	114,288,682
State	33,046,567	33,993,620
Local	1,024,749	1,432,341
Private	7,403,146	5,976,538
Sales and services of educational activities	19,247,440	17,564,235
Auxiliary sales and services, net of \$24,192,551 in 2024 and \$16,787,247 in 2023 of scholarship allowances	226,534,302	218,138,305
Other operating revenues	110,541,138	95,574,270
Total operating revenues	1,057,500,977	976,719,274
Operating expenses		
Salaries, wages and benefits	891,842,430	806,257,448
Supplies and services	407,448,299	340,622,841
Depreciation	113,134,875	103,954,222
Scholarships and fellowships	40,865,148	37,137,535
Total operating expenses	1,453,290,752	1,287,972,046
Operating loss	(395,789,775)	(311,252,772)
Nonoperating revenues (expenses)		
State educational appropriations	229,905,984	212,885,740
Gifts	46,804,226	78,861,700
Grants	43,342,368	36,418,977
Investment income, net	359,127,912	219,906,628
Interest expense	(31,896,380)	(33,672,284)
Other nonoperating expenses, net	(4,415,718)	(1,310,954)
Net nonoperating revenues	642,868,392	513,089,807
Income before other changes in net position	247,078,617	201,837,035
Other changes in net position		
State capital appropriations	—	58,173,691
State capital funds	3,066,040	33,122,351
Capital gifts and grants	11,487,130	46,465,094
Additions to permanent endowments	30,872,207	145,730,568
Intergovernmental transfers	56,738,715	—
Intragovernmental transfers, net	(17,067,964)	21,921,258
Net other changes in net position	85,096,128	305,412,962
Increase in net position	332,174,745	507,249,997
Net position, beginning of year	3,232,308,211	2,725,058,214
Net position, end of year	\$ 3,564,482,956	\$ 3,232,308,211

See accompanying notes to financial statements.

The University of Alabama
Statements of Cash Flows
For the Years Ended September 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Student tuition and fees, net	\$ 521,848,637	\$ 524,252,741
Grants and contracts		
Federal	146,781,344	98,297,999
State	33,345,250	33,767,570
Local	849,447	1,168,497
Private	6,990,438	6,792,955
Sales and services of educational activities	17,380,791	16,597,287
Other receipts	105,829,921	107,574,493
Auxiliary enterprises	230,790,084	214,897,302
Payments to suppliers	(408,008,052)	(335,651,064)
Payments to employees and related benefits	(838,333,268)	(796,961,509)
Payments for scholarships and fellowships	(35,657,601)	(56,644,863)
(Disbursements) receipts for student loans	(34,314)	822,212
Other disbursements	(80,613)	—
Net cash used in operating activities	<u>(218,297,936)</u>	<u>(185,086,380)</u>
Cash flows from noncapital financing activities		
State educational appropriations	229,905,984	212,885,740
Private gifts for other than capital purposes	81,154,432	193,393,668
Grants	43,342,368	36,418,977
Student direct lending receipts	198,398,475	192,134,898
Student direct lending disbursements	(200,684,122)	(192,323,748)
Deposits from affiliates	2,285,647	188,850
Other disbursements, net	(641,168)	(387,282)
Intragovernmental transfers	2,236,736	3,903,848
Net cash provided by noncapital financing activities	<u>355,998,352</u>	<u>446,214,951</u>
Cash flows from investing activities		
Interest and dividends on investments	54,430,127	47,601,872
Purchases of investments	(311,797,403)	(294,133,346)
Proceeds from sales and maturities of investments	233,071,835	172,845,004
Payments received on notes receivable	12,684,842	10,241,311
Disbursements from issuance of notes receivable	(5,833,088)	—
Net cash used in investing activities	<u>(17,443,687)</u>	<u>(63,445,159)</u>
Cash flows from capital and related financing activities		
Proceeds from issuance of notes and bonds payable	227,784,497	—
Capital gifts, grants and contracts	25,372,479	22,727,578
State capital appropriations	—	58,173,691
Principal and interest received on lease receivables	2,403,514	1,383,396
Purchases of capital assets	(261,851,608)	(212,902,687)
Principal payments on capital debt	(45,408,950)	(43,532,565)
Interest payments on capital debt	(36,586,989)	(38,764,287)
Principal and interest paid on lease and SBITA obligations	(10,237,134)	(12,957,399)
Intergovernmental transfers	56,738,715	—
Intragovernmental transfers	(19,294,709)	18,017,409
Net cash used in capital and related financing activities	<u>(61,080,185)</u>	<u>(207,854,864)</u>
Net increase (decrease) in cash and cash equivalents	<u>59,176,544</u>	<u>(10,171,452)</u>
Cash and cash equivalents, beginning of year	<u>111,122,372</u>	<u>121,293,824</u>
Cash and cash equivalents, end of year	<u>\$ 170,298,916</u>	<u>\$ 111,122,372</u>

See accompanying notes to financial statements.

The University of Alabama
Statements of Cash Flows, Continued
For the Years Ended September 30, 2024 and 2023

	2024	2023
Reconciliation of cash and cash equivalents to the statements of net position		
Unrestricted cash and cash equivalents-current	\$ 165,087,452	\$ 108,965,045
Restricted cash and cash equivalents-current and noncurrent	5,211,464	2,157,327
Total cash and cash equivalents	\$ 170,298,916	\$ 111,122,372
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (395,789,775)	\$ (311,252,772)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	113,134,875	103,954,222
Pension expense	137,901,286	110,337,003
OPEB expense	(24,135,494)	(23,083,687)
Bad debt expense	2,149,365	737,254
CTSM capital subsidy payments made to vendors	(1,320,811)	—
Changes in assets and liabilities		
Accounts and other receivables	(9,685,544)	(10,434,103)
Inventories and other assets	(6,100,984)	(26,216,281)
Pension obligations	(62,622,801)	(57,853,286)
OPEB obligations	(6,749,451)	(6,927,103)
Accounts payable and accrued liabilities	17,673,806	(2,285,195)
Unearned revenue	17,879,520	38,211,834
Deposits	(631,928)	(274,266)
Net cash used in operating activities	\$ (218,297,936)	\$ (185,086,380)
Supplemental noncash activities information		
Reinvested investment distributions	\$ 18,323,836	\$ 17,536,890
Increase in fair value of investments	246,476,210	131,590,798
Gifts of capital assets	1,118,809	8,725,706
Capital assets acquired with State capital funds	3,066,040	33,122,351
Change in accrued capital asset purchases	15,692,730	18,587,565
Crimson Tide Foundation		
Reinvested investment distributions - CTF	3,193,392	3,663,650
Increase in fair value of investments - CTF	16,870,960	14,790,279
Noncash changes in investments - CTF	1,687,521	(2,572,029)
Other - CTF	5,418,758	3,431,602

See accompanying notes to financial statements.

The University of Alabama
Discretely Presented Component Units
Statements of Net Position
2024 and 2023

	2024	2023
Current assets		
Cash and cash equivalents	\$ 7,844,444	\$ 11,085,348
Restricted cash and cash equivalents	50,780,321	43,824,744
Short-term investments	15,956,457	12,715,363
Accounts receivable, net	4,563,449	7,279,789
Current portion of notes receivable, net	5,344,056	2,641,838
Current portion of pledges receivable, net	1,896,301	950,781
Inventories	871,041	702,798
Prepaid expenses and unearned scholarships	286,640	279,173
Other current assets	68,446	49,335
Due from The University of Alabama	2,243,508	302,968
Total current assets	<u>89,854,663</u>	<u>79,832,137</u>
Noncurrent assets		
Restricted cash and cash equivalents	6,230,169	6,230,169
Endowment investments	155,443,677	132,287,945
Other long-term investments	52,343,590	48,535,312
Pledges receivable, net	3,419,185	1,649,916
Capital assets, net	70,821,551	71,600,086
Other noncurrent assets	—	96,400
Total noncurrent assets	<u>288,258,172</u>	<u>260,399,828</u>
Total assets	<u>378,112,835</u>	<u>340,231,965</u>
Deferred outflows of resources	6,174,728	6,621,093
Total assets and deferred outflows of resources	<u>\$ 384,287,563</u>	<u>\$ 346,853,058</u>
Current liabilities		
Accounts payable and accrued liabilities	\$ 3,404,824	\$ 3,371,835
Unearned revenue	4,740,173	4,783,535
Current portion of long-term debt	4,168,541	4,053,366
Due to The University of Alabama	3,854,447	2,235,458
Total current liabilities	<u>16,167,985</u>	<u>14,444,194</u>
Noncurrent liabilities		
Other liabilities	11,467,105	9,458,025
Long-term debt, net	66,617,604	70,786,147
Due to The University of Alabama	10,757,548	9,734,523
Total noncurrent liabilities	<u>88,842,257</u>	<u>89,978,695</u>
Total liabilities	<u>105,010,242</u>	<u>104,422,889</u>
Net position		
Net investment in capital assets	5,421,988	4,942,844
Restricted		
Nonexpendable	94,116,427	77,118,706
Expendable	73,844,272	62,087,525
Unrestricted	105,894,634	98,281,094
Total net position	<u>279,277,321</u>	<u>242,430,169</u>
Total liabilities and net position	<u>\$ 384,287,563</u>	<u>\$ 346,853,058</u>

See accompanying notes to financial statements.

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended 2024 and 2023

	2024	2023
Operating revenues		
Gifts	\$ 8,758,064	\$ 13,856,322
Other operating revenues	53,844,972	56,197,775
Total operating revenues	<u>62,603,036</u>	<u>70,054,097</u>
Operating expenses		
Salaries, wages and benefits	26,110,443	23,512,840
Supplies and services	24,247,275	22,284,573
Depreciation	3,320,149	3,040,347
Scholarships and fellowships	4,167,615	3,331,834
Contributed services from affiliate	3,487,054	2,710,370
Total operating expenses	<u>61,332,536</u>	<u>54,879,964</u>
Operating income	<u>1,270,500</u>	<u>15,174,133</u>
Nonoperating revenues (expenses)		
Investment income, net	23,046,832	15,328,878
Interest expense	(2,944,855)	(3,212,391)
Contributions to The University of Alabama	(3,807,646)	(4,131,122)
Change in value of split-interest agreements	(228,378)	(83,569)
Contributed services from affiliate	3,487,054	2,710,370
Other nonoperating expenses	(1,250)	(4,825)
Net nonoperating revenues	<u>19,551,757</u>	<u>10,607,341</u>
Income before other changes in net position	<u>20,822,257</u>	<u>25,781,474</u>
Other changes in net position		
Additions to permanent endowments	16,024,895	6,409,672
Increase in net position	<u>36,847,152</u>	<u>32,191,146</u>
Net position, beginning of year	<u>242,430,169</u>	<u>210,239,023</u>
Net position, end of year	<u>\$ 279,277,321</u>	<u>\$ 242,430,169</u>

See accompanying notes to financial statements.

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

	Custodial Funds	
	2024	2023
Assets		
Cash	\$ 8,453,833	\$ 12,863,000
Short-term investments	29,525,447	36,250,063
Long-term investments	15,608,742	30,159,348
Total assets	<u>\$ 53,588,022</u>	<u>\$ 79,272,411</u>
Liabilities		
Accounts payable and accrued liabilities	\$ 1,623,818	\$ 6,956,049
Total liabilities	<u>1,623,818</u>	<u>6,956,049</u>
Net position		
Restricted for organizations	51,964,204	72,316,362
Total net position	<u>\$ 51,964,204</u>	<u>\$ 72,316,362</u>

The University of Alabama
Statements of Changes in Fiduciary Net Position
For the Years Ended September 30, 2024 and 2023

	Custodial Funds	
	2024	2023
Additions		
Contributions	\$ 5,566,300	\$ 28,566,300
Investment income, net	1,002,771	1,113,657
Total additions	<u>6,569,071</u>	<u>29,679,957</u>
Deductions		
Construction/maintenance expenditures	26,921,229	35,449,004
Total deductions	<u>26,921,229</u>	<u>35,449,004</u>
Decrease in net position	<u>(20,352,158)</u>	<u>(5,769,047)</u>
Net position, beginning of year	<u>72,316,362</u>	<u>78,085,409</u>
Net position, end of year	<u>\$ 51,964,204</u>	<u>\$ 72,316,362</u>

See accompanying notes to financial statements.

The University of Alabama

Notes to Financial Statements

Years Ended September 30, 2024 and 2023

Note 1 – Organization and Summary of Significant Accounting Policies

The University of Alabama (the "University") in Tuscaloosa, Alabama is one of three universities of The University of Alabama System (the "System") which is 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.

The University, as a public institution, prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB"). 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.

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following three net position categories:

- 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 and research programs and initiatives, capital projects, auxiliary units, and operations.

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. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The University's policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. As discussed further below, certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, including State educational appropriations, private gifts, certain grants, and investment income.

Auxiliary enterprise revenues primarily represent revenues generated by Intercollegiate Athletics, residence halls and the UA Supply Store. Revenues received for capital activities are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying statements of revenues, expenses, and changes in net position.

