THE UNIVERSITY OF ALABAMA®

2024 ANNUAL FINANCIAL REPORT 2025

The University of Alabama
2024-2025 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, 2025 and 2024 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

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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, 2025 and 2024, 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, which collectively comprise the University's basic 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, 2025 and 2024, 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, 2025 and 2024, 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 75 through 76 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 26, 2026

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, 2025 and 2024. 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, 2025 and 2024. 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, 2025, 2024, and 2023 is presented below.

Condensed Statements of Net Position

(dollars in thousands)	2025	2024	2023
Assets			
Current assets	$ 1,044,324	$ 962,455	$ 883,372
Capital assets, net	3,081,201	2,917,944	2,748,890
Other noncurrent assets	2,493,457	2,466,267	2,116,352
Total assets	6,618,982	6,346,666	5,748,614
Deferred outflows of resources	629,571	437,530	444,311
Liabilities			
Current liabilities	673,150	640,233	601,771
Noncurrent liabilities	2,408,135	2,260,685	2,028,562
Total liabilities	3,081,285	2,900,918	2,630,333
Deferred inflows of resources	361,326	318,795	330,284
Net Position			
Net investment in capital assets	1,973,386	1,852,846	1,655,748
Restricted	1,732,627	1,593,580	1,480,576
Unrestricted	99,929	118,057	95,984
Total net position	$ 3,805,942	$ 3,564,483	$ 3,232,308

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, 2025, the University's current assets increased $81.9 million, primarily due to a combined net increase of $56.4 million in cash and cash equivalents and short-term investments, and a $23.1 million increase in prepaid expenses and unearned scholarships. Cash and short-term investments balances fluctuate based on operating needs, timing of expenditures, and cash management strategies. The increase in prepaid expenses was primarily due to a large athletics prepayment. At September 30, 2024, the University's current assets increased $79.1 million, driven largely by a combined net increase of $62.7 million in cash and cash equivalents and short-term investments. As mentioned, these balances vary based on operating requirements, timing of expenditures, and cash management strategies.

Noncurrent assets are predominantly composed of endowment and life income investments, investments for capital activities, other long-term investments, capital assets (net), and notes receivable (net). The University's notes receivable consist primarily of loans made to campus student organizations for construction.

The University’s noncurrent assets increased $190.4 million during 2025. Total noncurrent investments decreased $4.9 million during 2025. While endowed gifts and unrealized gains contributed to increases in the University's investments, these increases were offset by a decrease in investments for capital activities due to the expenditure of bond proceeds, along with an increase in the amount allocated to short-term investments to meet operating needs. The construction of new buildings and renovations on campus contributed to a rise in capital assets of $163.3 million in 2025. Noncurrent notes receivable increased $21.8 million during 2025. In June 2025, CTF entered into a loan agreement with a related party in the amount of $20.0 million to provide the entity with working capital to carry out its commercialization of intellectual property rights. The full balance of the note was considered noncurrent at year-end and contributed to the increase in notes receivable (see Note 5).

In 2024, the University’s noncurrent assets increased $519.0 million. During 2024, noncurrent investments increased $362.6 million resulting primarily from market-related gains. Capital assets increased $169.1 million due to the construction of new buildings and renovations on campus. Noncurrent notes receivable decreased $4.2 million as note repayments were made throughout the year.

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, 2025, deferred outflows of resources increased $192.0 million, primarily due to fluctuations in deferred outflows related to pension and OPEB obligations. During 2025, deferred outflows related to pension obligations decreased $68.0 million, and deferred outflows related to OPEB obligations increased $261.4 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, 2024, deferred outflows of resources decreased $6.8 million also resulting largely from 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 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 2025, current liabilities increased $32.9 million, primarily driven by an increase in current unearned revenues of $24.2 million. Fall 2025 enrollment and tuition rates increased, resulting in a corresponding increase in unearned tuition revenue. Additionally, a larger portion of football ticket revenue was deferred to the next fiscal year as there was an additional home game played after September 30, 2025.

Current liabilities increased $38.5 million in 2024. Accounts payable and accrued liabilities increased $19.6 million due to the timing of certain payments around year-end. Current unearned revenues increased $18.2 million in line with increases in Fall 2024 enrollment and tuition rates.

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 2025, total noncurrent liabilities increased $147.5 million. Long-term debt (noncurrent portion) decreased $58.1 million as debt repayments were made during the year. The University's proportionate share of the net pension liability decreased $157.6 million due to an increase in the Plan's fiduciary net position, resulting in a smaller net pension liability. The University's proportionate share of the net OPEB liability increased $348.5 million due to a significant increase in the underlying OPEB liability at PEEHIP. The total OPEB liability for PEEHIP increased during 2025 due to the impact of certain provisions of the Inflation Reduction Act which went into effect during 2025. These changes significantly increased premiums, which, when combined with other normal actuarial changes, resulted in the fiduciary net position of PEEHIP not being sufficient to cover the total OPEB liability. Then, pursuant to GASB Statement No. 75, PEEHIP changed the discount rate from a rate equal to the long-term expected rate of return on the plan's investments to be used to finance the payment of benefits to one based on an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

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.

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 to 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 2025, deferred inflows of resources increased $42.5 million primarily due to fluctuations in deferred inflows related to pension and OPEB obligations. Deferred inflows relating to pension obligations increased $112.9 million while deferred inflows relating to OPEB obligations decreased $69.7 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.

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.

University Endowments

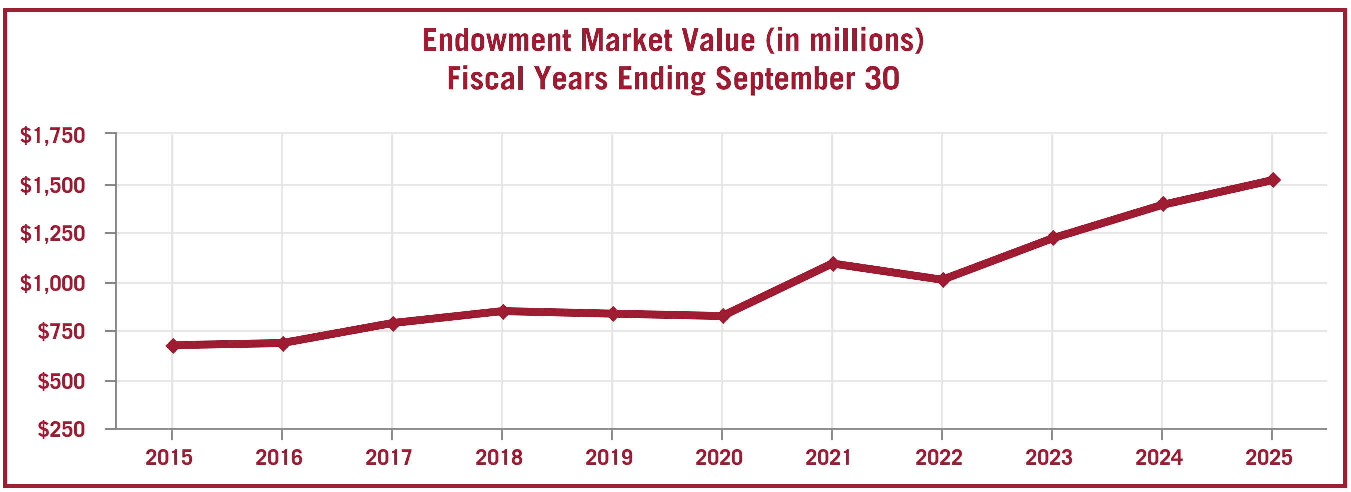
The University's endowments are invested in the Pooled Endowment Fund ("PEF"), an investment pool established by the Board and managed by the System. Endowed gifts are invested in perpetuity and ensure support for today while providing excellence far into the future. Endowments grow over time to create 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 $140.8 million in 2025 and $170.8 million in 2024 resulting from additions to the Endowment coupled with market gains. Activity related to the University's endowment and life income investments for 2025 and 2024 is presented below.

Endowment and Life Income Investments

(dollars in thousands)	2025	2024
Endowment and life income investments, beginning of year	$ 1,387,653	$ 1,216,817
Additions to permanent endowments	52,256	30,872
Other additions	4,699	15,302
Distributions	(52,391)	(55,511)
Market change	136,281	180,173
Endowment and life income investments, end of year	$ 1,528,498	$ 1,387,653

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

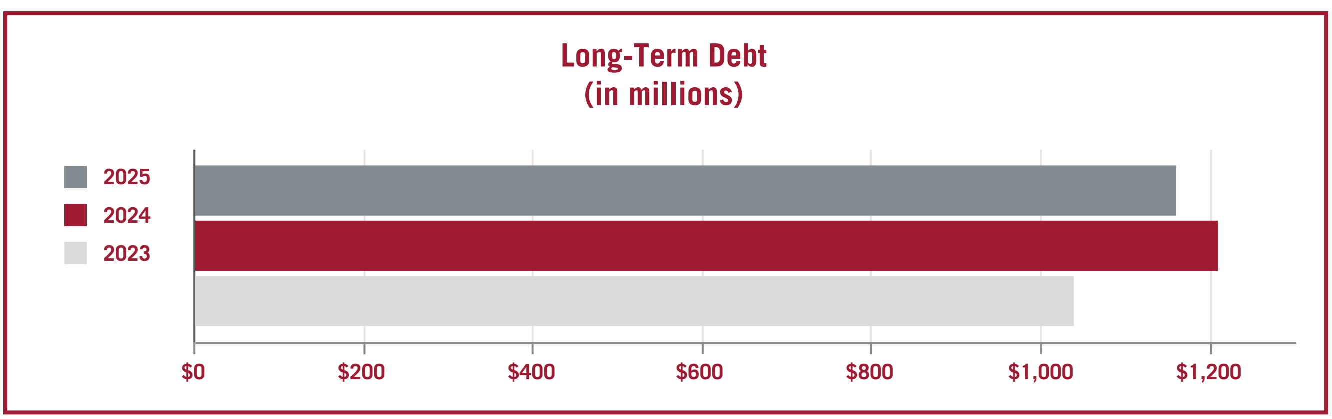
(dollars in thousands)	2025	2024	2023
Land	$ 108,107	$ 100,089	$ 94,691
Land improvements	60,182	60,480	57,160
Infrastructure	197,612	165,685	164,682
Buildings and fixed equipment	2,291,556	2,107,874	2,025,351
Construction in progress	180,711	247,011	180,087
Equipment	115,422	112,076	102,708
Library materials and collections	37,369	38,870	40,230
Intangible assets	65,301	65,301	65,392
Right-of-use assets - leased real estate & equipment	2,486	3,248	3,447
Right-of-use assets - software subscriptions	22,455	17,310	15,142
Total capital assets, net of accumulated depreciation	$ 3,081,201	$ 2,917,944	$ 2,748,890

Significant capital asset expenditures for 2025 include (in millions):	
Performing Arts Center	$57.3
High Performance Computing/Data Center	$25.3
Psychology Building Renovation	$19.2
Student Well-Being Hub	$15.3
Coleman Coliseum Facility Renovation	$14.2

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

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, 2025, 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

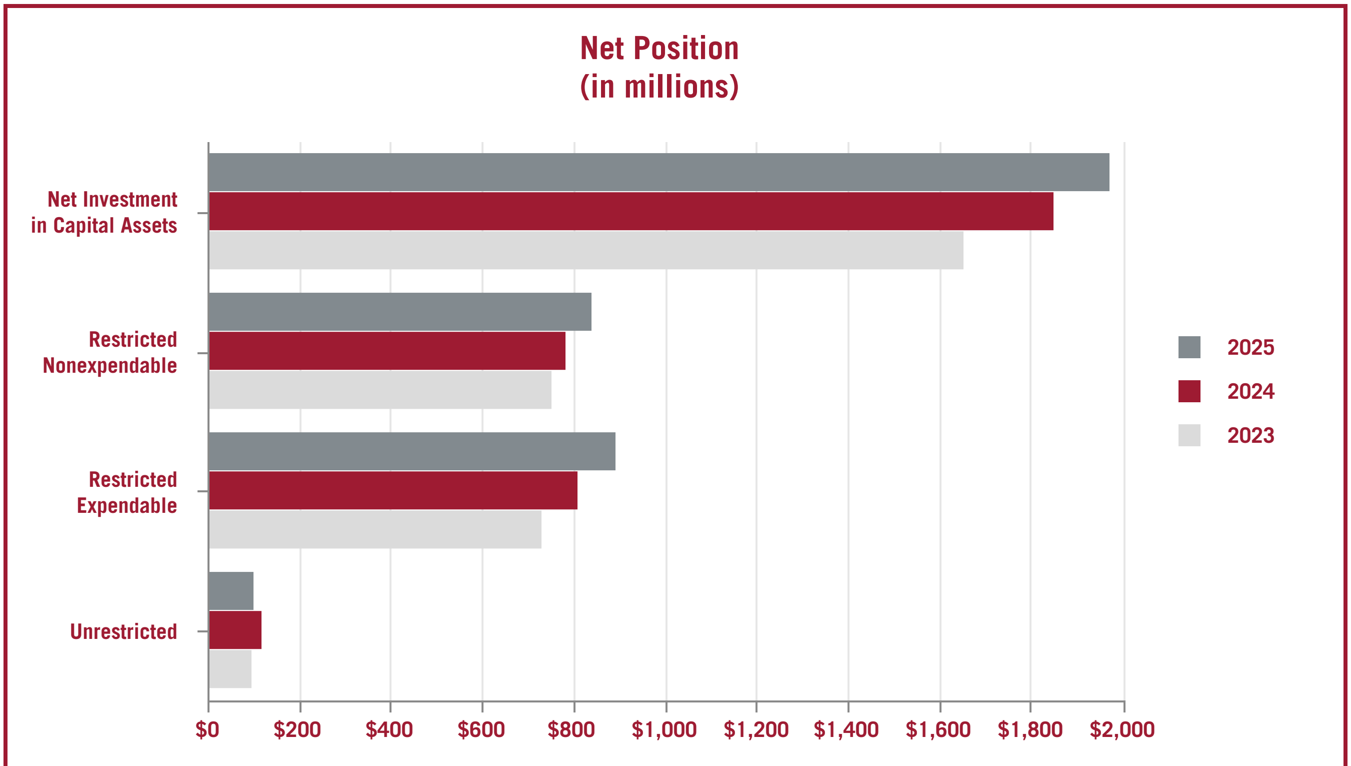
Net position represents the residual interest in the University's assets and deferred outflows of resources after all liabilities and deferred inflows of resources are deducted. The major net position categories are discussed in detail below.

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 $120.5 million and $197.1 million in 2025 and 2024, 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 $55.9 million in 2025 and $32.8 million in 2024 due primarily to additions to the Endowment.

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 2025, restricted expendable net position increased $83.1 million due largely to an increase in true endowment gains. In 2024, restricted expendable net position increased $80.2 million also due largely to an increase in true endowment gains; however, 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.

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 decreased $18.1 million in 2025. Although the University's tuition revenues, auxiliary revenues, and State educational appropriations increased, these increases were offset by higher salaries, wages and benefits expense along with a decrease in investment income. 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 is also impacted by the pension and OPEB expense adjustments as prescribed by GASB Statements No. 68 and 75, which resulted in a net increase to expense in both years.



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.

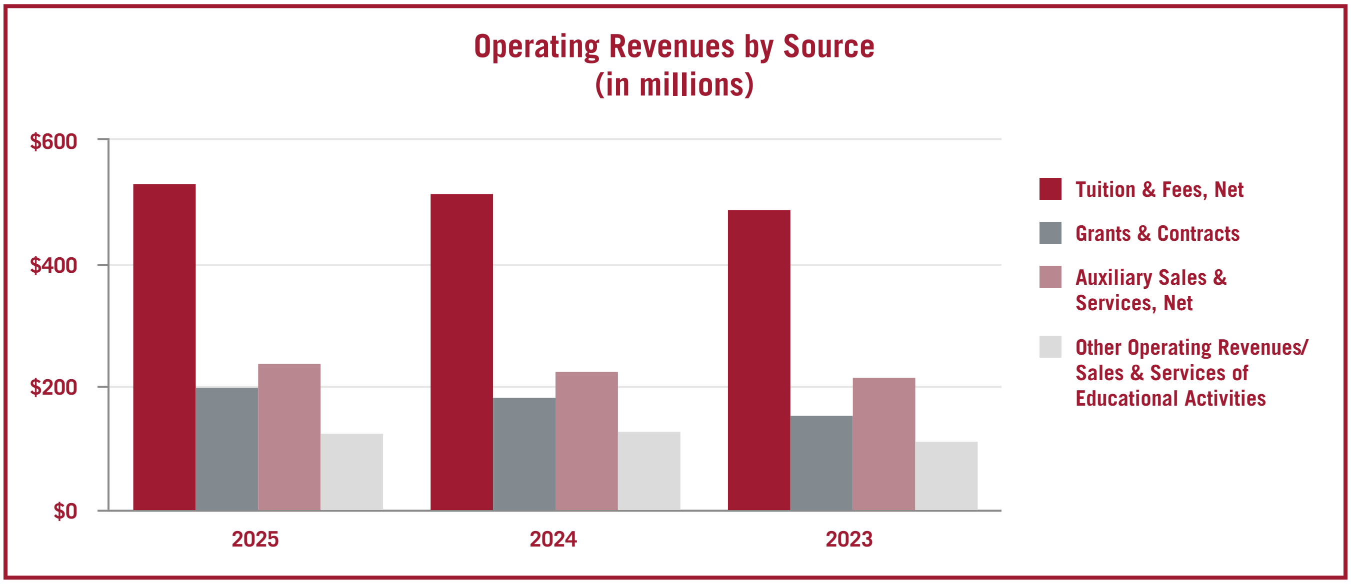
A summary of the University's revenues, expenses and changes in net position for the years ended September 30 follows.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(dollars in thousands)	2025	2024	2023
Operating revenues			
Tuition and fees, net	$ 530,700	$ 516,179	$ 489,751
Grants and contracts	200,109	185,000	155,691
Auxiliary sales and services, net	238,753	226,534	218,138
All other operating revenues	126,675	129,788	113,139
Total operating revenues	1,096,237	1,057,501	976,719
Operating expenses			
Operating expenses	1,476,739	1,453,290	1,287,972
Operating loss	(380,502)	(395,789)	(311,253)
Nonoperating revenues (expenses)			
State educational appropriations	248,302	229,906	212,886
Gifts	55,504	46,804	78,862
Investment income, net	260,892	359,128	219,906
All other nonoperating (expenses) revenues, net	(24,145)	7,030	1,436
Net nonoperating revenues	540,553	642,868	513,090
Income before other changes in net position	160,051	247,079	201,837
Other changes in net position	81,408	85,096	305,413
Increase in net position	241,459	332,175	507,250
Net position, beginning of year	3,564,483	3,232,308	2,725,058
Net position, end of year	$ 3,805,942	$ 3,564,483	$ 3,232,308

Operating Revenues

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



Net tuition and fees increased $14.5 million in 2025 following an increase of $26.4 million in 2024. 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. Enrollment increased in all fiscal years presented; however, there was more growth in out-of-state enrollment for the 2023-2024 academic year which contributed to the larger increase in 2024 revenue. Out-of-state tuition rates increased for the 2023-2024 academic year, and for the 2024-2025 academic year tuition rates increased for both in-state and 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 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 $15.1 million in 2025 and $29.3 million in 2024.

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 $12.2 million in 2025 and $8.4 million in 2024 primarily due to increases in athletic ticket and residence hall revenues.

Other operating revenues are comprised of both University and CTF revenues. During 2025, other operating revenues decreased $2.2 million from the prior year. University revenues remained stable; however, CTF revenues decreased due to one-time media related revenues received in the prior year. In 2024, other operating revenues for the University remained consistent with prior years, while increases in CTF Tide Pride rates and the aforementioned one-time media related revenues contributed to an overall increase of $15.0 million from the prior year.

Operating Expenses

The University reports natural classifications of expenses in the SRECNP. Salaries, wages and benefits increased $37.4 million in 2025 following an $85.6 million increase in 2024, primarily resulting from growth in the University's salary base and rising benefit costs related to salary growth. 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. Salaries, wages and benefits are also impacted by the pension and OPEB expense adjustments as prescribed by GASB Statements No. 68 and 75, which resulted in a net increase to expense in both 2025 and 2024.

Supplies and services decreased $18.5 million in 2025, primarily due to a decrease in non-capitalized renewal and replacement expenditures and CTF expenditures. Continued growth in the University's sponsored research offset some of these decreases. In 2024, supplies and services increased $66.8 million, driven largely by growth in the University's sponsored research activities and intercollegiate athletics expenses.

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 $38.2 million, $40.9 million, and $37.1 million for 2025, 2024, and 2023, respectively, represent payments made directly to students after awards have been applied against tuition and fees and auxiliary housing charged to student accounts.