All internal sales between University departments from sales and service units (fleet services, telecommunications, the UA Supply Store, etc.) have been eliminated in the accompanying financial statements.

When an expense is incurred that can be paid from either restricted or unrestricted net position, the University's policy is to allow the department incurring the expense to determine the appropriate funding source. Factors used by departments to determine which resources to use include relative priorities of the department in accordance with the University's strategic initiatives, externally imposed matching

requirements of certain restricted funds, and any pertinent lapsing provisions of the available restricted or unrestricted funding resources. Major capital purchases are many times split funded from multiple restricted and unrestricted funding sources.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The estimates susceptible to changes include those used in determining the allowance for uncollectible and doubtful accounts, the useful lives of capital assets, the valuation of investments (including endowed real estate), accruals related to compensated absences, reserves for self-insurance, and reserves for general and professional liability claims. Although some variability is inherent in these estimates, management believes that the amounts provided are reasonable.

Other significant accounting policies of the University are as follows:

Cash and Cash Equivalents: For purposes of the statements of cash flows, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, including restricted cash and cash equivalents. Cash equivalents representing assets of the University's endowment, life income, investments for capital activities (including unspent bond proceeds) and other long-term investments are included in the noncurrent investments category.

Investments: The University's investments are reported at fair value. The majority of the University's investment portfolio is invested in two separate investment pools managed by the System: the Pooled Endowment Fund and the Liquidity and Capital Reserve Pool Fund. Fair value for the investment pools is provided by the System, based on the fair value of the underlying investment securities held by each investment pool. Fair value of the underlying securities held in each investment pool is based on quoted market prices or dealer quotes, where available, or determined using net asset values provided by underlying investment partnerships or companies. Fair value for equity securities, debt securities, mutual funds and U.S. government and agency obligations held by the University is determined from quoted market prices or market prices of similar instruments. Real estate held as investments is reported at fair value based upon appraisals and other valuations typically based on management assumptions or expectations. Investments received by gift, including real estate, are reported at fair value at date of receipt. Net investment income, including gains and losses associated with the increases and decreases in investment values, is reported as nonoperating revenues (expenses) in the statements of revenues, expenses and changes in net position.

Investments are reported in four categories in the statements of net position. Investments recorded as endowment and life income are those invested funds that cannot be used to fund current operations and thus are included in noncurrent assets. Investments for capital activities represent the investment of cash to fund future capital projects and are included in noncurrent assets. Other long-term investments are those invested funds with maturities greater than one year or are considered by management to be of a long duration that are not an investment of the endowment and life income fund or the plant fund. Short-term investments represent investments available for current operations.

Student Loans Receivable: Student loans receivable represent all amounts owed on promissory notes from debtors including campus-based and federal student loans.

Inventories: Inventories are carried at the lower of cost or market and consist primarily of the UA Supply Store inventory.

Accounts and Notes Receivable: Accounts receivable are largely comprised of tuition and fees charged to students and amounts due from federal, state and local governments, or private sources, in connection with the reimbursement of allowable expenditures made pursuant to the University's contracts and grants. Accounts receivable are recorded net of estimated uncollectible amounts. The University has certain notes receivable, principally from campus student organizations, for construction.

Capital Assets: Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts, less accumulated depreciation. 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 is incurred. The University capitalizes certain software and development costs associated with obtaining and developing internal-use computer software. Training costs and data conversion costs are expensed as incurred.

Depreciation of buildings and building improvements (25-50 years), infrastructure (20 years), land improvements (20 years), library collections (10 years), and inventoried equipment (5-15 years) is computed on a straight-line basis.

Right-of-use assets include leased real estate and equipment and subscription-based information technology arrangements ("SBITA") assets. Lease and SBITA assets are recorded at the present value of payments expected to be made during the related term using discount rates which are based upon the University's incremental borrowing rates, and are amortized over the shorter of the related term or the expected useful life of the underlying asset.

Pledges: The University receives pledges and bequests of financial support. Revenue is recognized when a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Pledges are recorded at their gross, undiscounted amount, net of a reasonable provision for doubtful accounts. Endowment pledges do not meet eligibility requirements and are not recorded as assets until the related gift is

received. Due to uncertainties with regard to their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met.

Charitable Remainder Trusts: The University is the beneficiary of various charitable remainder trust funds. Under the terms of the agreements, the University has the irrevocable right to receive the remaining assets of the trusts upon the death of a specified beneficiary or beneficiaries in exchange for a stipulated amount to be paid periodically to the donor or their designee until the death of the beneficiary. Following the death of the beneficiary, the remainder is transferred to the University as either unrestricted or restricted funds depending on donor-imposed purpose restrictions. The assets received at the inception of a charitable remainder trust agreement are recorded at fair value at the date of gift. These assets are held by the University. The fair value of charitable remainder trust assets, which is included in endowment and life income investments in the accompanying statements of net position, totaled \$5.7 million at September 30, 2024 and \$4.9 million at September 30, 2023. Any change in value related to these trusts is recorded as an increase or decrease in the related deferred inflows of resources in the statements of net position.

The liability associated with these agreements is recorded at the present value based on IRS mortality tables and prevailing interest rates. The liability is reduced for distributions made to the beneficiaries and is adjusted annually for revaluations of expected future payments to the beneficiaries based on changes in life expectancy. The present value of the liability associated with these agreements totaled \$2.5 million at September 30, 2024 and \$2.6 million at September 30, 2023.

Beneficial Interest in Perpetual Trusts: Perpetual trusts are trusts under which the University will receive income distributions in perpetuity, but will never receive the corpus of the trust assets (principal). Income received from perpetual trusts is classified as unrestricted or restricted expendable net position depending on donor restrictions.

Endowment Spending: The Board of Trustees of the University of Alabama (the "Board") balances the long-term objective of maintaining the purchasing power of the Endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current objectives. The Board has established a spending rate for the Endowment of 4.5% of the 60-month moving average of unit market values.

In determining whether it is appropriate to make distributions, the System complies with Section 4 of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), as adopted by the State of Alabama and codified at Code of Alabama, 19-3C-1, et sec., or any successor statute or statutes governing such distributions. UPMIFA requires, if relevant, consideration of seven factors when determining when spending is prudent: "(1) the duration and preservation of the endowment fund; (2) the purposes of the institution and the endowment fund; (3) general economic conditions; (4) the possible effect of inflation or deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the institution; (7) and the investment policy of the institution."

University financial and advancement officers have established internal policies regarding endowment funds that have a current market value less than its historical dollar values based on UPMIFA guidelines, in which case earnings are distributed but gains are returned to enhance the value of the corpus. Historical value or corpus is defined as the original donor contribution plus any additional contributions, and any additions to historic dollar value as prescribed by the donor's gift instrument. In all instances, the donor's intent is met.

To prevent spending before earnings have accumulated, any new endowment fund shall be invested in the Endowment for a consecutive period of twelve months prior to the distribution of a spending allocation of realized gains.

Prepaid Expenses and Unearned Scholarships: Prepaid expenses are composed of future expenses that have been paid in advance. Unearned scholarship expense results from the Fall semester spanning across the fiscal year-end. The University prorates scholarship expense to recognize only the amounts incurred in each fiscal year.

Unearned Revenues: Unearned revenues consist primarily of tuition and housing revenues, which are also subject to a prorated adjustment so noted in the previous paragraph. Intercollegiate Athletics ticket revenue related to future fiscal years is also a component of unearned revenue. Unearned revenue for the Crimson Tide Foundation ("CTF") consists of Tide Pride amenity income collected in advance that will not be earned until future years.

Federal Refundable Loans: Certain loans to students are administered by the University with funding primarily supported by the federal government. The University's statements of net position include both the loans receivable and the related federal refundable loan liability representing federal capital contributions and related activity owed upon termination of the program. The Federal Perkins Loan Program expired June 30, 2018. The University will continue operating the program and remit any excess cash annually for the pro rata federal and institutional capital contributions. At both September 30, 2024 and 2023, there was no payable to the Department of Education for its portion of the excess cash available at June 30, 2024 and 2023.

Compensated Absences: The University accrues liabilities for employees' annual and sick leave balances. The accrual rates are formulated calculations based on length of service, job classification, and hours worked. Adjustments to the accrual are recorded annually and are included in accounts payable and accrued liabilities.

Deferred Outflows of Resources: Deferred outflows of resources represent the consumption of net assets attributable to a future reporting period and consist of bond deferred refunding amounts, pension obligations, and other post-employment benefits ("OPEB") obligations. Pension obligations include differences between expected and actual experience, changes in actuarial and other assumptions, net difference between projected and actual earnings on pension plan investments, changes in proportion of the allocated pension liability and differences between employer contributions and proportionate share of contributions, and employer contributions to the Teachers' Retirement System subsequent to the Plan's measurement date. OPEB obligations include differences between expected and actual experience, changes in actuarial and other assumptions, net difference between projected and actual earnings on OPEB plan investments, changes in proportion of the allocated OPEB liability and differences between employer contributions and proportionate share of contributions, and employer contributions to the Alabama Retired Education Employees' Health Care Trust subsequent to the Trust's measurement date.

Deferred Inflows of Resources: Deferred inflows of resources represent the acquisition of net assets attributable to a future reporting period and are composed of pension and OPEB obligations, inflows related to lease receivables, and the University's remainder interest in its irrevocable split interest agreements, which are charitable remainder trusts. Pension obligations include differences between expected and actual experience, net difference between projected and actual earnings on pension plan investments, and changes in proportion of the allocated pension liability and differences between employer contributions and proportionate share of contributions. OPEB obligations include differences between expected and actual experience, changes in actuarial and other assumptions, net difference between projected and actual earnings on OPEB plan investments, and changes in proportion of the allocated OPEB liability and differences between employer contributions and proportionate share of contributions.

Scholarship Allowances and Student Aid: Student tuition and fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to students are presented as scholarships and fellowships expense.

Grant and Contract Revenue: The University receives grant and contract revenue from governmental and private sources. The University recognizes revenue associated with sponsored programs in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, based on the terms of the individual grant or contract. Federal Pell grants are recorded as nonoperating revenues in the accompanying statements of revenues, expenses and changes in net position. The Federal Pell grant program provides financial assistance grants to qualifying undergraduate students to promote access to postsecondary education.

Nonoperating Revenues (Expenses): Nonoperating revenues and expenses include State educational appropriations, private gifts for other than capital purposes, nonoperating grants such as Federal Pell grants, investment income, net of unrealized appreciation or depreciation in the fair value of investments, and interest expense.

Fiduciary Activities: GASB Statement No. 84, *Fiduciary Activities*, requires the University to report certain custodial funds separately within a statement of fiduciary net position and a statement of changes in fiduciary net position. Fiduciary activities that are reported as custodial consist of funds held by the University on behalf of the Alabama Department of Mental Health ("ADMH"). The University provides the ADMH with certain maintenance services for its facilities and oversees construction projects on behalf of the ADMH. In order to facilitate payment for those and other services, the ADMH places funds on deposit with UA to make expenditures on their behalf.

Subsequent Event: On December 17, 2024, the 1831 Foundation, one of the University's discretely presented component units, approved an agreement to purchase an apartment building in Tuscaloosa, Alabama for \$28 million. The purchase price is payable in one initial payment of \$24 million and four subsequent annual payments of \$1 million. On December 19, 2024, the Board approved an interest-free loan to the 1831 Foundation in the amount of \$24.5 million for the initial payment due as well related acquisition costs. As of the issuance date of these financial statements, the acquisition is not yet finalized but is expected to be completed in February 2025.

Revision of Previously Issued Financial Statements: During 2024, the University identified an error in its previously issued 2023 fiduciary financial statements. On the statement of fiduciary net position, accounts payable and accrued liabilities was understated by \$3.2 million and net position – restricted for organizations was overstated by \$3.2 million. On the statement of changes in fiduciary net position, construction/maintenance expenditures were understated by \$2.6 million and net position, beginning of year was overstated by \$0.6 million. Management has concluded that this misstatement is not material to the 2023 fiduciary financial statements and thus has revised these financial statements to correct this misstatement. The following table sets forth the effects of the revision on the University's fiduciary financial statements as of and for the year ended September 30, 2023.

	As Previously Reported	Revision Adjustments	As Revised
Fiduciary Activities			
Statement of Fiduciary Net Position			
Accounts payable and accrued liabilities	\$ 3,800,485	\$ 3,155,564	\$ 6,956,049
Total liabilities	3,800,485	3,155,564	6,956,049
Net position - restricted for organizations	\$ 75,471,926	\$ (3,155,564)	\$ 72,316,362
Statement of Changes in Fiduciary Net Position			
Construction/maintenance expenditures	\$ 32,848,045	\$ 2,600,959	\$ 35,449,004
Total deductions	32,848,045	2,600,959	35,449,004
Decrease in net position	(3,168,088)	(2,600,959)	(5,769,047)
Net position, beginning of year	78,640,014	(554,605)	78,085,409
Net position, end of year	\$ 75,471,926	\$ (3,155,564)	\$ 72,316,362

Note 2 – Component Units

Scope of Statements – GASB Statement No. 14, *The Financial Reporting Entity*, as amended, requires governmental entities to include in their financial statements as a component unit, organizations that are legally separate entities for which the governmental entity, as a primary organization, is financially accountable. The primary objective of this statement is to determine whether all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. The statement as amended provides additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government.

CTF, which has a fiscal year end of June 30, is presented as a blended component unit within the University's financial statements. CTF is a nonprofit corporation organized exclusively to promote and encourage a continuing interest in and loyalty to the Intercollegiate Athletics program at the University; to promote, encourage and support the construction, improvement and renovation of athletic facilities; to encourage alumni and friends of the University to generously support the University and its Athletics Department by gifts, devises and bequests; to support, promote and encourage the education of University students; and to conduct any and all appropriate activities, in accordance with National Collegiate Athletic Association and Southeastern Conference policies on institutional control, in order to accomplish the above objectives and purposes.

CTF is included in the University's financial statements as a blended component unit as it operates as an extension of the Intercollegiate Athletics Department and it almost exclusively benefits the University. Gift revenue, which is presented as operating revenue for CTF on its statements of revenues, expenses and changes in net position, is presented as nonoperating revenue when blended with the University's statements. Capital gifts, which are also included within operating gifts on CTF's financials, are presented as capital gifts on the statements of revenues, expenses and changes in net position when blended with the University's statements. Intragovernmental transfers are transactions between the University and CTF, and the net is reported within other changes in net position on the University's statements. These transfers fund debt service, operating costs, and capital project expenditures for Intercollegiate Athletics. During 2024, intragovernmental transfers decreased \$39.0 million, following an increase of \$21.4 million in 2023. The net of these transfers varies and is impacted by operations, projects, and the timing of transfers around CTF's June 30 year-end.

CTF financial information for the years ended June 30, 2024 and 2023 is included in the University's financial statements and presented on the following pages.

The Crimson Tide Foundation
Statements of Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 1,104,249	\$ 6,379,771
Short-term investments	81,489,542	76,625,722
Current portion of pledges receivable, net	22,766,672	22,140,390
Other current assets	167,828	206,375
Other receivables	883,047	2,567,161
Total current assets	<u>106,411,338</u>	<u>107,919,419</u>
Noncurrent assets		
Restricted cash and cash equivalents	173,588	16,378
Endowment investments	77,646,990	70,928,232
Pledges receivable, net	62,829,381	74,596,215
Other long-term investments	83,380,263	115,731,783
Capital assets, net	6,264,880	6,917,147
Total noncurrent assets	<u>230,295,102</u>	<u>268,189,755</u>
Total assets	<u><u>\$ 336,706,440</u></u>	<u><u>\$ 376,109,174</u></u>
Liabilities		
Current liabilities		
Accounts payable	\$ 819,367	\$ 1,815,156
Unearned revenue, current portion	44,602,184	45,033,539
Note payable, current portion	870,888	848,950
Other current liabilities	8,240,463	8,321,076
Total current liabilities	<u>54,532,902</u>	<u>56,018,721</u>
Noncurrent liabilities		
Note payable, noncurrent portion	1,501,777	2,372,665
Other liabilities	7,206,649	4,868,875
Total noncurrent liabilities	<u>8,708,426</u>	<u>7,241,540</u>
Total liabilities	<u>63,241,328</u>	<u>63,260,261</u>
Net position		
Net investment in capital assets	3,892,215	3,695,532
Restricted		
Nonexpendable	63,839,437	61,283,440
Expendable	167,363,575	187,950,358
Unrestricted	38,369,885	59,919,583
Total net position	<u>273,465,112</u>	<u>312,848,913</u>
Total liabilities and net position	<u><u>\$ 336,706,440</u></u>	<u><u>\$ 376,109,174</u></u>

The Crimson Tide Foundation
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating revenues		
Private gifts	\$ 15,969,041	\$ 78,045,736
Other operating revenues	78,523,754	66,015,332
Grant revenues	400,000	400,000
Total operating revenues	<u>94,892,795</u>	<u>144,461,068</u>
Operating expenses		
Benefits	1,202,086	1,116,350
Scholarships	8,354,544	4,025,101
Legal and professional fees	2,199,550	7,604,721
Travel	4,434,717	2,249,798
Supplies	3,022,936	2,888,713
Conference and entertainment	1,270,964	842,385
Rentals	143,671	129,664
Repairs and maintenance	431,835	112,896
Depreciation	652,267	652,267
Other	7,466,601	1,086,160
Total operating expenses	<u>29,179,171</u>	<u>20,708,055</u>
Operating income	<u>65,713,624</u>	<u>123,753,013</u>
Nonoperating revenues (expenses)		
Investment income, net	24,440,375	18,389,008
Interest expense	(72,388)	(93,773)
Net nonoperating revenues	<u>24,367,987</u>	<u>18,295,235</u>
Income before other changes in net position	<u>90,081,611</u>	<u>142,048,248</u>
Other changes in net position		
Additions to permanent endowments	2,546,297	2,782,296
Intergovernmental transfers	(132,011,709)	(89,348,654)
(Decrease) increase in net position	<u>(39,383,801)</u>	<u>55,481,890</u>
Net position, beginning of year	<u>312,848,913</u>	<u>257,367,023</u>
Net position, end of year	<u>\$ 273,465,112</u>	<u>\$ 312,848,913</u>

The Crimson Tide Foundation
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities		
Private gifts	\$ 29,775,692	\$ 25,854,364
Other operating revenues	74,396,821	74,874,859
Grant revenues	400,000	400,000
Transfers to the University of Alabama	(130,771,511)	(87,532,200)
Payments to suppliers	(25,710,524)	(11,163,538)
Net cash (used in) provided by operating activities	<u>(51,909,522)</u>	<u>2,433,485</u>
Cash flows from noncapital financing activities		
Additions to permanent endowments	2,546,297	2,782,296
Net cash provided by noncapital financing activities	<u>2,546,297</u>	<u>2,782,296</u>
Cash flows from capital and related financing activities		
Principal payments on note payable	(848,950)	(827,565)
Interest payments on note payable	(72,388)	(93,773)
Net cash used in capital and related financing activities	<u>(921,338)</u>	<u>(921,338)</u>
Cash flows from investing activities		
Purchases of investments	(38,013,613)	(62,634,240)
Proceeds from the sales and maturities of investments	80,450,000	61,850,000
Interest and dividends on investments	2,729,864	2,550,903
Net cash provided by investing activities	<u>45,166,251</u>	<u>1,766,663</u>
Net (decrease) increase in cash and cash equivalents	<u>(5,118,312)</u>	<u>6,061,106</u>
Cash and cash equivalents, beginning of year	<u>6,396,149</u>	<u>335,043</u>
Cash and cash equivalents, end of year	<u>\$ 1,277,837</u>	<u>\$ 6,396,149</u>

The Crimson Tide Foundation
Statements of Cash Flows, Continued
For the Years Ended June 30, 2024 and 2023

	2024	2023
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents in current assets	\$ 1,104,249	\$ 6,379,771
Restricted cash and cash equivalents in noncurrent assets	173,588	16,378
Total cash and cash equivalents	\$ 1,277,837	\$ 6,396,149
Reconciliation of operating income to net cash (used in) provided by operating activities		
Net operating income	\$ 65,713,624	\$ 123,753,013
Intergovernmental transfers	(132,011,709)	(89,348,654)
Adjustments to reconcile operating income net of intergovernmental transfers to net cash (used in) provided by operating activities		
Depreciation expense	652,267	652,267
Provision for uncollectible pledges	57,983	6,440,353
Changes in assets and liabilities		
Pledges receivable	11,082,569	(56,777,326)
Other receivables	1,727,180	2,284,125
Other current assets	38,547	156,738
Accounts payable	(995,789)	439,035
Other current liabilities	(80,613)	1,816,454
Unearned revenue	(431,355)	8,148,605
Other liabilities	2,337,774	4,868,875
Net cash (used in) provided by operating activities	\$ (51,909,522)	\$ 2,433,485
Supplemental noncash activities information		
Dealer cars provided by Athletics	\$ 704,426	\$ 704,982
Supplies provided by contractual agreement	2,700,000	2,350,000
Complimentary club memberships provided to Athletics	238,272	196,620
Complimentary housing provided to Athletics staff	201,011	180,000
Noncash change in investments	18,558,481	12,218,250
Reinvestment in LCRPF	3,193,392	3,663,650
CTSM capital subsidy payments made to vendors	1,575,049	—

The University reports six discretely presented foundations, which have been organized exclusively for charitable, scientific and educational purposes for the benefit of certain constituents of the University. The six foundations are: The National Alumni Association of The University of Alabama, The Capstone Foundation, The 1831 Foundation, The University of Alabama Law School Foundation, The Capstone Health Services Foundation, and The University of Alabama Donor Advised Fund (the "Foundations"). Because of the financial benefit relationship that exists between the University and the Foundations, these Foundations are considered component units of the University and are discretely presented in the accompanying financial statements in accordance with GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* - an amendment of GASB Statement No. 14. Management deems discrete presentation appropriate for the Foundations because their governing bodies are not substantially the same as the University, and the Foundations exist to benefit constituents broader than the University itself.

The Foundations are not-for-profit organizations. The National Alumni Association of the University of Alabama, The University of Alabama Law School Foundation and The Capstone Foundation report financial results under principles prescribed by the Financial Accounting Standards Board ("FASB"). The remaining Foundations mentioned in the paragraph above report financial results under principles prescribed under the GASB, similar to those as described for the University. Certain FASB revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Therefore, certain modifications have been made to the presentation of the FASB-reporting Foundations' financial statements in the University's financial reporting entity to conform with the University's financial statement presentation. The following are certain financial statement principles and policies followed by the FASB-reporting discretely presented component units:

Basis of Accounting – FASB-Reporting Discretely Presented Component Units – The financial statements of the Foundations have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

- **Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions. Generally, these are resources available to support operations. Items that affect this net asset category primarily include unrestricted gifts, earnings on unrestricted gifts, and expenses and losses. In order to comply with GASB presentation features, net assets without donor restrictions for the FASB foundations are presented as unrestricted net position within the University's discrete presentation of these component units.
- **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 the FASB foundations are presented as restricted expendable net position within the University's discrete presentation of these component units. 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 the FASB foundations are presented as restricted nonexpendable net position within the University's discrete presentation of these component units.

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.

Investments - Discretely Presented Component Units – The FASB-reporting Foundations' investments in debt securities, equity securities and mutual funds are reported at their fair values based on published market price or other observable inputs. These Foundations invest certain amounts in System-sponsored investment pools: the Pooled Endowment Fund and the Liquidity and Capital Reserve Pool Fund (see note 4). The value of the Foundations' beneficial interests in the pools is determined by the System and based on the Foundations' proportionate shares of the net asset value of the pools. The pools invest in various investment securities, including both marketable and non-marketable securities.

Investments received by gift are stated at fair value at date of receipt. Changes in fair values are reported as unrealized gains or losses on the statements of activities and changes in net assets. All interest income and realized and unrealized gains and losses are reported in the statements of activities and changes in net assets.

Endowments - Discretely Presented Component Units – As discussed in Note 1, the Alabama UPMIFA was enacted by the Alabama State Legislature and signed into law effective January 1, 2009. Endowment earnings and distributions are appropriated for expenditure by the governing Boards of Directors of the Foundations 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, each Foundation's Board of Directors 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. In order to comply with GASB presentation features, permanent endowment gifts for the FASB foundations are presented separately from gifts as additions to permanent endowments within the University's discrete presentation of these component units.

Contributions Receivable – Discretely Presented Component Units – Contributions received, including unconditional promises to give, are recognized as revenues at their fair values in the period received. For financial reporting purposes, the FASB-reporting Foundations distinguish between contributions of assets with and without donor restrictions. Contributions for which donors have imposed restrictions that limit the use of the donated assets are reported as gifts with donor restrictions if the restrictions are not met in the same reporting period as the gift. When such donor-imposed restrictions are met in subsequent reporting periods, donor-restricted gifts are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributions of assets that donors have stipulated must be maintained permanently, with only the income earned available for current use, are also classified as gifts with donor restrictions. Contributions for which donors have not stipulated restrictions are reported as gifts without donor restrictions.

Unconditional promises to give with payments due in future periods are reported as restricted support. Gifts of land, buildings, and equipment are reported as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as donor-restricted support. Absent explicit donor stipulation, the Foundations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Eminent Scholars Program – The University records a receivable which is included in other noncurrent assets in the accompanying statements of net position from The Capstone Foundation related to the Eminent Scholars Program established by the State of Alabama Act No. 85-759 and administered by the Alabama Commission on Higher Education. The program provides that donor gifts of \$600,000 held in a foundation affiliated with the University are eligible for \$400,000 in State matching funds. In prior years, the University received funds from donors intended to be matched in accordance with this program. Consistent with the provision of the program, the University transferred the corpus of these funds to The Capstone Foundation, as agent for the University, whereby the State would match these donations. The program has been inactive since 1997, and no matching funds have been provided to date. These funds held by the Capstone Foundation include both the corpus and any unrealized gains or losses earned thereon and are shown as a receivable from the Capstone Foundation. Unrealized gains or losses earned each year on the corpus are added to or subtracted from the receivable and reported as investment income by the University. Realized gains and investment income earned each year on the corpus amount are distributed to the University and reported as investment income. At September 30, 2024 and 2023, the receivable totaled \$10.8 million and \$9.7 million, respectively. The Capstone Foundation records a corresponding payable for the Eminent Scholars Program.