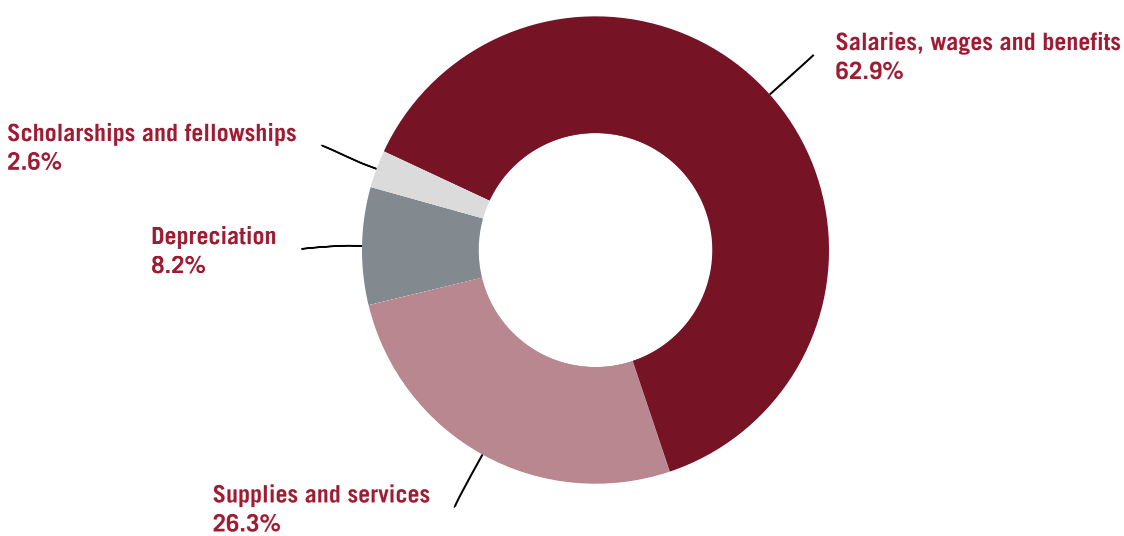
Depreciation expense continues to rise in line with capital assets due to the construction of new buildings and renovations on campus.

Operating Expenses (by natural classification)

(dollars in thousands)	2025	2024	2023
Salaries, wages and benefits	$ 929,249	$ 891,842	$ 806,257
Supplies and services	388,991	407,448	340,623
Depreciation	120,270	113,135	103,954
Scholarships and fellowships	38,229	40,865	37,138
Total operating expenses	$ 1,476,739	$ 1,453,290	$ 1,287,972

A graphical illustration of the University's operating expenses by natural classification for the year ended September 30, 2025 is presented below:

2025 Operating Expenses (by natural classification)



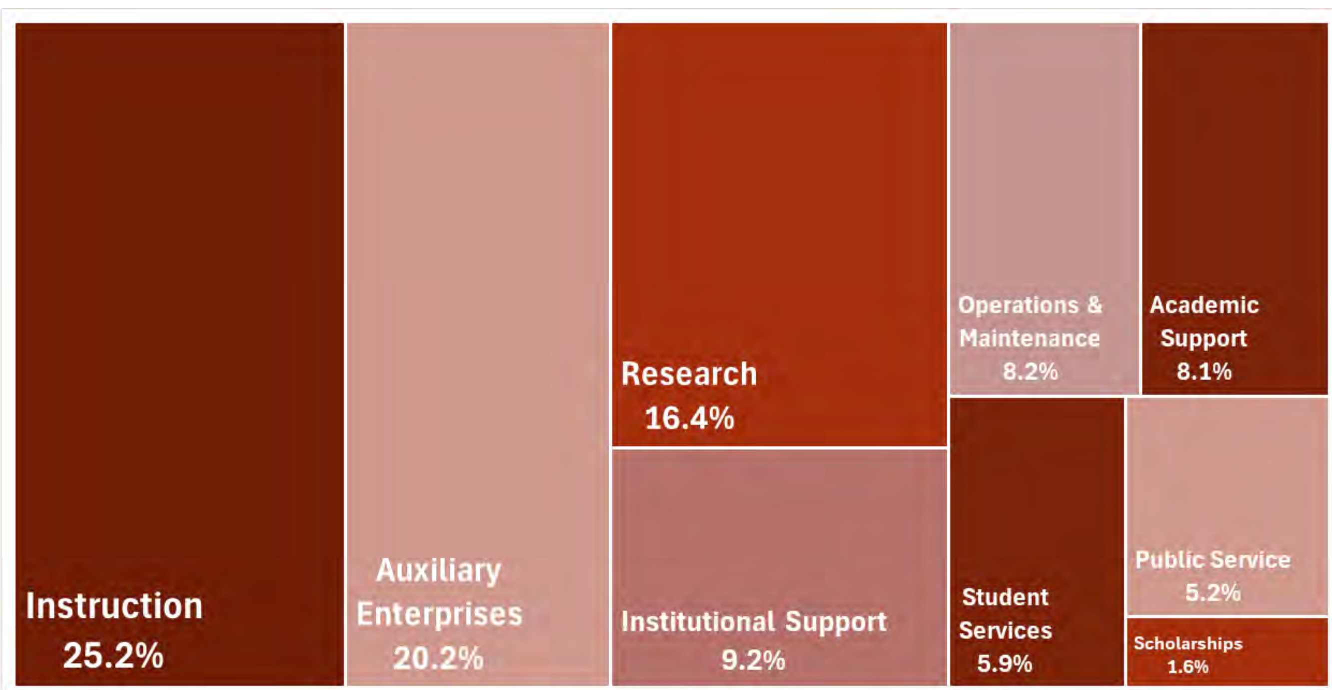
In addition to natural classifications, operating expenses are reported by functional classifications as defined by the National Association of College and University Business Officers. The functional classification of an operating expense (Instruction, Research, etc.) is assigned to a department based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

(dollars in thousands)	2025	2024	2023
Instruction	$ 371,934	$ 352,820	$ 321,772
Research	242,807	218,636	184,502
Public service	76,095	78,480	74,721
Academic support	119,528	111,661	102,275
Student services	86,390	78,567	73,165
Institutional support	136,523	132,022	114,591
Operations and maintenance	120,890	134,023	118,378
Scholarships and fellowships	24,324	29,031	24,183
Auxiliary enterprises	298,248	318,050	274,385
Total operating expenses	$ 1,476,739	$ 1,453,290	$ 1,287,972

A graphical illustration of the University's operating expenses by functional classification for the year ended September 30, 2025 is presented below:

2025 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 decreased $102.3 million in 2025, following an increase of $129.8 million in 2024.

State educational appropriations are determined by the Alabama State Legislature and have continued to rise in all years presented, increasing $18.4 million in 2025 and $17.0 million in 2024.

Gift revenue increased $8.7 million in 2025 primarily due to an increase in CTF gifts. In 2024, gift revenue decreased $32.1 million. 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 $36.4 million in 2023 to $43.3 million in 2024, then to $47.2 million in 2025. These increases follow in line with growth in enrollment.

Both investment and endowment income are combined as net investment income on the SRECNP. Net investment income decreased $98.2 million in 2025, totaling $260.9 million. Less favorable market conditions contributed to lower unrealized gains in fiscal year 2025. Net investment income increased $139.2 million in 2024, totaling $359.1 million. Improved market performance strengthened the fair value of the University's investments throughout 2024.

In July 2025, the University contributed $24.5 million to The 1831 Foundation, a private affiliated entity of the University, to enable The 1831 Foundation to acquire a leasehold interest in Clara Verner Towers, an apartment building adjacent to campus. At September 30, 2025, this contribution is reflected in other nonoperating expenses, net on the University's SRECNP.

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 $81.4 million, $85.1 million and $305.4 million in 2025, 2024, and 2023, 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's PSCA funding has declined as these projects have been completed or are nearing completion, totaling $19,000, $3.1 million, and $33.1 million in 2025, 2024, and 2023, 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 increased $5.3 million in 2025 due primarily to additional grant revenues received for capital projects. In 2024, capital gifts and grants revenue decreased $35.0 million. 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 $52.3 million, $30.9 million, and $145.7 million in 2025, 2024, and 2023, respectively. 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. Beginning in 2024, the System receives supplemental appropriations from the State for all of the institutions in the System to allocate as approved by the Board. In 2025 and 2024, the Board approved transfers of supplemental appropriations from the System to UA in the amounts of $6.6 million and $56.7 million, respectively. In 2023, the University received supplemental appropriations directly from the State totaling $58.2 million which were reported as state capital appropriations.

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 2025, intragovernmental transfers increased $22.8 million, following a decrease of $39.0 million in 2024. 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 is strategically positioned to thrive in an evolving economic landscape. Strong financial stewardship, marked by prudent management, disciplined budgeting, and thoughtful investment strategies, ensures continued focus on its mission of teaching, research, and service. The University remains committed to attracting exceptional students and elevating the value and impact of a University education.

The University is dedicated to cultivating a modern, competitive, and inspiring campus environment that strengthens its mission and long-term vision for connection and collaboration. Through strategic reinvestment in flexible, functional, and collaborative spaces, paired with new construction and advanced technologies, the University continues to shape a campus that fosters meaningful interaction and a strong sense of interconnectedness among students, faculty, staff, visitors, and the broader community.

As a labor-intensive institution, the University continues to face competitive pressures in attracting and retaining talented faculty and staff. Rising health-benefit costs for employees and retirees add further financial challenges. Even so, the University has taken, and will continue to take, proactive and strategic measures to address these pressures while preserving the strength and quality of its overall benefits.

A vital part of the University's future success is its relationship with the State of Alabama. As we work to keep tuition competitive while delivering an outstanding academic experience, State support plays a crucial role. A direct relationship exists between the growth of State support and the University’s ability to control tuition rates. Although future appropriations cannot be guaranteed, the University is prepared to navigate potential fluctuations through a balanced approach that includes tuition adjustments, steady enrollment, and the strategic use of internal reserves. State appropriations are not, and cannot lawfully be, pledged under debt indentures. The University's financial resilience is strengthened by a diverse revenue base that includes State appropriations, tuition and fees, auxiliary enterprises, private support, and federally sponsored research.

Private support remains a cornerstone of financial strength and is fundamental to meeting budgetary needs. Every gift reflects the confidence and pride that alumni, corporations, foundations, and other supporters place in the University’s direction and achievements. While economic pressures may influence future giving, our supporters continue to demonstrate remarkable commitment, reinforcing the strength of our mission and the promise of our future.

The University of Alabama maintains an excellent credit profile, earning an 'Aa2' long-term rating with a stable outlook from Moody's Ratings and an 'AA' long-term rating with a stable outlook from S&P Global Ratings. These ratings reflect the University's sound financial stewardship and strong revenue base. Consistently positive operating margins, coupled with strengthening donor support, have contributed to solid financial results and continue to drive total wealth and liquidity, reinforcing the University’s ability to sustain long-term financial health and support strategic initiatives. The University’s enterprise risk profile remains strong, characterized by increasing enrollment, high student quality, and a geographically diverse student body. These attributes, combined with prudent financial management, provide resilience against short-term disruptions and position the University for continued success. While evolving federal policies may introduce uncertainties, such as potential reductions in research funding or caps on indirect cost recoveries, the University’s robust financial position and operational expertise mitigate these risks.

Looking forward, higher education continues to face transformation driven by technological innovation, shifting student demographics, economic pressures, and evolving workforce needs. However, these challenges also open the door to new opportunities. The University remains committed to aligning its financial resources with institutional priorities, strengthening accountability, and ensuring that budgeting decisions advance long-term goals and core values. Together, these efforts reinforce the University’s strong financial position, its adaptability in a changing higher education landscape, and its ongoing commitment to institutional excellence.

The University of Alabama Statistical Highlights (Unaudited)
Fall Semester

Fall Headcount Enrollment*	2024	2023	2022	2021	2020
Undergraduate	34,389	33,436	32,458	31,688	31,672
Graduate	6,001	5,694	5,687	6,152	5,730
Professional	456	493	500	480	440
Total Fall Enrollment	40,846	39,623	38,645	38,320	37,842

Fall First-Time Undergraduate Admissions*	2024	2023	2022	2021	2020
Applications	56,795	58,418	54,072	42,421	39,560
Admitted	43,531	44,295	43,290	33,472	31,804
Enrolled	8,032	8,279	8,037	7,593	6,507
Percent Admitted	76.6 %	75.8 %	80.1 %	78.9 %	80.4 %
Percent Enrolled	18.5 %	18.7 %	18.6 %	22.7 %	20.5 %

Degrees Conferred Academic Years Ending May*	2024-25	2023-24	2022-23	2021-22	2020-21
Baccalaureate	6,882	6,605	6,505	6,741	7,363
Master's	2,119	1,992	2,162	2,180	1,859
Juris Doctor	145	153	126	130	119
Educational Specialist	72	56	51	39	26
Doctoral	289	300	310	266	245
Total Degrees Conferred	9,507	9,106	9,154	9,356	9,612

Academic Years Ending May**	2024-25	2023-24	2022-23	2021-22	2020-21
Undergraduate and Graduate Tuition					
Tuition Per Full-Time In-State Student	$11,380	$11,100	$11,100	$10,780	$10,780
Percent Increase Over Prior Year	2.5 %	— %	3.0 %	— %	— %
Tuition Per Full-Time Out-of-State Student	$33,372	$32,400	$31,460	$30,250	$30,250
Percent Increase Over Prior Year	3.0 %	3.0 %	4.0 %	— %	— %

**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, 2025 and 2024

(dollars in thousands)	2025	2024
Current assets		
Cash and cash equivalents	$ 143,473	$ 165,088
Short-term investments	576,678	498,683
Accounts receivable, net	114,935	111,739
Current portion of notes receivable, net	6,377	5,610
Current portion of student loans receivable, net	1,250	1,464
Current portion of pledges receivable, net	34,010	33,558
Inventories	6,216	8,488
Prepaid expenses and unearned scholarships	156,273	133,194
Other current assets	5,112	4,631
Total current assets	1,044,324	962,455
Noncurrent assets		
Restricted cash and cash equivalents	18,621	5,211
Endowment and life income investments	1,528,498	1,387,653
Investments for capital activities	465,994	551,766
Other long-term investments	153,502	213,434
Notes receivable, net	216,887	195,118
Student loans receivable, net	5,104	5,156
Pledges receivable, net	78,730	81,518
Capital assets, net	3,081,201	2,917,944
Other noncurrent assets	26,121	26,411
Total noncurrent assets	5,574,658	5,384,211
Total assets	6,618,982	6,346,666
Deferred outflows of resources		
Debt refundings	13,151	14,502
Pension and OPEB obligations	616,420	423,028
Total deferred outflows of resources	629,571	437,530
Total assets and deferred outflows of resources	$ 7,248,553	$ 6,784,196

See accompanying notes to financial statements.

The University of Alabama
Statements of Net Position, Continued
September 30, 2025 and 2024

(dollars in thousands)	2025	2024
Current liabilities		
Accounts payable and accrued liabilities	$ 193,173	$ 189,044
Current portion of unearned revenue	408,056	383,816
Deposits	20,558	15,852
Current portion of long-term debt	51,363	51,521
Total current liabilities	673,150	640,233
Noncurrent liabilities		
Federal advances - loan funds	5,281	6,520
Other liabilities	34,752	21,136
Unearned revenue	6,757	4,517
Long-term debt, net	1,164,374	1,222,436
Pension liability	762,901	920,526
OPEB liability	434,070	85,550
Total noncurrent liabilities	2,408,135	2,260,685
Total liabilities	3,081,285	2,900,918
Deferred inflows of resources		
Pension and OPEB obligations	343,013	299,743
Leases	14,967	15,910
Charitable remainder trusts	3,346	3,142
Total deferred inflows of resources	361,326	318,795
Net position		
Net investment in capital assets	1,973,386	1,852,846
Restricted		
Nonexpendable	839,395	783,484
Expendable	893,232	810,096
Unrestricted	99,929	118,057
Total net position	3,805,942	3,564,483
Total liabilities, deferred inflows of resources and net position	$ 7,248,553	$ 6,784,196

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, 2025 and 2024

(dollars in thousands)	2025	2024
Operating revenues		
Tuition and fees	$ 901,477	$ 861,856
Less: scholarship allowances	(370,777)	(345,677)
Tuition and fees, net	530,700	516,179
Grants and contracts		
Federal	156,527	143,525
State	34,784	33,047
Local	810	1,025
Private	7,988	7,403
Sales and services of educational activities	18,338	19,247
Auxiliary sales and services, net of $21,833 in 2025 and $24,193 in 2024 of scholarship allowances	238,753	226,534
Other operating revenues	108,337	110,541
Total operating revenues	1,096,237	1,057,501
Operating expenses		
Salaries, wages and benefits	929,249	891,842
Supplies and services	388,991	407,448
Depreciation	120,270	113,135
Scholarships and fellowships	38,229	40,865
Total operating expenses	1,476,739	1,453,290
Operating loss	(380,502)	(395,789)
Nonoperating revenues (expenses)		
State educational appropriations	248,302	229,906
Gifts	55,504	46,804
Grants	47,214	43,342
Investment income, net	260,892	359,128
Interest expense	(37,912)	(31,896)
Other nonoperating expenses, net	(33,447)	(4,416)
Net nonoperating revenues	540,553	642,868
Income before other changes in net position	160,051	247,079
Other changes in net position		
State capital funds	19	3,066
Capital gifts and grants	16,759	11,487
Additions to permanent endowments	52,256	30,872
Intergovernmental transfers	6,625	56,739
Intragovernmental transfers, net	5,749	(17,068)
Net other changes in net position	81,408	85,096
Increase in net position	241,459	332,175
Net position, beginning of year	3,564,483	3,232,308
Net position, end of year	$ 3,805,942	$ 3,564,483

See accompanying notes to financial statements.

The University of Alabama

Statements of Cash Flows

For the Years Ended September 30, 2025 and 2024

(dollars in thousands)	2025	2024
Cash flows from operating activities		
Student tuition and fees, net	$ 535,559	$ 521,849
Grants and contracts		
Federal	165,851	146,781
State	30,473	33,345
Local	1,239	849
Private	8,759	6,990
Sales and services of educational activities	21,252	17,381
Other receipts	99,043	105,830
Auxiliary enterprises	229,510	230,790
Payments to suppliers	(396,842)	(408,008)
Payments to employees and related benefits	(871,980)	(838,333)
Payments for scholarships and fellowships	(33,008)	(35,658)
Receipts (disbursements) for student loans	267	(34)
Other disbursements	(4,166)	(79)
Net cash used in operating activities	(214,043)	(218,297)
Cash flows from noncapital financing activities		
State educational appropriations	248,302	229,906
Private gifts for other than capital purposes	100,956	81,154
Grants	47,214	43,342
Student direct lending receipts	209,882	198,398
Student direct lending disbursements	(207,757)	(200,684)
Deposits from affiliates	(2,125)	2,286
Other receipts (disbursements), net	2,850	(641)
Intragovernmental transfers	(1,119)	2,237
Contribution to The 1831 Foundation	(24,500)	—
Net cash provided by noncapital financing activities	373,703	355,998
Cash flows from investing activities		
Interest and dividends on investments	63,575	54,430
Purchases of investments	(214,448)	(311,797)
Proceeds from sales and maturities of investments	329,971	233,072
Payments received on notes receivable	11,306	12,685
Disbursements from issuance of notes receivable	(25,759)	(5,833)
Net cash provided by (used in) investing activities	164,645	(17,443)
Cash flows from capital and related financing activities		
Proceeds from issuance of notes and bonds payable	—	227,784
Capital gifts, grants and contracts	31,107	25,372
Principal and interest received on lease receivables	2,400	2,404
Purchases of capital assets	(273,770)	(261,852)
Principal payments on capital debt	(51,521)	(45,409)
Interest payments on capital debt	(40,936)	(36,587)
Principal and interest paid on lease and SBITA obligations	(13,015)	(10,237)
Intergovernmental transfers	6,625	56,739
Intragovernmental transfers	6,600	(19,295)
Net cash used in capital and related financing activities	(332,510)	(61,081)
Net (decrease) increase in cash and cash equivalents	(8,205)	59,177
Cash and cash equivalents, beginning of year	170,299	111,122
Cash and cash equivalents, end of year	$ 162,094	$ 170,299

See accompanying notes to financial statements.

The University of Alabama
Statements of Cash Flows, Continued
For the Years Ended September 30, 2025 and 2024

(dollars in thousands)	2025	2024
Reconciliation of cash and cash equivalents to the statements of net position		
Unrestricted cash and cash equivalents-current	$ 143,473	$ 165,088
Restricted cash and cash equivalents-current and noncurrent	18,621	5,211
Total cash and cash equivalents	$ 162,094	$ 170,299
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (380,502)	$ (395,789)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	120,270	113,135
Pension expense	94,782	137,901
OPEB expense	26,516	(24,135)
Bad debt expense	1,557	2,149
Advance payment of revenue to designee	(18,000)	—
CTSM capital subsidy payments made to vendors	—	(1,321)
Changes in assets and liabilities		
Accounts and other receivables	(4,633)	(9,686)
Inventories and other assets	(3,022)	(6,101)
Pension obligations	(71,419)	(62,623)
OPEB obligations	(9,107)	(6,749)
Accounts payable and accrued liabilities	2,812	17,674
Unearned revenue	26,447	17,880
Deposits	256	(632)
Net cash used in operating activities	$ (214,043)	$ (218,297)
Supplemental noncash activities information		
Reinvested investment distributions	$ 20,012	$ 18,324
Increase in fair value of investments	128,469	246,476
Gifts of capital assets	80	1,119
Capital assets acquired with State capital funds	19	3,066
Change in accrued capital asset purchases	25,101	15,693
Crimson Tide Foundation		
Reinvested investment distributions - CTF	3,652	3,193
Increase in fair value of investments - CTF	9,449	16,871
Other - CTF	3,776	5,418

See accompanying notes to financial statements.