The University of Alabama
Discretely Presented Component Units
Statements of Net Position
2024

	National Alumni Association June 30, 2024	Law School Foundation June 30, 2024	Donor Advised Fund June 30, 2024
Current assets			
Cash and cash equivalents	\$ 331,818	\$ 396,854	\$ —
Restricted cash and cash equivalents	—	—	—
Short-term investments	—	—	555,685
Accounts receivable, net	874,775	546,262	6,790
Current portion of notes receivable, net	—	—	—
Current portion of pledges receivable, net	211,636	1,527,722	—
Inventories	—	—	—
Prepaid expenses and unearned scholarships	28,833	—	—
Other current assets	42,857	25,589	—
Due from The University of Alabama	1,618,724	422,990	—
Total current assets	<u>3,108,643</u>	<u>2,919,417</u>	<u>562,475</u>
Noncurrent assets			
Restricted cash and cash equivalents	—	—	—
Endowment investments	84,796,617	56,192,429	—
Other long-term investments	14,699,231	2,974,102	6,829,275
Pledges receivable, net	869,798	2,532,881	—
Capital assets, net	—	—	—
Other noncurrent assets	—	—	—
Total noncurrent assets	<u>100,365,646</u>	<u>61,699,412</u>	<u>6,829,275</u>
Total assets	<u>103,474,289</u>	<u>64,618,829</u>	<u>7,391,750</u>
Deferred outflows of resources	—	—	—
Total assets and deferred outflows of resources	<u>\$ 103,474,289</u>	<u>\$ 64,618,829</u>	<u>\$ 7,391,750</u>
Current liabilities			
Accounts payable and accrued liabilities	\$ 205,551	\$ 34,854	\$ —
Unearned revenue	—	—	—
Current portion of long-term debt	—	—	—
Due to The University of Alabama	—	—	226
Total current liabilities	<u>205,551</u>	<u>34,854</u>	<u>226</u>
Noncurrent liabilities			
Other liabilities	—	—	—
Long-term debt, net	—	—	—
Due to The University of Alabama	—	—	—
Total noncurrent liabilities	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>205,551</u>	<u>34,854</u>	<u>226</u>
Net position			
Net investment in capital assets	—	—	—
Restricted			
Nonexpendable	48,569,217	44,450,915	—
Expendable	16,677,892	17,086,382	7,378,959
Unrestricted	38,021,629	3,046,678	12,565
Total net position	<u>103,268,738</u>	<u>64,583,975</u>	<u>7,391,524</u>
Total liabilities and net position	<u>\$ 103,474,289</u>	<u>\$ 64,618,829</u>	<u>\$ 7,391,750</u>

The University of Alabama
Discretely Presented Component Units
Statements of Net Position, Continued
2024

	Capstone Foundation Sept. 30, 2024	1831 Foundation Sept. 30, 2024	Capstone Health Services Foundation Sept. 30, 2024
Current assets			
Cash and cash equivalents	\$ 241,825	\$ 922,399	\$ 5,951,548
Restricted cash and cash equivalents	—	50,780,321	—
Short-term investments	—	2,281,013	13,119,759
Accounts receivable, net	160,484	—	2,975,138
Current portion of notes receivable, net	—	—	5,344,056
Current portion of pledges receivable, net	156,943	—	—
Inventories	60,792	—	810,249
Prepaid expenses and unearned scholarships	195,974	—	61,833
Other current assets	—	—	—
Due from The University of Alabama	—	—	201,794
Total current assets	<u>816,018</u>	<u>53,983,733</u>	<u>28,464,377</u>
Noncurrent assets			
Restricted cash and cash equivalents	—	6,230,169	—
Endowment investments	14,454,631	—	—
Other long-term investments	21,318,732	6,522,250	—
Pledges receivable, net	16,506	—	—
Capital assets, net	—	58,869,559	11,951,992
Other noncurrent assets	—	—	—
Total noncurrent assets	<u>35,789,869</u>	<u>71,621,978</u>	<u>11,951,992</u>
Total assets	<u>36,605,887</u>	<u>125,605,711</u>	<u>40,416,369</u>
Deferred outflows of resources	<u>—</u>	<u>6,174,728</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 36,605,887</u>	<u>\$ 131,780,439</u>	<u>\$ 40,416,369</u>
Current liabilities			
Accounts payable and accrued liabilities	\$ 110,935	\$ 549,164	\$ 2,504,320
Unearned revenue	—	4,740,173	—
Current portion of long-term debt	—	4,168,541	—
Due to The University of Alabama	944,121	904,632	2,005,468
Total current liabilities	<u>1,055,056</u>	<u>10,362,510</u>	<u>4,509,788</u>
Noncurrent liabilities			
Other liabilities	2,823,832	—	8,643,273
Long-term debt, net	—	66,617,604	—
Due to The University of Alabama	10,757,548	—	—
Total noncurrent liabilities	<u>13,581,380</u>	<u>66,617,604</u>	<u>8,643,273</u>
Total liabilities	<u>14,636,436</u>	<u>76,980,114</u>	<u>13,153,061</u>
Net position			
Net investment in capital assets	—	2,657,626	2,764,362
Restricted			
Nonexpendable	1,096,295	—	—
Expendable	18,218,645	14,482,394	—
Unrestricted	2,654,511	37,660,305	24,498,946
Total net position	<u>21,969,451</u>	<u>54,800,325</u>	<u>27,263,308</u>
Total liabilities and net position	<u>\$ 36,605,887</u>	<u>\$ 131,780,439</u>	<u>\$ 40,416,369</u>

**The University of Alabama
Discretely Presented Component Units
Statements of Net Position
2023**

	National Alumni Association June 30, 2023	Law School Foundation June 30, 2023	Donor Advised Fund June 30, 2023
Current assets			
Cash and cash equivalents	\$ 357,766	\$ 193,050	\$ —
Restricted cash and cash equivalents	—	—	—
Short-term investments	—	—	548,332
Accounts receivable, net	755,172	514,824	3,555
Current portion of notes receivable, net	—	—	—
Current portion of pledges receivable, net	29,860	784,758	—
Inventories	—	—	—
Prepaid expenses and unearned scholarships	53,515	—	—
Other current assets	42,857	6,478	—
Due from The University of Alabama	26,765	—	—
Total current assets	<u>1,265,935</u>	<u>1,499,110</u>	<u>551,887</u>
Noncurrent assets			
Restricted cash and cash equivalents	—	—	—
Endowment investments	70,318,274	49,788,827	—
Other long-term investments	12,846,182	2,657,230	5,943,694
Pledges receivable, net	60,415	1,566,105	—
Capital assets, net	—	—	—
Other noncurrent assets	—	—	—
Total noncurrent assets	<u>83,224,871</u>	<u>54,012,162</u>	<u>5,943,694</u>
Total assets	<u>84,490,806</u>	<u>55,511,272</u>	<u>6,495,581</u>
Deferred outflows of resources	—	—	—
Total assets and deferred outflows of resources	<u>\$ 84,490,806</u>	<u>\$ 55,511,272</u>	<u>\$ 6,495,581</u>
Current liabilities			
Accounts payable and accrued liabilities	\$ 152,252	\$ 9,045	\$ —
Unearned revenue	—	—	—
Current portion of long-term debt	—	—	—
Due to The University of Alabama	—	108,178	—
Total current liabilities	<u>152,252</u>	<u>117,223</u>	<u>—</u>
Noncurrent liabilities			
Other liabilities	—	—	—
Long-term debt, net	—	—	—
Due to The University of Alabama	—	—	—
Total noncurrent liabilities	<u>—</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>152,252</u>	<u>117,223</u>	<u>—</u>
Net position			
Net investment in capital assets	—	—	—
Restricted			
Nonexpendable	37,582,985	39,517,443	—
Expendable	13,057,764	13,174,713	6,475,769
Unrestricted	33,697,805	2,701,893	19,812
Total net position	<u>84,338,554</u>	<u>55,394,049</u>	<u>6,495,581</u>
Total liabilities and net position	<u>\$ 84,490,806</u>	<u>\$ 55,511,272</u>	<u>\$ 6,495,581</u>

The University of Alabama
Discretely Presented Component Units
Statements of Net Position, Continued
2023

	Capstone Foundation Sept. 30, 2023	1831 Foundation Sept. 30, 2023	Capstone Health Services Foundation Sept. 30, 2023
Current assets			
Cash and cash equivalents	\$ 323,226	\$ 281,381	\$ 9,929,925
Restricted cash and cash equivalents	—	43,824,744	—
Short-term investments	—	1,740,805	10,426,226
Accounts receivable, net	144,567	—	5,861,671
Current portion of notes receivable, net	—	—	2,641,838
Current portion of pledges receivable, net	136,163	—	—
Inventories	84,350	—	618,448
Prepaid expenses and unearned scholarships	196,940	—	28,718
Other current assets	—	—	—
Due from The University of Alabama	—	—	276,203
Total current assets	<u>885,246</u>	<u>45,846,930</u>	<u>29,783,029</u>
Noncurrent assets			
Restricted cash and cash equivalents	—	6,230,169	—
Endowment investments	12,180,844	—	—
Other long-term investments	17,800,956	9,287,250	—
Pledges receivable, net	23,396	—	—
Capital assets, net	106,311	61,229,315	10,264,460
Other noncurrent assets	96,400	—	—
Total noncurrent assets	<u>30,207,907</u>	<u>76,746,734</u>	<u>10,264,460</u>
Total assets	<u>31,093,153</u>	<u>122,593,664</u>	<u>40,047,489</u>
Deferred outflows of resources	<u>—</u>	<u>6,621,093</u>	<u>—</u>
Total assets and deferred outflows of resources	<u>\$ 31,093,153</u>	<u>\$ 129,214,757</u>	<u>\$ 40,047,489</u>
Current liabilities			
Accounts payable and accrued liabilities	\$ 211,285	\$ 634,449	\$ 2,364,804
Unearned revenue	—	4,783,535	—
Current portion of long-term debt	—	4,053,366	—
Due to The University of Alabama	697,629	406,841	1,022,810
Total current liabilities	<u>908,914</u>	<u>9,878,191</u>	<u>3,387,614</u>
Noncurrent liabilities			
Other liabilities	2,793,886	—	6,664,139
Long-term debt, net	—	70,786,147	—
Due to The University of Alabama	9,734,523	—	—
Total noncurrent liabilities	<u>12,528,409</u>	<u>70,786,147</u>	<u>6,664,139</u>
Total liabilities	<u>13,437,323</u>	<u>80,664,338</u>	<u>10,051,753</u>
Net position			
Net investment in capital assets	—	1,879,291	3,063,553
Restricted			
Nonexpendable	18,278	—	—
Expendable	15,295,735	14,083,544	—
Unrestricted	2,341,817	32,587,584	26,932,183
Total net position	<u>17,655,830</u>	<u>48,550,419</u>	<u>29,995,736</u>
Total liabilities and net position	<u>\$ 31,093,153</u>	<u>\$ 129,214,757</u>	<u>\$ 40,047,489</u>

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position
Years Ended 2024

	National Alumni Association June 30, 2024	Law School Foundation June 30, 2024	Donor Advised Fund June 30, 2024
Operating revenues			
Gifts	\$ 2,557,786	\$ 1,684,606	\$ 500,024
Other operating revenues	973,367	50,511	—
Total operating revenues	<u>3,531,153</u>	<u>1,735,117</u>	<u>500,024</u>
Operating expenses			
Salaries, wages and benefits	—	—	—
Supplies and services	1,780,125	622,137	108,545
Depreciation	—	—	—
Scholarships and fellowships	2,154,266	1,583,807	—
Contributed services from affiliate	1,950,449	1,310,088	—
Total operating expenses	<u>5,884,840</u>	<u>3,516,032</u>	<u>108,545</u>
Operating income	<u>(2,353,687)</u>	<u>(1,780,915)</u>	<u>391,479</u>
Nonoperating revenues (expenses)			
Investment income, net	9,826,647	5,563,978	832,988
Interest expense	—	—	—
Contributions to The University of Alabama	(1,116,569)	(339,776)	(328,524)
Change in value of split-interest agreements	—	—	—
Contributed services from affiliate	1,950,449	1,310,088	—
Other nonoperating expense	—	—	—
Net nonoperating revenues	<u>10,660,527</u>	<u>6,534,290</u>	<u>504,464</u>
Income before other changes in net position	<u>8,306,840</u>	<u>4,753,375</u>	<u>895,943</u>
Other changes in net position			
Additions to permanent endowments	10,623,344	4,436,551	—
Increase in net position	<u>18,930,184</u>	<u>9,189,926</u>	<u>895,943</u>
Net position, beginning of year	<u>84,338,554</u>	<u>55,394,049</u>	<u>6,495,581</u>
Net position, end of year	<u>\$ 103,268,738</u>	<u>\$ 64,583,975</u>	<u>\$ 7,391,524</u>