The University of Alabama
Discretely Presented Component Units
Statements of Net Position
2025 and 2024

(dollars in thousands)	2025	2024
Current assets		
Cash and cash equivalents	$ 8,365	$ 7,844
Restricted cash and cash equivalents	57,852	50,780
Short-term investments	16,321	15,957
Accounts receivable, net	4,070	4,563
Current portion of notes receivable, net	3,573	5,344
Current portion of pledges receivable, net	1,722	1,896
Inventories	796	871
Prepaid expenses and unearned scholarships	522	287
Other current assets	50	69
Due from The University of Alabama	420	2,244
Total current assets	93,691	89,855
Noncurrent assets		
Restricted cash and cash equivalents	6,230	6,230
Endowment investments	173,046	155,444
Other long-term investments	55,790	52,342
Pledges receivable, net	3,000	3,419
Capital assets, net	88,682	70,822
Total noncurrent assets	326,748	288,257
Total assets	420,439	378,112
Deferred outflows of resources	14,131	6,175
Total assets and deferred outflows of resources	$ 434,570	$ 384,287
Current liabilities		
Accounts payable and accrued liabilities	$ 3,752	$ 3,404
Unearned revenue	4,712	4,740
Current portion of long-term debt	5,288	4,168
Due to The University of Alabama	3,153	3,855
Total current liabilities	16,905	16,167
Noncurrent liabilities		
Other liabilities	10,478	11,467
Long-term debt, net	65,330	66,618
Due to The University of Alabama	11,476	10,758
Total noncurrent liabilities	87,284	88,843
Total liabilities	104,189	105,010
Net position		
Net investment in capital assets	31,466	5,422
Restricted		
Nonexpendable	99,449	94,116
Expendable	83,165	73,844
Unrestricted	116,301	105,895
Total net position	330,381	279,277
Total liabilities and net position	$ 434,570	$ 384,287

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 2025 and 2024

(dollars in thousands)	2025	2024
Operating revenues		
Gifts	$ 8,934	$ 8,758
Other operating revenues	59,755	53,844
Total operating revenues	68,689	62,602
Operating expenses		
Salaries, wages and benefits	26,213	26,110
Supplies and services	29,199	24,247
Depreciation	3,675	3,320
Scholarships and fellowships	4,301	4,168
Contributed services from affiliate	3,312	3,487
Total operating expenses	66,700	61,332
Operating income	1,989	1,270
Nonoperating revenues (expenses)		
Investment income, net	22,323	23,046
Interest expense	(2,749)	(2,945)
Contributions to The University of Alabama	(3,122)	(3,807)
Contributions from The University of Alabama	24,500	—
Change in value of split-interest agreements	102	(228)
Contributed services from affiliate	3,312	3,487
Other nonoperating expense	(5)	(1)
Net nonoperating revenues	44,361	19,552
Income before other changes in net position	46,350	20,822
Other changes in net position		
Additions to permanent endowments	4,754	16,025
Increase in net position	51,104	36,847
Net position, beginning of year	279,277	242,430
Net position, end of year	$ 330,381	$ 279,277

See accompanying notes to financial statements.

The University of Alabama
Statements of Fiduciary Net Position
September 30, 2025 and 2024

(dollars in thousands)	Custodial Funds 2025	Custodial Funds 2024
Assets		
Cash	$ 2,529	$ 8,454
Short-term investments	10,116	29,525
Long-term investments	34,399	15,609
Total assets	$ 47,044	$ 53,588
Liabilities		
Accounts payable and accrued liabilities	$ 1,446	$ 1,624
Total liabilities	1,446	1,624
Net position		
Restricted for organizations	45,598	51,964
Total net position	$ 45,598	$ 51,964

The University of Alabama
Statements of Changes in Fiduciary Net Position
For the Years Ended September 30, 2025 and 2024

(dollars in thousands)	Custodial Funds 2025	Custodial Funds 2024
Additions		
Contributions	$ 3,000	$ 5,566
Investment income, net	750	1,003
Total additions	3,750	6,569
Deductions		
Construction/maintenance expenditures	10,116	26,921
Total deductions	10,116	26,921
Decrease in net position	(6,366)	(20,352)
Net position, beginning of year	51,964	72,316
Net position, end of year	$ 45,598	$ 51,964

See accompanying notes to financial statements.

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's notes receivable consist primarily of loans made to campus student organizations for construction, as well as loans made to related parties.

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 (10-15 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 $5.9 million at September 30, 2025 and $5.7 million at September 30, 2024. 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. Deferred inflows of resources related to these trusts was $3.3 million at September 30, 2025 and $3.1 million at September 30, 2024.

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, 2025 and September 30, 2024.

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, 2025 and 2024, there was no payable to the Department of Education for its portion of the excess cash available at June 30, 2025 and 2024.

Compensated Absences: The University accrues liabilities for employees’ annual and sick leave balances. Liabilities for compensated absences must be recognized when leave has not been used, the employee has earned the leave by service already rendered, the leave accumulates, and it is more likely than not that the leave will be used, paid in cash, or settled. 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.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, effective for the University's fiscal year beginning October 1, 2024. The Statement replaces GASB Statement No. 16, *Accounting for Compensated Absences*, to align the recognition and measurement guidance for all types of compensated absences under a unified model. The University determined there was no material impact from its adoption of GASB Statement No. 101.

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. During fiscal year 2025, the 1831 Foundation, a private affiliated entity of the University, purchased a leasehold interest in Clara Verner Towers, an apartment building adjacent to campus. The purchase was funded in part by a $24.5 million contribution from the University, which is recorded as a nonoperating 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.

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 2025 intragovernmental transfers increased $22.8 million, following a decrease of $39.0 million in 2024. 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, 2025 and 2024 is included in the University's financial statements and presented on the following pages.

The Crimson Tide Foundation
Statements of Net Position
June 30, 2025 and 2024

(dollars in thousands)	2025	2024
Assets		
Current assets		
Cash and cash equivalents	$ 125	$ 1,104
Short-term investments	94,837	81,489
Current portion of pledges receivable, net	25,731	22,767
Other current assets	215	168
Other receivables	959	883
Total current assets	121,867	106,411
Noncurrent assets		
Restricted cash and cash equivalents	151	174
Endowment investments	84,562	77,647
Pledges receivable, net	61,759	62,829
Other long-term investments	68,559	83,380
Note receivable	20,000	—
Capital assets, net	5,740	6,265
Total noncurrent assets	240,771	230,295
Total assets	$ 362,638	$ 336,706
Liabilities		
Current liabilities		
Accounts payable	$ 598	$ 819
Unearned revenue, current portion	44,306	44,602
Note payable, current portion	893	871
Other current liabilities	4,074	8,240
Total current liabilities	49,871	54,532
Noncurrent liabilities		
Note payable, noncurrent portion	609	1,502
Other liabilities	11,698	7,207
Total noncurrent liabilities	12,307	8,709
Total liabilities	62,178	63,241
Net position		
Net investment in capital assets	4,239	3,892
Restricted		
Nonexpendable	66,603	63,839
Expendable	170,491	167,364
Unrestricted	59,127	38,370
Total net position	300,460	273,465
Total liabilities and net position	$ 362,638	$ 336,706

The Crimson Tide Foundation
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2025 and 2024

(dollars in thousands)	2025	2024
Operating revenues		
Private gifts	$ 19,182	$ 15,969
Other operating revenues	74,515	78,524
Grant revenues	—	400
Total operating revenues	93,697	94,893
Operating expenses		
Benefits	995	1,202
Scholarships	4,793	8,355
Legal and professional fees	1,738	2,199
Travel	2,918	4,434
Supplies	3,120	3,023
Conference and entertainment	853	1,271
Rentals	63	144
Repairs and maintenance	9	432
Depreciation	652	652
Other	497	7,467
Total operating expenses	15,638	29,179
Operating income	78,059	65,714
Nonoperating revenues (expenses)		
Investment income, net	22,627	24,440
Interest expense	(50)	(72)
Net nonoperating revenues	22,577	24,368
Income before other changes in net position	100,636	90,082
Other changes in net position		
Additions to permanent endowments	2,648	2,546
Intergovernmental transfers	(76,289)	(132,012)
Increase (decrease) in net position	26,995	(39,384)
Net position, beginning of year	273,465	312,849
Net position, end of year	$ 300,460	$ 273,465

The Crimson Tide Foundation
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

(dollars in thousands)	2025	2024
Cash flows from operating activities		
Private gifts	$ 22,104	$ 29,776
Other operating revenues	70,433	74,397
Grant revenues	—	400
Transfers to the University of Alabama	(80,455)	(130,771)
Payments to suppliers	(11,802)	(25,711)
Net cash provided by (used in) operating activities	280	(51,909)
Cash flows from noncapital financing activities		
Additions to permanent endowments	2,648	2,546
Net cash provided by noncapital financing activities	2,648	2,546
Cash flows from capital and related financing activities		
Principal payments on note payable	(871)	(849)
Interest payments on note payable	(50)	(72)
Purchase of capital assets	(128)	—
Net cash used in capital and related financing activities	(1,049)	(921)
Cash flows from investing activities		
Purchases of investments	(70,829)	(38,014)
Proceeds from the sales and maturities of investments	85,000	80,450
Interest and dividends on investments	2,948	2,730
Issuance of note receivable	(20,000)	—
Net cash (used in) provided by investing activities	(2,881)	45,166
Net decrease in cash and cash equivalents	(1,002)	(5,118)
Cash and cash equivalents, beginning of year	1,278	6,396
Cash and cash equivalents, end of year	$ 276	$ 1,278

The Crimson Tide Foundation
Statements of Cash Flows, Continued
For the Years Ended June 30, 2025 and 2024

(dollars in thousands)	2025	2024
Reconciliation of cash and cash equivalents to the statements of net position		
Cash and cash equivalents in current assets	$ 125	$ 1,104
Restricted cash and cash equivalents in noncurrent assets	151	174
Total cash and cash equivalents	$ 276	$ 1,278
Reconciliation of operating income to net cash provided by (used in) operating activities		
Net operating income	$ 78,059	$ 65,714
Intergovernmental transfers	(76,289)	(132,012)
Adjustments to reconcile operating income net of intergovernmental transfers to net cash provided by (used in) operating activities		
Depreciation expense	652	652
Provision for uncollectible pledges	8,609	58
Changes in assets and liabilities		
Pledges receivable	(10,504)	11,083
Other receivables	(9)	1,727
Other current assets	(47)	39
Accounts payable	(221)	(996)
Other current liabilities	(4,167)	(81)
Unearned revenue	(296)	(431)
Other liabilities	4,493	2,338
Net cash provided by (used in) operating activities	$ 280	$ (51,909)
Supplemental noncash activities information		
Dealer cars provided by Athletics	$ 583	$ 704
Supplies provided by contractual agreement	2,750	2,700
Complimentary club memberships provided to Athletics	240	238
Complimentary housing provided to Athletics staff	203	201
Increase in fair value of investments	9,449	16,871
Reinvestment in LCRPF	3,652	3,193
CTSM capital subsidy payments made to vendors	—	1,575

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 or more 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, 2025 and 2024, the receivable totaled $11.5 million and $10.8 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
2025