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position, Continued
Years Ended 2024

	Capstone Foundation Sept. 30, 2024	1831 Foundation Sept. 30, 2024	Capstone Health Services Foundation Sept. 30, 2024
Operating revenues			
Gifts	\$ 4,015,648	\$ —	\$ —
Other operating revenues	918,142	16,058,636	35,844,316
Total operating revenues	<u>4,933,790</u>	<u>16,058,636</u>	<u>35,844,316</u>
Operating expenses			
Salaries, wages and benefits	—	—	26,110,443
Supplies and services	3,358,881	5,217,884	13,159,703
Depreciation	2,400	2,359,756	957,993
Scholarships and fellowships	429,542	—	—
Contributed services from affiliate	226,517	—	—
Total operating expenses	<u>4,017,340</u>	<u>7,577,640</u>	<u>40,228,139</u>
Operating income (loss)	<u>916,450</u>	<u>8,480,996</u>	<u>(4,383,823)</u>
Nonoperating revenues (expenses)			
Investment income, net	4,393,328	376,167	2,053,724
Interest expense	—	(2,593,526)	(351,329)
Contributions to The University of Alabama	(1,959,296)	(12,481)	(51,000)
Change in value of split-interest agreements	(228,378)	—	—
Contributed services from affiliate	226,517	—	—
Other nonoperating expense	—	(1,250)	—
Net nonoperating revenues (expenses)	<u>2,432,171</u>	<u>(2,231,090)</u>	<u>1,651,395</u>
Income (loss) before other changes in net position	<u>3,348,621</u>	<u>6,249,906</u>	<u>(2,732,428)</u>
Other changes in net position			
Additions to permanent endowments	965,000	—	—
Increase (decrease) in net position	<u>4,313,621</u>	<u>6,249,906</u>	<u>(2,732,428)</u>
Net position, beginning of year	<u>17,655,830</u>	<u>48,550,419</u>	<u>29,995,736</u>
Net position, end of year	<u>\$ 21,969,451</u>	<u>\$ 54,800,325</u>	<u>\$ 27,263,308</u>

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position
Years Ended 2023

	National Alumni Association June 30, 2023	Law School Foundation June 30, 2023	Donor Advised Fund June 30, 2023
Operating revenues			
Gifts	\$ 2,651,233	\$ 810,880	\$ 550,000
Other operating revenues	808,938	76,784	—
Total operating revenues	<u>3,460,171</u>	<u>887,664</u>	<u>550,000</u>
Operating expenses			
Salaries, wages and benefits	—	—	—
Supplies and services	1,768,982	498,927	305,882
Depreciation	—	—	—
Scholarships and fellowships	1,570,683	1,323,656	—
Contributed services from affiliate	1,366,776	1,116,234	—
Total operating expenses	<u>4,706,441</u>	<u>2,938,817</u>	<u>305,882</u>
Operating (loss) income	<u>(1,246,270)</u>	<u>(2,051,153)</u>	<u>244,118</u>
Nonoperating revenues (expenses)			
Investment income, net	6,029,995	3,441,793	573,689
Interest expense	—	—	—
Contributions to The University of Alabama	(1,073,384)	(404,977)	(231,756)
Change in value of split-interest agreements	—	—	—
Contributed services from affiliate	1,366,776	1,116,234	—
Other nonoperating expense	—	—	—
Net nonoperating revenues	<u>6,323,387</u>	<u>4,153,050</u>	<u>341,933</u>
Income before other changes in net position	<u>5,077,117</u>	<u>2,101,897</u>	<u>586,051</u>
Other changes in net position			
Additions to permanent endowments	1,697,999	4,711,673	—
Increase in net position	<u>6,775,116</u>	<u>6,813,570</u>	<u>586,051</u>
Net position, beginning of year	<u>77,563,438</u>	<u>48,580,479</u>	<u>5,909,530</u>
Net position, end of year	<u>\$ 84,338,554</u>	<u>\$ 55,394,049</u>	<u>\$ 6,495,581</u>

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position, Continued
Years Ended 2023

	Capstone Foundation Sept. 30, 2023	1831 Foundation Sept. 30, 2023	Capstone Health Services Foundation Sept. 30, 2023
Operating revenues			
Gifts	\$ 3,627,145	\$ 6,217,064	\$ —
Other operating revenues	790,855	15,348,204	39,172,994
Total operating revenues	<u>4,418,000</u>	<u>21,565,268</u>	<u>39,172,994</u>
Operating expenses			
Salaries, wages and benefits	—	—	23,512,840
Supplies and services	2,890,977	4,204,741	12,615,064
Depreciation	3,600	2,346,537	690,210
Scholarships and fellowships	437,495	—	—
Contributed services from affiliate	227,360	—	—
Total operating expenses	<u>3,559,432</u>	<u>6,551,278</u>	<u>36,818,114</u>
Operating income	<u>858,568</u>	<u>15,013,990</u>	<u>2,354,880</u>
Nonoperating revenues (expenses)			
Investment income, net	2,377,721	1,939,882	965,798
Interest expense	—	(3,015,553)	(196,838)
Contributions to The University of Alabama	(1,856,173)	(226,532)	(338,300)
Change in value of split-interest agreements	(83,569)	—	—
Contributed services from affiliate	227,360	—	—
Other nonoperating expense	—	(4,825)	—
Net nonoperating revenues (expenses)	<u>665,339</u>	<u>(1,307,028)</u>	<u>430,660</u>
Income before other changes in net position	<u>1,523,907</u>	<u>13,706,962</u>	<u>2,785,540</u>
Other changes in net position			
Additions to permanent endowments	—	—	—
Increase in net position	<u>1,523,907</u>	<u>13,706,962</u>	<u>2,785,540</u>
Net position, beginning of year	<u>16,131,923</u>	<u>34,843,457</u>	<u>27,210,196</u>
Net position, end of year	<u>\$ 17,655,830</u>	<u>\$ 48,550,419</u>	<u>\$ 29,995,736</u>

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 ("QPD") 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 QPD. Under the mandatory SAFE program, each 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.

Note 4 – 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

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 Fund

The LCRP 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 fund are to preserve and grow capital, maximize returns without undue exposure to risk, and maintain sufficient liquidity for credit ratings. The fund is invested in a diversified asset mix of liquid, semi-liquid, and illiquid securities. The fund 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.

Land and Other Real Estate Held as Investments by Endowments

The University values land and other real estate held as investments by endowments at fair value.

The University holds, as part of its endowment investments, timber land located in fifteen counties in north and central Alabama totaling approximately 27,000 acres. In the University's opinion, timber production and related commercial recreation is the highest and best use for the land individually and as a whole; the property is located in an area with a favorable climate for growing trees and contains good markets for forest products. Timber production is the predominant land use in the counties that contain the property. The fee simple market value of timber and land of \$37.7 million and \$35.3 million at September 30, 2024 and 2023, respectively, was derived through the application of the cost, sales comparison, and income capitalization approaches to value.

The value of minerals and mineral exploitation rights contained in fee and mineral rights only and surface mining rights only for approximately 37,000 acres was \$19.3 million and \$21.3 million as of September 30, 2024 and 2023, respectively. The fair value of these rights was determined using non-quantitative "menus" of incremental value, enhanced values for perceived early exploitation, risk discounted cash flow, and rules-of-thumb developed over time in appraising mineral assets. The number of acres evaluated for mineral values is assessed without regard for the ownership of the surface or land above and differs from the aforementioned timber land acres.

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, 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.

The University's Level 2 investments consist of mutual funds that are priced or traded at the end of the day.

The University's Level 3 investments primarily consist of real estate. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy. Valuation techniques utilized by the University are appraisals and other valuations typically based on management assumptions or expectations.

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 & Cash Equivalents:				
Regions Cash Trust	\$ 210,881,373	\$ —	\$ —	\$ 210,881,373
Fidelity Government Portfolio	130,264	—	—	130,264
Equities:				
Common Stock	10,284,933	—	—	10,284,933
Fixed Income Securities:				
U.S. Government Obligations	147,946	36,971	—	184,917
Commingled Funds:				
U.S. Equity Funds	2,949,197	141,592	—	3,090,789
Non-U.S. Equity Funds	664,589	—	—	664,589
U.S. Bond Funds	1,689,196	112,621	—	1,801,817
Non-U.S. Bond Funds	—	—	—	—
Private Equity Funds	—	—	2,343	2,343
Real Estate	—	—	83,409,646	83,409,646
	<u>\$ 226,747,498</u>	<u>\$ 291,184</u>	<u>\$ 83,411,989</u>	<u>\$ 310,450,671</u>
UA Portion of System Pool Investments:				
				Pooled Endowment Fund 1,313,481,672
				Liquidity and Capital Reserve Pool Fund 1,027,604,485
				<u>Total Reported Value with System Pooled Investments \$ 2,651,536,828</u>

	2023			
	Level 1	Level 2	Level 3	Total
Cash & Cash Equivalents:				
Regions Cash Trust	\$ 7,296,931	\$ —	\$ —	\$ 7,296,931
Fidelity Government Portfolio	249,754	—	—	249,754
Equities:				
Common Stock	8,615,869	—	—	8,615,869
Fixed Income Securities:				
U.S. Government Obligations	137,569	33,244	—	170,813
Commingled Funds:				
U.S. Equity Funds	2,326,849	106,880	—	2,433,729
Non-U.S. Equity Funds	557,986	—	—	557,986
U.S. Bond Funds	1,563,555	104,664	—	1,668,219
Non-U.S. Bond Funds	10,449	—	—	10,449
Private Equity Funds	—	—	2,343	2,343
Real Estate	—	—	90,196,197	90,196,197
	<u>\$ 20,758,962</u>	<u>\$ 244,788</u>	<u>\$ 90,198,540</u>	<u>\$ 111,202,290</u>
UA Portion of System Pool Investments:				
				Pooled Endowment Fund 1,144,677,343
				Liquidity and Capital Reserve Pool Fund 1,026,542,662
				<u>Total Reported Value with System Pooled Investments \$ 2,282,422,295</u>

At September 30, 2024 and 2023, the fair value of the 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	<u>\$ 399,940,425</u>	<u>\$ 458,800,329</u>	<u>\$ 4,937,600</u>	<u>\$ 1,627,038,134</u>	<u>\$ 2,492,317,386</u>
Total Fund Liabilities					(456,466)
Total Net Asset Value					<u><u>\$ 2,491,860,920</u></u>

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	<u>\$ 326,147,767</u>	<u>\$ 280,777,248</u>	<u>\$ 4,977,964</u>	<u>\$ 1,534,851,116</u>	<u>\$ 2,147,758,917</u>
Total Fund Liabilities					(724,160)
Total Net Asset Value					<u><u>\$ 2,147,034,757</u></u>

Liquidity and Capital Reserve 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 Obligations	—	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	<u>\$ 757,098,421</u>	<u>\$ 2,000,237,393</u>	<u>\$ —</u>	<u>\$ 1,445,805,535</u>	<u>\$ 4,213,781,715</u>
Total Fund Liabilities					(1,162,661)
Total Net Asset Value					<u>\$ 4,212,619,054</u>

Liquidity and Capital Reserve 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 Obligations	—	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	<u>\$ 643,596,322</u>	<u>\$1,606,490,386</u>	<u>\$ —</u>	<u>\$1,375,586,141</u>	<u>\$3,633,432,572</u>
Total Fund Liabilities					(1,191,854)
Total Net Asset Value					<u><u>\$3,632,240,718</u></u>

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

2024 - Pooled Endowment Fund					
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Remaining Life</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Hedge funds - absolute return, credit, long/short equities	\$ 833,403,707	\$ 18,000,000	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
	<u>\$1,627,038,134</u>	<u>\$ 399,013,936</u>			

2023 - Pooled Endowment Fund					
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Remaining Life</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Hedge funds - absolute return, credit, long/short equities	\$ 716,526,857	\$ 14,251,160	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
	<u>\$1,534,851,116</u>	<u>\$ 370,878,995</u>			

2024 - Liquidity and Capital Reserve Pool Fund					
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Remaining Life</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
Hedge funds - absolute return, credit, long/short equities	\$1,274,176,358	\$ 36,000,000	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
	<u>\$1,445,805,535</u>	<u>\$ 36,000,000</u>			

2023 - Liquidity and Capital Reserve Pool Fund					
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Remaining Life</u>	<u>Redemption Notice Period</u>	<u>Redemption Restrictions</u>
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
	<u>\$1,375,586,141</u>	<u>\$ 26,720,926</u>			

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 Fund, and the credit quality of underlying fund investments is monitored on an ongoing basis. Fixed income investments within the PEF and LCRP Fund 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 Fund, 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 Fund, 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 is as follows:

	Pooled Endowment Fund		Liquidity and Capital Reserve Pool 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. 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	<u>\$ 184,877,166</u>	<u>\$ 132,348,003</u>	<u>\$ 1,777,074,639</u>	<u>\$ 1,328,529,663</u>

In accordance with the Board policy disclosed previously, credit risk for the University's fixed and variable income securities held outside of the System Pools is managed by diversifying across issuers and limiting the amount of portfolio assets that are invested in non-investment grade securities. The credit risk for fixed and variable income securities, for the University's separately held investments, at September 30, 2024 and 2023 is as follows:

	2024	2023
Fixed or Variable Income Securities		
U.S. Government Guaranteed	\$ 147,946	\$ 137,569
Other U.S. Dollar, Money Market Funds, and Commingled Bonds		
AAA	964,951	680,782
AA	71,344	244,471
A	144,654	145,854
BBB	293,287	292,530
BB	200,577	149,151
B	100,850	93,805
Below B	36,240	77,465
Unrated	26,886	17,406
Total	<u>\$ 1,986,735</u>	<u>\$ 1,839,033</u>

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 the University's separately held portfolio are registered in the Board's name by the custodial bank as an agent for the System. Other types of investments (e.g. 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 the University's separately held investment 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 points (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.