(dollars in thousands)	National Alumni Association June 30, 2025	Law School Foundation June 30, 2025	Donor Advised Fund June 30, 2025
Current assets			
Cash and cash equivalents	$ 248	$ 969	$ 5
Restricted cash and cash equivalents	—	—	—
Short-term investments	—	—	653
Accounts receivable, net	940	595	8
Current portion of notes receivable, net	—	—	—
Current portion of pledges receivable, net	146	1,370	—
Inventories	—	—	—
Prepaid expenses and unearned scholarships	80	—	—
Other current assets	43	7	—
Due from The University of Alabama	63	—	—
Total current assets	1,520	2,941	666
Noncurrent assets			
Restricted cash and cash equivalents	—	—	—
Endowment investments	95,155	62,301	—
Other long-term investments	17,146	4,837	7,467
Pledges receivable, net	643	2,332	—
Capital assets, net	—	—	—
Total noncurrent assets	112,944	69,470	7,467
Total assets	114,464	72,411	8,133
Deferred outflows of resources	—	—	—
Total assets and deferred outflows of resources	$ 114,464	$ 72,411	$ 8,133
Current liabilities			
Accounts payable and accrued liabilities	$ 130	$ 17	$ —
Unearned revenue	—	—	—
Current portion of long-term debt	—	—	—
Due to The University of Alabama	—	724	1
Total current liabilities	130	741	1
Noncurrent liabilities			
Other liabilities	—	—	—
Long-term debt, net	—	—	—
Due to The University of Alabama	—	—	—
Total noncurrent liabilities	—	—	—
Total liabilities	130	741	1
Net position			
Net investment in capital assets	—	—	—
Restricted			
Nonexpendable	51,643	46,684	—
Expendable	20,101	20,957	8,122
Unrestricted	42,590	4,029	10
Total net position	114,334	71,670	8,132
Total liabilities and net position	$ 114,464	$ 72,411	$ 8,133

The University of Alabama
Discretely Presented Component Units
Statements of Net Position, Continued
2025

(dollars in thousands)	Capstone Foundation Sept. 30, 2025	The 1831 Foundation Sept. 30, 2025	Capstone Health Services Foundation Sept. 30, 2025
Current assets			
Cash and cash equivalents	$ 216	$ 2,209	$ 4,718
Restricted cash and cash equivalents	—	57,852	—
Short-term investments	—	1,334	14,334
Accounts receivable, net	158	12	2,357
Current portion of notes receivable, net	—	—	3,573
Current portion of pledges receivable, net	206	—	—
Inventories	67	—	729
Prepaid expenses and unearned scholarships	174	—	268
Other current assets	—	—	—
Due from The University of Alabama	—	—	357
Total current assets	821	61,407	26,336
Noncurrent assets			
Restricted cash and cash equivalents	—	6,230	—
Endowment investments	15,590	—	—
Other long-term investments	19,935	6,405	—
Pledges receivable, net	25	—	—
Capital assets, net	1,798	75,641	11,243
Total noncurrent assets	37,348	88,276	11,243
Total assets	38,169	149,683	37,579
Deferred outflows of resources	—	14,131	—
Total assets and deferred outflows of resources	$ 38,169	$ 163,814	$ 37,579
Current liabilities			
Accounts payable and accrued liabilities	$ 71	$ 762	$ 2,772
Unearned revenue	—	4,712	—
Current portion of long-term debt	—	5,288	—
Due to The University of Alabama	653	642	1,133
Total current liabilities	724	11,404	3,905
Noncurrent liabilities			
Other liabilities	2,393	—	8,085
Long-term debt, net	—	65,330	—
Due to The University of Alabama	11,476	—	—
Total noncurrent liabilities	13,869	65,330	8,085
Total liabilities	14,593	76,734	11,990
Net position			
Net investment in capital assets	1,798	27,069	2,599
Restricted			
Nonexpendable	1,122	—	—
Expendable	19,296	14,689	—
Unrestricted	1,360	45,322	22,990
Total net position	23,576	87,080	25,589
Total liabilities and net position	$ 38,169	$ 163,814	$ 37,579

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

(dollars in thousands)	National Alumni Association June 30, 2024	Law School Foundation June 30, 2024	Donor Advised Fund June 30, 2024
Current assets			
Cash and cash equivalents	$ 332	$ 397	$ —
Restricted cash and cash equivalents	—	—	—
Short-term investments	—	—	556
Accounts receivable, net	875	546	7
Current portion of notes receivable, net	—	—	—
Current portion of pledges receivable, net	211	1,528	—
Inventories	—	—	—
Prepaid expenses and unearned scholarships	29	—	—
Other current assets	43	26	—
Due from The University of Alabama	1,619	423	—
Total current assets	3,109	2,920	563
Noncurrent assets			
Restricted cash and cash equivalents	—	—	—
Endowment investments	84,797	56,192	—
Other long-term investments	14,698	2,974	6,829
Pledges receivable, net	870	2,533	—
Capital assets, net	—	—	—
Total noncurrent assets	100,365	61,699	6,829
Total assets	103,474	64,619	7,392
Deferred outflows of resources	—	—	—
Total assets and deferred outflows of resources	$ 103,474	$ 64,619	$ 7,392
Current liabilities			
Accounts payable and accrued liabilities	$ 205	$ 35	$ —
Unearned revenue	—	—	—
Current portion of long-term debt	—	—	—
Due to The University of Alabama	—	—	—
Total current liabilities	205	35	—
Noncurrent liabilities			
Other liabilities	—	—	—
Long-term debt, net	—	—	—
Due to The University of Alabama	—	—	—
Total noncurrent liabilities	—	—	—
Total liabilities	205	35	—
Net position			
Net investment in capital assets	—	—	—
Restricted			
Nonexpendable	48,569	44,451	—
Expendable	16,678	17,086	7,379
Unrestricted	38,022	3,047	13
Total net position	103,269	64,584	7,392
Total liabilities and net position	$ 103,474	$ 64,619	$ 7,392

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

(dollars in thousands)	Capstone Foundation Sept. 30, 2024	The 1831 Foundation Sept. 30, 2024	Capstone Health Services Foundation Sept. 30, 2024
Current assets			
Cash and cash equivalents	$ 242	$ 922	$ 5,951
Restricted cash and cash equivalents	—	50,780	—
Short-term investments	—	2,281	13,120
Accounts receivable, net	160	—	2,975
Current portion of notes receivable, net	—	—	5,344
Current portion of pledges receivable, net	157	—	—
Inventories	61	—	810
Prepaid expenses and unearned scholarships	196	—	62
Other current assets	—	—	—
Due from The University of Alabama	—	—	202
Total current assets	816	53,983	28,464
Noncurrent assets			
Restricted cash and cash equivalents	—	6,230	—
Endowment investments	14,455	—	—
Other long-term investments	21,319	6,522	—
Pledges receivable, net	16	—	—
Capital assets, net	—	58,870	11,952
Total noncurrent assets	35,790	71,622	11,952
Total assets	36,606	125,605	40,416
Deferred outflows of resources	—	6,175	—
Total assets and deferred outflows of resources	$ 36,606	$ 131,780	$ 40,416
Current liabilities			
Accounts payable and accrued liabilities	$ 111	$ 549	$ 2,504
Unearned revenue	—	4,740	—
Current portion of long-term debt	—	4,168	—
Due to The University of Alabama	944	905	2,006
Total current liabilities	1,055	10,362	4,510
Noncurrent liabilities			
Other liabilities	2,824	—	8,643
Long-term debt, net	—	66,618	—
Due to The University of Alabama	10,758	—	—
Total noncurrent liabilities	13,582	66,618	8,643
Total liabilities	14,637	76,980	13,153
Net position			
Net investment in capital assets	—	2,658	2,764
Restricted			
Nonexpendable	1,096	—	—
Expendable	18,219	14,482	—
Unrestricted	2,654	37,660	24,499
Total net position	21,969	54,800	27,263
Total liabilities and net position	$ 36,606	$ 131,780	$ 40,416

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position
Years Ended 2025

(dollars in thousands)	National Alumni Association June 30, 2025	Law School Foundation June 30, 2025	Donor Advised Fund June 30, 2025
Operating revenues			
Gifts	$ 2,413	$ 1,899	$ 500
Other operating revenues	758	180	—
Total operating revenues	3,171	2,079	500
Operating expenses			
Salaries, wages and benefits	—	—	—
Supplies and services	1,445	566	123
Depreciation	—	—	—
Scholarships and fellowships	2,292	1,566	—
Contributed services from affiliate	1,494	1,362	—
Total operating expenses	5,231	3,494	123
Operating (loss) income	(2,060)	(1,415)	377
Nonoperating revenues (expenses)			
Investment income, net	9,658	5,472	730
Interest expense	—	—	—
Contributions to The University of Alabama	(742)	(346)	(367)
Contributions from The University of Alabama	—	—	—
Change in value of split-interest agreements	—	—	—
Contributed services from affiliate	1,494	1,362	—
Other nonoperating expense	—	—	—
Net nonoperating revenues	10,410	6,488	363
Income before other changes in net position	8,350	5,073	740
Other changes in net position			
Additions to permanent endowments	2,715	2,013	—
Increase in net position	11,065	7,086	740
Net position, beginning of year	103,269	64,584	7,392
Net position, end of year	$ 114,334	$ 71,670	$ 8,132

The University of Alabama
Discretely Presented Component Units
Statements of Revenues, Expenses and Changes in Net Position, Continued
Years Ended 2025

(dollars in thousands)	Capstone Foundation Sept. 30, 2025	The 1831 Foundation Sept. 30, 2025	Capstone Health Services Foundation Sept. 30, 2025
Operating revenues			
Gifts	$ 4,122	$ —	$ —
Other operating revenues	659	16,479	41,679
Total operating revenues	4,781	16,479	41,679
Operating expenses			
Salaries, wages and benefits	—	—	26,213
Supplies and services	3,779	6,037	17,249
Depreciation	10	2,826	839
Scholarships and fellowships	443	—	—
Contributed services from affiliate	456	—	—
Total operating expenses	4,688	8,863	44,301
Operating income (loss)	93	7,616	(2,622)
Nonoperating revenues (expenses)			
Investment income, net	2,572	2,644	1,247
Interest expense	—	(2,475)	(274)
Contributions to The University of Alabama	(1,642)	—	(25)
Contributions from The University of Alabama	—	24,500	—
Change in value of split-interest agreements	102	—	—
Contributed services from affiliate	456	—	—
Other nonoperating expense	—	(5)	—
Net nonoperating revenues	1,488	24,664	948
Income (loss) before other changes in net position	1,581	32,280	(1,674)
Other changes in net position			
Additions to permanent endowments	26	—	—
Increase (decrease) in net position	1,607	32,280	(1,674)
Net position, beginning of year	21,969	54,800	27,263
Net position, end of year	$ 23,576	$ 87,080	$ 25,589

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

(dollars in thousands)	National Alumni Association June 30, 2024	Law School Foundation June 30, 2024	Donor Advised Fund June 30, 2024
Operating revenues			
Gifts	$ 2,558	$ 1,685	$ 500
Other operating revenues	973	50	—
Total operating revenues	3,531	1,735	500
Operating expenses			
Salaries, wages and benefits	—	—	—
Supplies and services	1,780	622	108
Depreciation	—	—	—
Scholarships and fellowships	2,154	1,584	—
Contributed services from affiliate	1,950	1,310	—
Total operating expenses	5,884	3,516	108
Operating (loss) income	(2,353)	(1,781)	392
Nonoperating revenues (expenses)			
Investment income, net	9,827	5,564	833
Interest expense	—	—	—
Contributions to The University of Alabama	(1,117)	(340)	(328)
Change in value of split-interest agreements	—	—	—
Contributed services from affiliate	1,950	1,310	—
Other nonoperating expense	—	—	—
Net nonoperating revenues	10,660	6,534	505
Income before other changes in net position	8,307	4,753	897
Other changes in net position			
Additions to permanent endowments	10,623	4,437	—
Increase in net position	18,930	9,190	897
Net position, beginning of year	84,339	55,394	6,495
Net position, end of year	$ 103,269	$ 64,584	$ 7,392

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

(dollars in thousands)	Capstone Foundation Sept. 30, 2024	The 1831 Foundation Sept. 30, 2024	Capstone Health Services Foundation Sept. 30, 2024
Operating revenues			
Gifts	$ 4,015	$ —	$ —
Other operating revenues	918	16,059	35,844
Total operating revenues	4,933	16,059	35,844
Operating expenses			
Salaries, wages and benefits	—	—	26,110
Supplies and services	3,359	5,218	13,160
Depreciation	2	2,360	958
Scholarships and fellowships	430	—	—
Contributed services from affiliate	227	—	—
Total operating expenses	4,018	7,578	40,228
Operating income (loss)	915	8,481	(4,384)
Nonoperating revenues (expenses)			
Investment income, net	4,393	376	2,053
Interest expense	—	(2,594)	(351)
Contributions to The University of Alabama	(1,959)	(12)	(51)
Change in value of split-interest agreements	(228)	—	—
Contributed services from affiliate	227	—	—
Other nonoperating expense	—	(1)	—
Net nonoperating revenues (expenses)	2,433	(2,231)	1,651
Income (loss) before other changes in net position	3,348	6,250	(2,733)
Other changes in net position			
Additions to permanent endowments	965	—	—
Increase (decrease) in net position	4,313	6,250	(2,733)
Net position, beginning of year	17,656	48,550	29,996
Net position, end of year	$ 21,969	$ 54,800	$ 27,263

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 26,000 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 $40.6 million and $37.7 million at September 30, 2025 and 2024, 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 $22.2 million and $19.3 million as of September 30, 2025 and 2024, 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, 2025. 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, 2025 and 2024, the fair value of the University's investments based on the inputs used to value them is summarized as follows:

	2025			
(dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash & Cash Equivalents:				
Regions Cash Trust	$ 77,320	$ —	$ —	$ 77,320
Fidelity Government Portfolio	99	—	—	99
Equities:				
Common Stock	11,768	—	—	11,768
Fixed Income Securities:				
U.S. Government Obligations	55,267	34	—	55,301
Commingled Funds:				
U.S. Equity Funds	3,145	163	—	3,308
Non-U.S. Equity Funds	779	—	—	779
U.S. Bond Funds	1,677	113	—	1,790
Private Equity Funds	—	—	2	2
Real Estate	—	—	91,873	91,873
	$ 150,055	$ 310	$ 91,875	$ 242,240
UA Portion of System Pool Investments:				
Pooled Endowment Fund				1,446,047
Liquidity and Capital Reserve Pool Fund				1,036,385
Total Reported Value with System Pooled Investments				$ 2,724,672

	2024			
(dollars in thousands)	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash & Cash Equivalents:				
Regions Cash Trust	$ 210,881	$ —	$ —	$ 210,881
Fidelity Government Portfolio	130	—	—	130
Equities:				
Common Stock	10,285	—	—	10,285
Fixed Income Securities:				
U.S. Government Obligations	148	37	—	185
Commingled Funds:				
U.S. Equity Funds	2,949	141	—	3,090
Non-U.S. Equity Funds	665	—	—	665
U.S. Bond Funds	1,689	113	—	1,802
Private Equity Funds	—	—	2	2
Real Estate	—	—	83,410	83,410
	$ 226,747	$ 291	$ 83,412	$ 310,450
UA Portion of System Pool Investments:				
Pooled Endowment Fund				1,313,482
Liquidity and Capital Reserve Pool Fund				1,027,604
Total Reported Value with System Pooled Investments				$ 2,651,536

At September 30, 2025 and 2024, 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					
(dollars in thousands)	2025				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ —	$ —	$ —	$ —	$ 1,651
Total Receivables	—	—	—	—	1,651
Cash Equivalents:					
Money Market Funds	109,406	—	—	—	109,406
Total Cash Equivalents	109,406	—	—	—	109,406
Equities:					
U.S. Common Stock	201,253	—	—	—	201,253
Foreign Stock	40,017	—	—	—	40,017
Total Equities	241,270	—	—	—	241,270
Fixed Income Securities:					
U.S. Government Obligations	—	16,782	—	—	16,782
Mortgage Backed Securities	—	33,448	—	—	33,448
Corporate Bonds	—	50,451	—	—	50,451
Non-U.S. Bonds	—	6,401	—	—	6,401
Total Fixed Income Securities	—	107,082	—	—	107,082
Commingled Funds:					
U.S. Equity Funds	—	157,976	—	—	157,976
Non-U.S. Equity Funds	—	364,627	—	—	364,627
Hedge Funds	—	—	—	915,552	915,552
Private Equity Funds	—	—	2,383	571,680	574,063
Real Asset Funds	—	—	1,419	261,571	262,990
Total Commingled Funds	—	522,603	3,802	1,748,803	2,275,208
Total Fund Investments	350,676	629,685	3,802	1,748,803	2,732,966
Total Fund Assets	$ 350,676	$ 629,685	$ 3,802	$ 1,748,803	$ 2,734,617
Total Fund Liabilities					—
Total Net Asset Value					$ 2,734,617

(dollars in thousands)	Pooled Endowment Fund 2024				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ —	$ —	$ —	$ —	$ 1,601
Total Receivables	—	—	—	—	1,601
Cash Equivalents:					
Money Market Funds	81,234	—	—	—	81,234
Total Cash Equivalents	81,234	—	—	—	81,234
Equities:					
U.S. Common Stock	234,136	—	—	—	234,136
Foreign Stock	84,571	—	—	—	84,571
Total Equities	318,707	—	—	—	318,707
Fixed Income Securities:					
U.S. Government Obligations	—	18,271	—	—	18,271
Mortgage Backed Securities	—	29,102	—	—	29,102
Corporate Bonds	—	49,944	—	—	49,944
Non-U.S. Bonds	—	6,327	—	—	6,327
Total Fixed Income Securities	—	103,644	—	—	103,644
Commingled Funds:					
U.S. Equity Funds	—	143,552	—	—	143,552
Non-U.S. Equity Funds	—	211,604	—	—	211,604
Hedge Funds	—	—	—	833,404	833,404
Private Equity Funds	—	—	2,018	513,428	515,446
Real Asset Funds	—	—	2,919	280,206	283,125
Total Commingled Funds	—	355,156	4,937	1,627,038	1,987,131
Total Fund Investments	399,941	458,800	4,937	1,627,038	2,490,716
Total Fund Assets	$ 399,941	$ 458,800	$ 4,937	$ 1,627,038	$ 2,492,317
Total Fund Liabilities					(456)
Total Net Asset Value					$ 2,491,861

(dollars in thousands)	Liquidity and Capital Reserve Pool Fund 2025				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ —	$ —	$ —	$ —	$ 11,508
Total Receivables	—	—	—	—	11,508
Cash Equivalents:					
Money Market Funds	58,721	—	—	—	58,721
Total Cash Equivalents	58,721	—	—	—	58,721
Equities:					
U.S. Common Stock	524,119	—	—	—	524,119
Foreign Stock	59,730	—	—	—	59,730
Total Equities	583,849	—	—	—	583,849
Fixed Income Securities:					
U.S. Government Obligations	—	435,673	—	—	435,673
Mortgage Backed Securities	—	362,288	—	—	362,288
Collateralized Mortgage Obligations	—	14,824	—	—	14,824
Corporate Bonds	—	289,899	—	—	289,899
Non-U.S. Bonds	—	72,106	—	—	72,106
Other Fixed Income Assets	—	7,442	—	—	7,442
Total Fixed Income Securities	—	1,182,232	—	—	1,182,232
Commingled Funds:					
U.S. Equity Funds	—	142,800	—	—	142,800
Non-U.S. Equity Funds	—	241,608	—	—	241,608
U.S. Bond Funds	—	547,769	—	—	547,769
Hedge Funds	—	—	—	1,420,047	1,420,047
Real Asset Funds	—	—	—	177,486	177,486
Total Commingled Funds	—	932,177	—	1,597,533	2,529,710
Total Fund Investments	642,570	2,114,409	—	1,597,533	4,354,512
Total Fund Assets	$ 642,570	$ 2,114,409	$ —	$ 1,597,533	$ 4,366,020
Total Fund Liabilities					—
Total Net Asset Value					$ 4,366,020

Liquidity and Capital Reserve Pool Fund					
(dollars in thousands)	2024				
	Level 1	Level 2	Level 3	NAV	Total Fair Value
Receivables:					
Accrued Income Receivables	$ —	$ —	$ —	$ —	$ 10,640
Total Receivables	—	—	—	—	10,640
Cash Equivalents:					
Money Market Funds	105,429	—	—	—	105,429
Total Cash Equivalents	105,429	—	—	—	105,429
Equities:					
U.S. Common Stock	537,941	—	—	—	537,941
Foreign Stock	113,728	—	—	—	113,728
Total Equities	651,669	—	—	—	651,669
Fixed Income Securities:					
U.S. Government Obligations	—	380,205	—	—	380,205
Mortgage Backed Securities	—	353,125	—	—	353,125
Collateralized Mortgage Obligations	—	17,222	—	—	17,222
Corporate Bonds	—	275,255	—	—	275,255
Non-U.S. Bonds	—	95,358	—	—	95,358
Other Fixed Income Assets	—	9,701	—	—	9,701
Total Fixed Income Securities	—	1,130,866	—	—	1,130,866
Commingled Funds:					
U.S. Equity Funds	—	132,811	—	—	132,811
Non-U.S. Equity Funds	—	195,781	—	—	195,781
U.S. Bond Funds	—	540,780	—	—	540,780
Hedge Funds	—	—	—	1,274,176	1,274,176
Real Asset Funds	—	—	—	171,629	171,629
Total Commingled Funds	—	869,372	—	1,445,805	2,315,177
Total Fund Investments	757,098	2,000,238	—	1,445,805	4,203,141
Total Fund Assets	$ 757,098	$ 2,000,238	$ —	$ 1,445,805	$ 4,213,781
Total Fund Liabilities					(1,163)
Total Net Asset Value					$ 4,212,618