Although the Board does not have a specific policy relative to interest rate risk, the University has historically invested funds outside of the investment pools in fixed income and variable income securities with short maturity terms.

The effective durations presented in years for fixed or variable income securities, for the System Pools, at September 30, 2024 and 2023 are as follows (The information presented below does not take into account the relative weighting of the portfolio components to the total portfolio.):

	Pooled Endowment Fund		Liquidity and Capital Reserve Pool 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 the University's separately held investments, at September 30, 2024 and 2023 are as follows:

	2024	2023
U.S. Government Obligations	8.8	9.4
Commingled Bond Funds	5.9	6.0

Investments may also include mortgage backed 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. At September 30, 2024 and 2023, the fair market value of these investments, for the System Pools, are as follows:

	Pooled Endowment Fund		Liquidity and Capital Reserve Pool Fund	
	2024	2023	2024	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	<u>\$ 29,101,809</u>	<u>\$ 13,998,021</u>	<u>\$ 370,346,448</u>	<u>\$ 236,981,370</u>

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

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

At September 30, 2024 and 2023, the effective durations for these securities held in the System Pools are listed below. At September 30, 2024 and 2023, the University did not hold any investments in these security types outside of the System Pools.

	Pooled Endowment Fund		Liquidity and Capital Reserve Pool Fund	
	2024	2023	2024	2023
Mortgage Backed Securities	6.3	6.7	2.7	3.2
Collateralized Mortgage Obligations	—	—	4.7	3.8

Foreign Currency Risk

The strategic asset allocation policy for the PEF and LCRP Fund includes an allocation to non-United States equity 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 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 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, no securities were 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 due from third parties. The composition of accounts receivable at September 30, 2024 and 2023 is summarized below:

	2024	2023
Student accounts	\$ 37,383,969	\$ 34,257,952
Sponsoring agencies	46,246,543	43,387,441
Accrued interest receivable	12,693,406	11,610,060
Other	17,865,120	15,684,236
Total accounts receivable	114,189,038	104,939,689
Less allowance for doubtful accounts	(2,449,923)	(1,603,811)
Accounts receivable, net	<u>\$ 111,739,115</u>	<u>\$ 103,335,878</u>

Notes receivable

In 2005, the University established a program to provide financial assistance to University student organizations to help those organizations improve the quality and safety of the residential options those organizations provide to students. This program has supported the construction of several new student organization facilities and renovations and additions to many others. As a result, the University has entered into notes receivable transactions with various student organizations. Notes receivable from student organizations bear interest rates ranging from 3.55% to 5.73% with terms up to 40 years. The composition of notes receivable at September 30, 2024 and 2023 is summarized as follows:

	2024	2023
Notes receivable from student organizations	\$ 200,727,650	\$ 204,956,887
Less current portion	(5,609,401)	(5,657,526)
Notes receivable, noncurrent	<u>\$ 195,118,249</u>	<u>\$ 199,299,361</u>

Student loans receivable

Student loans receivable represent all amounts owed on promissory notes from debtors, including student loans made under the Federal Perkins Loan Program and other loan programs. The composition of student loans receivable at September 30, 2024 and 2023 is summarized as follows:

	2024	2023
Federal loan program	\$ 8,809,044	\$ 8,818,055
University loan funds	1,493,841	1,455,035
Less allowance for doubtful loans	(3,682,681)	(3,687,199)
Total student loans outstanding, net	6,620,204	6,585,891
Less current portion	(1,464,324)	(1,539,115)
Total student loans outstanding, noncurrent	<u>\$ 5,155,880</u>	<u>\$ 5,046,776</u>

Pledges receivable

Pledges receivable represent unconditional promises to give from third party donors and are presented at their gross, undiscounted amount. The composition of pledges receivable at September 30, 2024 and 2023, is summarized as follows:

	2024	2023
Operations	\$ 65,476,401	\$ 69,454,815
Capital	57,111,837	69,543,165
Less allowance for doubtful pledges	(7,511,946)	(8,505,554)
Total pledges, net	115,076,292	130,492,426
Less current portion	(33,558,282)	(31,508,019)
Total pledges, noncurrent	<u>\$ 81,518,010</u>	<u>\$ 98,984,407</u>

Note 6 – Capital Assets

Capital assets are capitalized and recorded at cost at the date of acquisition or at estimated acquisition value at the date received if gifted to the University. Capital assets as of September 30, 2024 are summarized as follows:

	Balance October 1, 2023	Additions	Retirements/ Transfers	Balance September 30, 2024
Nondepreciable capital assets:				
Land	\$ 94,691,467	\$ 5,398,454	\$ —	\$ 100,089,921
Collections	32,534,115	463,662	(5,000)	32,992,777
Intangible assets	65,300,214	—	—	65,300,214
Construction in progress	180,086,355	220,075,935	(153,151,928)	247,010,362
Total nondepreciable capital assets	<u>372,612,151</u>	<u>225,938,051</u>	<u>(153,156,928)</u>	<u>445,393,274</u>
Depreciable capital assets:				
Land improvements	105,526,462	8,396,686	—	113,923,148
Infrastructure	233,386,798	12,338,730	—	245,725,528
Buildings and fixed equipment	2,794,179,078	143,206,261	(412,600)	2,936,972,739
Equipment	268,618,240	33,177,472	(8,012,686)	293,783,026
Library materials	130,048,393	942,741	—	130,991,134
Intangible assets	58,017,603	—	—	58,017,603
Right-of-use assets - leased real estate & equipment	8,156,923	1,754,442	(1,190,076)	8,721,289
Right-of-use assets - software subscriptions	25,329,718	10,463,866	(4,181,052)	31,612,532
Total depreciable capital assets	<u>3,623,263,215</u>	<u>210,280,198</u>	<u>(13,796,414)</u>	<u>3,819,746,999</u>
Less accumulated depreciation:				
Land improvements	48,365,616	5,077,074	—	53,442,690
Infrastructure	68,705,039	11,335,707	—	80,040,746
Buildings and fixed equipment	768,828,829	60,683,463	(412,600)	829,099,692
Equipment	165,910,263	23,236,580	(7,441,209)	181,705,634
Library materials	122,351,884	2,762,387	—	125,114,271
Intangible assets	57,926,093	91,410	—	58,017,503
Right-of-use assets - leased real estate & equipment	4,709,848	1,952,824	(1,190,076)	5,472,596
Right-of-use assets - software subscriptions	10,187,687	7,995,430	(3,880,433)	14,302,684
Total accumulated depreciation	<u>1,246,985,259</u>	<u>113,134,875</u>	<u>(12,924,318)</u>	<u>1,347,195,816</u>
Total depreciable capital assets, net	<u>2,376,277,956</u>	<u>97,145,323</u>	<u>(872,096)</u>	<u>2,472,551,183</u>
Total capital assets, net	<u>\$ 2,748,890,107</u>	<u>\$ 323,083,374</u>	<u>\$ (154,029,024)</u>	<u>\$ 2,917,944,457</u>

Capital assets as of September 30, 2023 are summarized as follows:

	Balance October 1, 2022	Additions	Retirements/ Transfers	Balance September 30, 2023
Nondepreciable capital assets:				
Land	\$ 94,028,783	\$ 662,684	\$ —	\$ 94,691,467
Collections	29,617,076	2,917,309	(270)	32,534,115
Intangible assets	58,746,214	6,554,000	—	65,300,214
Construction in progress	91,697,132	207,935,273	(119,546,050)	180,086,355
Total nondepreciable capital assets	<u>274,089,205</u>	<u>218,069,266</u>	<u>(119,546,320)</u>	<u>372,612,151</u>
Depreciable capital assets:				
Land improvements	95,581,072	9,945,390	—	105,526,462
Infrastructure	195,041,734	38,345,064	—	233,386,798
Buildings and fixed equipment	2,703,728,588	90,450,490	—	2,794,179,078
Equipment	253,853,017	27,928,841	(13,163,618)	268,618,240
Library materials	129,509,169	539,224	—	130,048,393
Intangible assets	58,017,603	—	—	58,017,603
Right-of-use assets - leased real estate & equipment	7,253,167	1,302,730	(398,974)	8,156,923
Right-of-use assets - software subscriptions	17,267,098	9,420,592	(1,357,972)	25,329,718
Total depreciable capital assets	<u>3,460,251,448</u>	<u>177,932,331</u>	<u>(14,920,564)</u>	<u>3,623,263,215</u>
Less accumulated depreciation:				
Land improvements	43,609,015	4,756,601	—	48,365,616
Infrastructure	59,308,348	9,396,691	—	68,705,039
Buildings and fixed equipment	709,984,394	58,844,435	—	768,828,829
Equipment	158,507,147	18,532,751	(11,129,635)	165,910,263
Library materials	119,524,701	2,827,183	—	122,351,884
Intangible assets	57,499,986	426,107	—	57,926,093
Right-of-use assets - leased real estate & equipment	2,971,881	2,136,941	(398,974)	4,709,848
Right-of-use assets - software subscriptions	4,512,146	7,033,513	(1,357,972)	10,187,687
Total accumulated depreciation	<u>1,155,917,618</u>	<u>103,954,222</u>	<u>(12,886,581)</u>	<u>1,246,985,259</u>
Total depreciable capital assets, net	<u>2,304,333,830</u>	<u>73,978,109</u>	<u>(2,033,983)</u>	<u>2,376,277,956</u>
Total capital assets, net	<u>\$ 2,578,423,035</u>	<u>\$ 292,047,375</u>	<u>\$ (121,580,303)</u>	<u>\$ 2,748,890,107</u>

During 2015, the University had the opportunity to purchase property within close proximity to the main campus from the Alabama Department of Mental Health (“ADMH”), which allows the University to devote more of its core campus to academic and student life activities. The total purchase, commonly referred to as the Partlow Property, encompasses approximately 362 acres and is composed of both land and associated buildings. As part of the purchase agreement, the University leases back some of the buildings to the ADMH who continues to operate the mental health facilities. The leaseback period is 99 years.

Note 7 – Long-Term Debt

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

	Balance October 1, 2023	New Debt	Principal Repayment	Balance September 30, 2024
Type/Supported by				
Notes payable				
Crimson Tide Foundation airplane	\$ 3,221,615	\$ —	\$ (848,950)	\$ 2,372,665
Bryce/Partlow property	5,566,300	—	(5,566,300)	—
Bonds				
General Revenue	1,031,040,000	218,975,000	(41,360,000)	1,208,655,000
	<u>\$ 1,039,827,915</u>	<u>\$ 218,975,000</u>	<u>\$ (47,775,250)</u>	<u>\$ 1,211,027,665</u>
Plus net unamortized bond premium/discount	59,479,396			62,929,654
Less current portion	<u>(47,775,250)</u>			<u>(51,520,888)</u>
	<u>\$ 1,051,532,061</u>			<u>\$ 1,222,436,431</u>

	Balance October 1, 2022	New Debt	Principal Repayment	Balance September 30, 2023
Type/Supported by				
Notes payable				
Crimson Tide Foundation airplane	\$ 4,049,180	\$ —	\$ (827,565)	\$ 3,221,615
Bryce/Partlow property	11,132,600	—	(5,566,300)	5,566,300
Bonds				
General Revenue	1,070,545,000	—	(39,505,000)	1,031,040,000
	<u>\$ 1,085,726,780</u>	<u>\$ —</u>	<u>\$ (45,898,865)</u>	<u>\$ 1,039,827,915</u>
Plus net unamortized bond premium/discount	65,970,690			59,479,396
Less current portion	<u>(45,898,865)</u>			<u>(47,775,250)</u>
	<u>\$ 1,105,798,605</u>			<u>\$ 1,051,532,061</u>

Debt obligations generally bear interest at fixed rates ranging from 2.0% to 5.875% and mature at various dates through 2054. Maturities and interest on notes, leases and bonds payable, using rates in effect at September 30, 2024, for the next five years and in subsequent five-year periods are as follows:

	Notes Principal	Bonds Principal	Total Principal	Notes Interest	Bonds Interest	Total Interest	Total Debt Service
2025	\$ 870,888	\$ 50,650,000	\$ 51,520,888	\$ 50,450	\$ 40,885,107	\$ 40,935,557	\$ 92,456,445
2026	893,393	50,470,000	51,363,393	27,945	40,972,910	41,000,855	92,364,248
2027	608,384	52,500,000	53,108,384	5,841	38,958,845	38,964,686	92,073,070
2028	—	54,525,000	54,525,000	—	36,990,715	36,990,715	91,515,715
2029	—	56,570,000	56,570,000	—	34,944,550	34,944,550	91,514,550
2030-2034	—	315,360,000	315,360,000	—	141,942,784	141,942,784	457,302,784
2035-2039	—	252,325,000	252,325,000	—	91,520,540	91,520,540	343,845,540
2040-2044	—	187,745,000	187,745,000	—	51,224,685	51,224,685	238,969,685
2045-2049	—	131,335,000	131,335,000	—	24,508,825	24,508,825	155,843,825
2050-2054	—	57,175,000	57,175,000	—	7,040,200	7,040,200	64,215,200
	<u>\$ 2,372,665</u>	<u>\$1,208,655,000</u>	<u>\$1,211,027,665</u>	<u>\$ 84,236</u>	<u>\$508,989,161</u>	<u>\$509,073,397</u>	<u>\$ 1,720,101,062</u>

The following is a detailed schedule of long-term debt as of September 30, 2024:

	Date Issued	Final Maturity	Interest Rate-%	Original Debt	Outstanding Debt
Bonds payable:					
General Fee Revenue Bond Series 2010A	8/1/2010	7/1/2040	2.0-5.875	16,495,000	10,825,000
General Fee Revenue Bond Series 2010B	11/18/2010	7/1/2040	5.7-5.85	18,000,000	18,000,000
General Fee Revenue Bond Series 2012A	10/16/2012	7/1/2042	3.0-5.0	265,655,000	196,510,000
General Fee Revenue Bond Series 2014B	8/28/2014	7/1/2024	3.0-5.0	212,105,000	—
General Fee Revenue Bond Series 2017A	8/30/2017	7/1/2024	4.0-5.0	15,855,000	—
General Fee Revenue Bond Series 2017B	8/30/2017	7/1/2047	3.0-5.0	158,400,000	158,400,000
General Fee Revenue Bond Series 2019A	9/19/2019	7/1/2049	3.0-5.0	375,515,000	336,285,000
General Fee Revenue Bond Series 2019B	9/19/2019	7/1/2024	2.0-4.0	14,095,000	—
General Fee Revenue Bond Series 2019C	9/19/2019	7/1/2038	3.0-5.0	69,340,000	69,340,000
General Fee Revenue Bond Series 2022A	2/23/2022	7/1/2044	2.1-2.75	203,455,000	—
General Fee Revenue Bond Series 2024A	4/2/2024	7/1/2044	2.1-2.75	201,685,000	200,320,000
General Fee Revenue Bond Series 2024B	9/26/2024	7/1/2054	4.0-5.0	218,975,000	218,975,000
Total bonds payable				<u>1,769,575,000</u>	<u>1,208,655,000</u>
Notes payable:					
Department of Mental Health (Partlow I)	11/14/2014	11/14/2023	0.0	32,000,000	—
Department of Mental Health (Partlow II)	2/27/2015	2/27/2024	0.0	23,663,000	—
PNC Aviation Finance (CTF airplane CESSNA)	1/31/2020	2/1/2027	2.55	5,900,000	2,372,665
Total notes payable				<u>61,563,000</u>	<u>2,372,665</u>
Total bonds and notes payable				<u>\$ 1,831,138,000</u>	<u>\$ 1,211,027,665</u>

As part of the Series 2022A bond agreement, the University had the option to redeem the Series 2022A bonds in whole during the period April 2, 2024 through October 2, 2024. On April 2, 2024, the University redeemed the Series 2022A bonds through an exchange of those bonds for the Series 2024A bonds with an initial principal amount of \$201,685,000. There were no bond proceeds resulting from the redemption.

On September 26, 2024, the University issued the Series 2024B bonds in the amount of \$218,975,000. There were no refundings of prior bond series debt as a result of this issuance. Bond proceeds will be used to fund capital projects.

Pledged revenues for the years ended September 30, 2024 and 2023 as defined by outstanding bond covenants are as follows:

	2024	2023
Tuition and fees	\$ 861,855,514	\$ 785,087,861
Sales and services of educational activities	19,247,440	17,564,235
Auxiliary sales and services	250,726,853	234,925,552
Investment income	36,104,322	18,110,272
Indirect cost recovery	30,165,857	25,909,790
Other operating revenues	110,541,138	95,574,270
Total pledged revenues	<u>\$ 1,308,641,124</u>	<u>\$ 1,177,171,980</u>

The University's general revenue bonds are subject to certain covenants. These covenants, among other things, require the Board to adopt an annual budget; 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; and to comply with certain restrictions as to additional indebtedness. Based on pledged revenues received in 2024 of \$1.3 billion, the projected maximum annual debt service requirement of \$92.5 million in 2025 is covered approximately 14.2 times by pledged revenues. The University is in compliance with all financial covenants as of September 30, 2024.

In November 2014, the University finalized a purchase agreement with the ADMH for approximately 118 acres of land and certain other defined appurtenances of the property, known as the Partlow Property I. This \$32 million purchase was payable over a ten-year period. In February 2015, the University finalized an additional purchase agreement with the ADMH for approximately 244 acres of land and certain other defined appurtenances of the property, referred to as the Partlow Property II. This \$23.7 million purchase was also payable over a ten-year period. As of September 30, 2024, both of these notes have been paid in full.

Line of Credit

In June 2020, CTF entered into a line of credit agreement with the Board in the amount of \$25.0 million. None of the line of credit was drawn at June 30, 2024 or 2023. CTF incurred no interest expense related to the line of credit during the years ended June 30, 2024 or 2023. The unused portion of the line of credit at June 30, 2024 and 2023 was \$25.0 million. The line of credit agreement expires on September 30, 2041.

Note 8 – Self-Insurance

The University participates with other campuses that comprise the System in a self-insurance program for general liability. 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 trust fund, at an actuarially determined rate, to provide funding for the retained risk. Other liabilities in the accompanying statements of net position includes a reserve of \$2.1 million and \$1.8 million for general liability at both September 30, 2024 and 2023.

The University is self-insured for health insurance. The liability for unpaid claims includes an accrual for an estimate of claims incurred but not reported and is included in accounts payable and accrued liabilities in the accompanying statements of net position. The changes in the health insurance liabilities for the years ended September 30, 2024 and 2023 are summarized as follows:

	2024	2023
Balance, beginning of year	\$ 4,801,000	\$ 4,374,000
Claims paid	(64,687,756)	(58,496,109)
Contributions and adjustments	65,112,056	58,923,109
Balance, end of year	<u>\$ 5,225,300</u>	<u>\$ 4,801,000</u>

Note 9 – Employee Benefits

Eligible employees of the University participate in the 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 System 403(b) defined contribution plan. Teachers Insurance and Annuity Association ("TIAA") serves as the single recordkeeper and sole vendor for the plan.

Defined Benefit Plan - TRS

Plan description. The TRS, a cost-sharing multiple-employer public employee retirement plan, was established as of September 15, 1939, pursuant to the *Code of Alabama 1975, Title 16, Chapter 25* (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 which consists of 15 trustees. The plan is administered by the Retirement Systems of Alabama ("RSA"). The *Code of Alabama 1975, Title 16, Chapter 25* 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 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 the 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 TRS 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 formula method. 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 up to 80% of their average final compensation.

Act 316 of the Legislature of 2019 established the Partial Lump Sum Option Plan ("PLOP") in addition to the annual service retirement benefit payable for life for Tier 1 and Tier 2 members of the TRS and ERS. A member can elect to receive a one-time lump sum distribution at the time that they receive their first monthly retirement benefit payment. The member's annual retirement benefit is then actuarially reduced based on the amount of the PLOP distribution which is not to exceed the sum of 24 months of the maximum monthly retirement benefit that the member could receive. Members are eligible to receive a PLOP distribution if they are eligible for a service retirement benefit as defined above from the TRS or ERS on or after October 1, 2019. A TRS or ERS member who receives an annual disability retirement benefit or who has participated in the Deferred Retirement Option Plan ("DROP") is not eligible to receive a PLOP distribution.

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 equal to the annual earnable compensation of the member as reported to the Plan for the preceding year ending June 30 are paid to a qualified beneficiary.

Contributions. Covered Tier 1 members of the TRS contributed 5.0% 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 7.50% of earnable compensation. Certified law enforcement, correctional officers, and firefighters of the TRS contributed 6.0% of earnable compensation as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, certified law enforcement, correctional officers, and firefighters of the TRS were required by statute to contribute 8.25% of earnable compensation. Effective October 1, 2012, certified law enforcement, correctional officers, and firefighters of the TRS are required by statute to contribute 8.50% of earnable compensation. Effective October 1, 2021, the covered Tier 2 members' contribution rate increased from 6.0% to 6.2% of earnable compensation to the TRS as required by statute. Effective October 1, 2021, the covered Tier 2 certified law enforcement, correctional officers, and firefighters contribution rate increased from 7.0% to 7.2% of earnable compensation to the TRS as required by statute. These Tier 2 member contribution rate increases were a result of Act 537 of the Legislature of 2021 which allows sick leave conversion for Tier 2 members. All regular employees of the University are members of the TRS with the exception of temporary employees. Contributions for covered employees are mandatory for both employee and employer.

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 contractually required contribution rate for the year ended September 30, 2023 was 12.59% 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 total contribution requirement for 2024, 2023, and 2022 is as follows:

	2024	2023	2022
Employer Contributions	\$ 62,622,801	\$ 57,853,286	\$ 54,098,003
Employee Contributions	35,134,587	32,888,983	31,063,549
Total Contributions	<u>\$ 97,757,388</u>	<u>\$ 90,742,269</u>	<u>\$ 85,161,552</u>

Pensionable salaries and wages for covered employees participating in TRS were approximately \$519.8 million and \$482.8 million during fiscal years 2024 and 2023, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2024, the financial statements of the University reflected a liability of \$920.5 million for its proportionate share of the collective net pension liability, as prescribed by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. 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. The University's proportion of the collective net pension liability was based on the employer's share of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At September 30, 2023, the University's proportion was 5.77%, which was an increase of 0.01% from its proportion measured as of September 30, 2022. The University's proportionate share of the collective net pension liability at September 30, 2023 was \$894.5 million.

For the years ended September 30, 2024 and 2023, the University recognized pension expense of \$137.9 million and \$110.3 million, respectively. At September 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 82,308,000	\$ 12,428,000
Changes of assumptions	25,897,000	—
Net difference between projected and actual earnings on pension plan investments	63,131,000	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,049,000	12,213,000
Employer contributions subsequent to the measurement date	62,622,801	—
Total	<u>\$ 238,007,801</u>	<u>\$ 24,641,000</u>

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,663,000	\$ 21,706,000
Changes of assumptions	40,588,000	—
Net difference between projected and actual earnings on pension plan investments	179,489,000	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	6,572,000	19,882,000
Employer contributions subsequent to the measurement date	57,853,286	—
Total	<u>\$ 304,165,286</u>	<u>\$ 41,588,000</u>

The \$62.6 million reported as deferred outflows of resources related to pensions 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 ended September 30:	
2025	\$ 49,016,000
2026	\$ 31,986,000
2027	\$ 71,363,000
2028	\$ (1,621,000)
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.

Actuarial Assumptions	
Inflation	2.50 %
Projected salary increases, including inflation	3.25% - 5.00%
Investment rate of return*	7.45 %

*Net of pension plan investment expense, including inflation

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 (+) / 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 discount rate used to measure the total pension liability at the prior measurement date 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 reflects the University's proportionate share of the net pension liability, as prescribed by GASB 68, 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:

	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
University's proportionate share of collective net pension liability	\$1,202,560,000	\$920,526,000	\$683,316,000

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual 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 System 403(b) defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All regular full-time and regular part-time employees are eligible to participate from the date of employment. The University contributes a matching amount of up to 5% of the employee's monthly contribution for regular, full-time exempt employees. The University's contribution is funded as it accrues and, along with that of employees, is immediately and fully vested. The total contribution for 2024 and 2023, excluding amounts not eligible for matching, was \$30.4 million and \$28.0 million, respectively. This includes employee contributions eligible for matching of \$15.2 million in 2024 and \$14.0 million in 2023, and University contributions of \$15.2 million in 2024 and \$14.0 million 2023. Salaries and wages for covered employees participating in the 403(b) plan were \$376.5 million and \$342.9 million, respectively, during 2024 and 2023.

Compensated Absences

Certain University employees accrue annual 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 annual leave at their regular rate of pay up to a designated maximum number of days. Depending on their payroll classification, some employees are also paid one-half of their unused accrued sick leave at their regular rate of pay. Accounts payable and accrued liabilities within the accompanying statements of net position includes an accrual of \$37.8 million and \$34.8 million at September 30, 2024 and 2023, respectively, primarily for accrued annual and 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 (the "Trust") with TRS or retired employees may elect to continue to participate in the University's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. TRS offers health care benefits through a cost-sharing multiple-employer defined benefit health care plan administered by the Public Education Employee Health Insurance Plan ("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 the University's health care plan becomes the secondary insurer. Despite the availability of the University's plan, most retirees elect to participate in the PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium, with the University paying an allocation toward the cost of retiree coverage.

PEEHIP

Plan description. The Trust is a cost-sharing multiple-employer defined benefit post-employment 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 ("PEEHI 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 PEEHIP. In accordance with GASB, the Trust is considered a component unit of the 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 PEEHI Board. The PEEHI 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 PEEHI 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 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, eyeglasses, 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 retired members and covered dependents are eligible to enroll in the PEEHIP Supplemental Medical Plan. There is no premium required for this plan, and the plan covers most out-of-pocket expenses not covered by the primary plan. Members who are enrolled in the PEEHIP Hospital Medical Plan, VIVA Health Plan (offered through the Public Education Employees' Health Insurance Fund), Marketplace (Exchange) Plans, Alabama State Employees Insurance Board, Local Government Health Insurance Board, Medicaid, ALL Kids, Tricare, or Champus, as their primary coverage, or are enrolled in a Health Savings Account or Health Reimbursement Arrangement, are not eligible to enroll in the PEEHIP Supplemental Plan. The plan cannot be used as a supplement to Medicare. Retired members who become eligible for Medicare are eligible to enroll in the PEEHIP Group Medicare Advantage (PPO) Plan or the Optional Coverage Plans.

Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract for Medicare eligible retirees and Medicare eligible dependents of retirees. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC 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 UHC 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 PEEHI 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 PEEHI 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 PEEHI 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 PEEHI 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 PEEHI 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 PEEHI 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 PEEHI 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 PEEHI Board. This reduction in the employer contribution ceases upon notification to the PEEHI 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 of Alabama reflected a liability of \$85.6 million for its proportionate share of the net OPEB liability, as prescribed by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 the University's share of contributions to the OPEB plan relative to the total employer contributions of all participating PEEHIP employees. At September 30, 2023, the University's proportion was 4.45%, which was an increase of 1.15% from its proportion measured as of September 30, 2022. The University's proportionate share of the net OPEB liability at September 30, 2023 was \$57.4 million.

For the years ended September 30, 2024 and 2023, the University recognized an OPEB benefit of \$24.1 million and \$23.1 million, respectively, with no special funding situations. At September 30, 2024 and 2023, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,672,791	\$ 134,996,042
Changes of assumptions	72,073,284	84,632,484
Net difference between projected and actual earnings on OPEB plan investments	2,922,244	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	101,602,182	55,473,815
Employer contributions subsequent to the measurement date	6,749,451	—
Total	\$ 185,019,952	\$ 275,102,341

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,634,097	\$ 116,124,383
Changes of assumptions	46,585,837	83,596,882
Net difference between projected and actual earnings on OPEB plan investments	7,222,719	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	60,923,179	73,656,638
Employer contributions subsequent to the measurement date	6,927,103	—
Total	\$ 124,292,935	\$ 273,377,903

The \$6.7 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 ended September 30:	
2025	\$ (37,154,714)
2026	\$ (4,478,970)
2027	\$ (11,368,540)
2028	\$ (31,543,561)
2029	\$ (15,685,517)
Thereafter	\$ 3,399,462

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:

Actuarial Assumptions	
Inflation	2.50%
Projected salary increases*	3.25% - 5.00%
Long-term investment rate of return**	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	
Initial 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

*Includes 2.75% wage inflation.

**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 (+) / (-)	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 Contingent Survivor 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, 2022 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 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 2.50% 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 and discount rates. The following table reflects the University's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, 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)
University's proportionate share of the collective net OPEB liability	\$64,846,301	\$85,550,422	\$110,689,407

The following table reflects the University's proportionate share of the net OPEB liability of the Trust, as prescribed by GASB 75, 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%)
University's proportionate share of the collective net OPEB liability	\$105,611,819	\$85,550,422	\$68,475,558

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 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 (“FDSLPL”) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLPL 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 FDSLPL 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, respectively, the University disbursed approximately \$200.7 million and \$192.3 million, respectively, under the FDSLPL.

Note 12 – Grants and Contracts

At September 30, 2024, the University had been awarded approximately \$177.9 million in grants and contracts which had 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 as of and for the year ended September 30, 2024.

Note 13 – Operating Expenses by Function

In addition to their natural classifications, expenses are also classified by their functional classifications. Functional classifications are assigned to departments based on the nature of their activity, such as instruction, public service, institutional support, etc. Scholarships and fellowships related to auxiliary enterprises are broken out separately below and are comprised primarily of Intercollegiate Athletics and housing scholarships. Operating expenses by functional classification for the years ended September 30, 2024 and 2023 are summarized as follows:

2024 Operating Expenses (by functional classification)					
	Salaries, wages, and benefits	Supplies and services	Depreciation	Scholarships and fellowships	Total
Instruction	\$ 288,439,641	\$ 40,680,029	\$ 23,700,164	\$ —	\$ 352,819,834
Research	122,834,718	86,193,963	9,607,687	—	218,636,368
Public service	52,344,690	23,495,962	2,638,570	—	78,479,222
Academic support	82,282,444	9,328,764	20,050,238	—	111,661,446
Student services	47,478,226	23,921,069	7,168,031	—	78,567,326
Institutional support	95,719,724	21,599,595	14,703,034	—	132,022,353
Operations and maintenance	91,825,594	40,878,472	1,318,616	—	134,022,682
Scholarships and fellowships	—	—	—	29,030,816	29,030,816
Auxiliary enterprises	110,917,393	161,350,445	33,948,535	11,834,332	318,050,705
Total operating expenses	<u>\$ 891,842,430</u>	<u>\$ 407,448,299</u>	<u>\$ 113,134,875</u>	<u>\$ 40,865,148</u>	<u>\$ 1,453,290,752</u>

2023 Operating Expenses (by functional classification)					
	Salaries, wages, and benefits	Supplies and services	Depreciation	Scholarships and fellowships	Total
Instruction	\$ 261,282,637	\$ 39,249,888	\$ 21,239,483	\$ —	\$ 321,772,008
Research	110,572,162	65,468,928	8,460,952	—	184,502,042
Public service	47,074,287	24,839,652	2,807,142	—	74,721,081
Academic support	73,328,365	11,109,203	17,837,540	—	102,275,108
Student services	42,495,254	24,318,798	6,350,836	—	73,164,888
Institutional support	91,527,378	9,544,270	13,519,604	—	114,591,252
Operations and maintenance	79,225,313	36,693,502	2,459,440	—	118,378,255
Scholarships and fellowships	—	—	—	24,182,490	24,182,490
Auxiliary enterprises	100,752,052	129,398,600	31,279,225	12,955,045	274,384,922
Total operating expenses	<u>\$ 806,257,448</u>	<u>\$ 340,622,841</u>	<u>\$ 103,954,222</u>	<u>\$ 37,137,535</u>	<u>\$ 1,287,972,046</u>

Note 14 – Contingencies and Commitments

The University has sovereign immunity and is, therefore, in the opinion of University 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 liabilities arising from the performance of their official duties. Some exceptions to the sovereign immunity doctrine exist, most notably 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 and 2023, the estimated remaining cost to complete the construction and renovation of these facilities was approximately \$252.3 million and \$109.8 million, respectively, 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

Required Supplementary Information (Unaudited)

Schedule of The University of Alabama's Proportionate Share of the Net Pension Liability

Teachers' Retirement Plan of Alabama

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Employer's proportion of the collective net pension liability	5.77%	5.76%	5.88%	5.98%	5.84%	5.98%	5.75%	5.76%	5.47%	5.20%
Employer's proportionate share of the collective net pension liability	\$920,526,000	\$894,458,000	\$553,948,000	\$739,566,000	\$646,185,000	\$594,410,000	\$565,233,000	\$623,398,000	\$572,814,000	\$472,075,000
Employer's covered payroll during the measurement period	\$482,765,357	\$452,622,667	\$433,960,597	\$431,766,760	\$422,693,087	\$405,655,755	\$385,853,526	\$369,595,295	\$347,881,013	\$329,612,262
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	190.68%	197.62%	127.65%	171.29%	152.87%	146.53%	146.49%	168.67%	164.66%	143.22%
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 The University of Alabama's Contributions

Teachers' Retirement Plan of Alabama

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 62,622,801	\$ 57,853,286	\$ 54,098,003	\$ 51,757,744	\$ 52,175,581	\$ 51,222,334	\$ 48,018,757	\$ 45,024,221	\$ 43,303,201	\$ 39,092,939
Contributions in relation to the contractually required contribution	\$ 62,622,801	\$ 57,853,286	\$ 54,098,003	\$ 51,757,744	\$ 52,175,581	\$ 51,222,334	\$ 48,018,757	\$ 45,024,221	\$ 43,303,201	\$ 39,092,939
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employer's covered payroll	\$519,826,407	\$482,765,357	\$452,622,667	\$433,960,597	\$431,766,760	\$422,693,087	\$405,665,755	\$385,853,526	\$369,595,295	\$347,881,013
Contributions as a percentage of covered payroll	12.05%	11.98%	11.95%	11.93%	12.08%	12.12%	11.84%	11.67%	11.72%	11.24%

Notes to Schedules

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

The measurement period for each year presented is the prior fiscal year ending September 30.

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

The University of Alabama

Required Supplementary Information (Unaudited)

Schedule of The University of Alabama's Proportionate Share of the Net OPEB Liability

Alabama Retired Education Employees' Health Care Trust

	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	4.45%	3.30%	4.26%	4.27%	2.89%	3.25%	3.47%
Employer's proportionate share of the collective net OPEB liability	\$ 85,550,422	\$ 57,432,788	\$ 220,215,581	\$ 276,972,007	\$ 108,975,155	\$ 267,378,182	\$ 257,683,278
Employer's covered payroll during the measurement period	\$ 482,765,357	\$ 452,622,667	\$ 433,960,597	\$ 431,766,760	\$ 422,693,087	\$ 405,665,755	\$ 385,853,526
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	17.72%	12.69%	50.75%	64.15%	25.78%	65.91%	66.78%
Plan fiduciary net position as a percentage of the total collective net OPEB liability	49.42%	48.39%	27.11%	19.80%	28.14%	14.81%	15.37%

Schedule of The University of Alabama's Contributions

Alabama Retired Education Employees' Health Care Trust

	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	\$ 6,749,451	\$ 6,927,103	\$ 6,299,730	\$ 7,359,091	\$ 8,450,780	\$ 8,214,794	\$ 7,988,277
Contributions in relation to the contractually required contribution	\$ 6,749,451	\$ 6,927,103	\$ 6,299,730	\$ 7,359,091	\$ 8,450,780	\$ 8,214,794	\$ 7,988,277
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Employer's covered payroll	\$ 519,826,407	\$ 482,765,357	\$ 452,622,667	\$ 433,960,597	\$ 431,766,760	\$ 422,693,087	\$ 405,665,755
Contributions as a percentage of covered payroll	1.30%	1.43%	1.39%	1.70%	1.96%	1.94%	1.97%

Notes to Schedules

Employer's covered payroll: The payroll on which contributions to an OPEB plan are based.

The measurement period for each year presented is the prior fiscal year ending September 30.

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

The Board of Trustees of the University of Alabama (Unaudited)
As of September 30, 2024

The Honorable Kay Ivey

Governor of Alabama
President Ex-Officio

Elected Trustees:

Scott M. Phelps, President Pro Tempore

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Mike Brock

Second Congressional District

Karen P. Brooks

Seventh Congressional District

Myla E. Calhoun

Sixth Congressional District

Ronald W. Gray

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Fifth Congressional District

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Marietta M. Urquhart

First Congressional District

Kenneth L. Vandervoort, M.D.

Third Congressional District

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John J. McMahon, Jr.

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Finis E. St. John IV

William Britt Sexton

W. Stancil Starnes

Cleophus Thomas, Jr.

John Russell Thomas

The University of Alabama
Executive Officers (Unaudited)
As of September 30, 2024

Stuart R. Bell, Ph.D.

President

Chad Tindol

Chief Administrative Officer

James Dalton, Ph.D.

Executive Vice President and Provost

Ryan Bradley

Vice President for Strategic Communications

Greg Byrne

Director of Athletics

Daniel T. Layzell, Ph.D.

Vice President for Finance and Operations and Treasurer

Steven Hood, Ph.D.

Vice President for Student Life

Bryan Boudouris, Ph.D.

Vice President for Research and Economic Development

Robert D. Pierce II

Vice President for Advancement

Samory T. Pruitt, Ph.D.

Vice President for Community Affairs

G. Christine Taylor, Ph.D.

Vice President and Associate Provost for Opportunities, Connections and Success