Additional information on fair values, unfunded commitments, remaining life, and redemption for investments measured at the NAV for the System Pools at September 30, 2025 and 2024 is as follows:

2025 - Pooled Endowment Fund (dollars in thousands)

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 915,552	$ 5,007	No limit	Monthly, quarterly, and annually	Lock-up provisions ranging from none to 2 years
Private equity - private credit, buyouts, venture, secondary	571,680	329,018	1 - 15 years	Partnerships ineligible for redemption	Not redeemable
Real assets - private real estate, natural resources, and infrastructure	261,571	129,560	1 - 15 years	Partnerships ineligible for redemption	Not redeemable
	$ 1,748,803	$ 463,585			

2024 - Pooled Endowment Fund (dollars in thousands)

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 833,404	$ 18,000	No limit	Monthly, quarterly, and annually	Lock-up provisions ranging from none to 2 years
Private equity - private credit, buyouts, venture, secondary	513,428	277,411	1 - 15 years	Partnerships ineligible for redemption	Not redeemable
Real assets - public real estate, natural resources, and infrastructure	1,278	—	No limit	Monthly and quarterly	None
Real assets - private real estate, natural resources, and infrastructure	278,928	103,603	1 - 15 years	Partnerships ineligible for redemption	Not redeemable
	$ 1,627,038	$ 399,014			

2025 - Liquidity and Capital Reserve Pool Fund (dollars in thousands)

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 1,420,047	$ 10,014	No limit	Monthly, quarterly, and annually	Lock-up provisions ranging from none to 2 years
Real assets - public real estate, natural resources, and infrastructure	177,486	—	No limit	Monthly and quarterly	None
	$ 1,597,533	$ 10,014			

2024 - Liquidity and Capital Reserve Pool Fund (dollars in thousands)

	Fair Value	Unfunded Commitments	Remaining Life	Redemption Notice Period	Redemption Restrictions
Hedge funds - absolute return, credit, long/short equities	$ 1,274,176	$ 36,000	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	—	No limit	Monthly and quarterly	None
	$ 1,445,805	$ 36,000			

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 $328.5 million and $283.6 million in the PEF and LCRP Fund, collectively, at September 30, 2025 and 2024, respectively, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds and money market funds were approximately $715.9 million and $727.4 million in the PEF and LCRP Fund, collectively, at September 30, 2025 and 2024, respectively. The credit risk for fixed and variable income securities, for the System Pools, at September 30, 2025 and 2024 is as follows:

	Pooled Endowment Fund		Liquidity and Capital Reserve Pool Fund	
(dollars in thousands)	2025	2024	2025	2024
Fixed or Variable Income Securities				
U.S. Government Obligations	$ 16,782	$ 18,271	$ 435,673	$ 380,205
Other U.S. Denominated:				
AAA	3,940	4,616	62,667	84,783
AA	3,198	2,107	43,371	47,401
A	10,673	15,877	157,391	169,666
BBB	34,803	28,238	163,022	166,297
BB	8,210	8,030	10,158	10,809
B	—	1,059	8,711	11,302
C and < C	—	—	2,170	2,260
Unrated	29,475	25,445	299,069	258,141
Commingled Funds:				
U.S. Bond Funds: Unrated	—	—	547,769	540,780
Money Market Funds: Unrated	109,406	81,234	58,721	105,429
Total	$ 216,487	$ 184,877	$ 1,788,722	$ 1,777,073

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, 2025 and 2024 is as follows:

(dollars in thousands)	2025	2024
Fixed or Variable Income Securities		
U.S. Government Guaranteed	$ 55,267	$ 148
Other U.S. Dollar, Money Market Funds, and Commingled Bonds		
AAA	960	965
AA	75	71
A	158	145
BBB	274	293
BB	205	201
B	90	101
Below B	36	36
Unrated	26	27
Total	$ 57,091	$ 1,987

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, 2025 and 2024, 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, 2025 and 2024 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	
	2025	2024	2025	2024
U.S. Government Obligations	11.4	12.9	3.2	3.4
Corporate Bonds	4.8	4.6	2.8	2.7
Non-U.S. Bonds	4.8	4.6	2.8	2.7
Commingled Bond Funds	—	—	3.6	2.9
Other Fixed Income	—	—	—	0.1

The effective durations for fixed or variable income securities, for the University's separately held investments, at September 30, 2025 and 2024 are as follows:

	2025	2024
U.S. Government Obligations	8.2	8.8
Commingled Bond Funds	5.7	5.9

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, 2025 and 2024, the fair market value of these investments, for the System Pools, are as follows:

	Pooled Endowment Fund		Liquidity and Capital Reserve Pool Fund	
(dollars in thousands)	2025	2024	2025	2024
Mortgage Backed Securities	$ 33,448	$ 29,102	$ 362,288	$ 353,125
Collateralized Mortgage Obligations	—	—	14,824	17,222
Total Fixed	$ 33,448	$ 29,102	$ 377,112	$ 370,347

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, 2025 and 2024, the effective durations for these securities held in the System Pools are listed below. At September 30, 2025 and 2024, 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	
	2025	2024	2025	2024
Mortgage Backed Securities	5.9	6.3	2.7	2.7
Collateralized Mortgage Obligations	—	—	5.7	4.7

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, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024, 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, 2025 and 2024 is summarized below:

(dollars in thousands)	2025	2024
Student accounts	$ 39,006	$ 37,384
Sponsoring agencies	46,859	46,247
Accrued interest receivable	13,432	12,693
Other	17,730	17,865
Total accounts receivable	117,027	114,189
Less allowance for doubtful accounts	(2,092)	(2,450)
Accounts receivable, net	$ 114,935	$ 111,739

Notes receivable

Notes receivable consist of UA notes receivable from student organizations, as well as a CTF note receivable from a related party.

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.

In June 2025, CTF entered into a loan agreement with a related party in the amount of $20.0 million to provide the entity with working capital to carry out its commercialization of intellectual property rights. The outstanding principal balance will accrue interest at a variable annual rate equal to the Term Secured Overnight Financing Rate ("SOFR") plus a margin of 2.75%. Term SOFR is defined as the forward looking term rate for a period of one month as published by the CME Group Benchmark Administration as of two U.S. Government Securities Business Days prior to the first day of each interest period. Interest is calculated on the basis of a 360-day year and actual days elapsed, and is payable monthly in arrears on the last day of each calendar month. The annual payments of interest on the outstanding principal balance are due on or before December 31 of each year, subject to loan agreement terms. The term of the loan agreement is seven years, ending on June 24, 2032. At CTF's year-end of June 30, 2025, the entire note receivable balance is classified as noncurrent.

The composition of notes receivable at September 30, 2025 and 2024 is summarized as follows:

(dollars in thousands)	2025	2024
Notes receivable from student organizations	$ 203,264	$ 200,728
CTF note receivable	20,000	—
Total notes receivable	223,264	200,728
Less current portion	(6,377)	(5,610)
Notes receivable, noncurrent	$ 216,887	$ 195,118

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, 2025 and 2024 is summarized as follows:

(dollars in thousands)	2025	2024
Federal loan program	$ 8,465	$ 8,809
University loan funds	1,572	1,494
Less allowance for doubtful loans	(3,683)	(3,683)
Total student loans outstanding, net	6,354	6,620
Less current portion	(1,250)	(1,464)
Total student loans outstanding, noncurrent	$ 5,104	$ 5,156

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, 2025 and 2024, is summarized as follows:

(dollars in thousands)	2025	2024
Operations	$ 72,537	$ 65,476
Capital	47,704	57,112
Less allowance for doubtful pledges	(7,501)	(7,512)
Total pledges, net	112,740	115,076
Less current portion	(34,010)	(33,558)
Total pledges, noncurrent	$ 78,730	$ 81,518

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, 2025 are summarized as follows:

(dollars in thousands)	Balance October 1, 2024	Additions	Retirements/ Transfers	Balance September 30, 2025
Nondepreciable capital assets:				
Land	$ 100,089	$ 8,156	$ (138)	$ 108,107
Collections	32,993	723	(819)	32,897
Intangible assets	65,300	—	—	65,300
Construction in progress	247,011	207,185	(273,485)	180,711
Total nondepreciable capital assets	445,393	216,064	(274,442)	387,015
Depreciable capital assets:				
Land improvements	113,923	5,241	—	119,164
Infrastructure	245,726	44,145	—	289,871
Buildings and fixed equipment	2,936,973	249,767	(1,877)	3,184,863
Equipment	293,782	33,944	(28,077)	299,649
Library materials	130,991	546	—	131,537
Intangible assets	58,018	—	—	58,018
Right-of-use assets - leased real estate & equipment	8,721	423	(665)	8,479
Right-of-use assets - software subscriptions	31,613	14,440	(9,282)	36,771
Total depreciable capital assets	3,819,747	348,506	(39,901)	4,128,352
Less accumulated depreciation:				
Land improvements	53,443	5,539	—	58,982
Infrastructure	80,041	12,218	—	92,259
Buildings and fixed equipment	829,099	64,952	(744)	893,307
Equipment	181,706	25,130	(22,609)	184,227
Library materials	125,114	1,951	—	127,065
Intangible assets	58,017	—	—	58,017
Right-of-use assets - leased real estate & equipment	5,473	1,185	(665)	5,993
Right-of-use assets - software subscriptions	14,303	9,295	(9,282)	14,316
Total accumulated depreciation	1,347,196	120,270	(33,300)	1,434,166
Total depreciable capital assets, net	2,472,551	228,236	(6,601)	2,694,186
Total capital assets, net	$ 2,917,944	$ 444,300	$ (281,043)	$ 3,081,201

Capital assets as of September 30, 2024 are summarized as follows:

(dollars in thousands)	Balance October 1, 2023	Additions	Retirements/ Transfers	Balance September 30, 2024
Nondepreciable capital assets:				
Land	$ 94,691	$ 5,398	$ —	$ 100,089
Collections	32,534	464	(5)	32,993
Intangible assets	65,300	—	—	65,300
Construction in progress	180,087	220,076	(153,152)	247,011
Total nondepreciable capital assets	372,612	225,938	(153,157)	445,393
Depreciable capital assets:				
Land improvements	105,526	8,397	—	113,923
Infrastructure	233,387	12,339	—	245,726
Buildings and fixed equipment	2,794,179	143,206	(412)	2,936,973
Equipment	268,618	33,177	(8,013)	293,782
Library materials	130,048	943	—	130,991
Intangible assets	58,018	—	—	58,018
Right-of-use assets - leased real estate & equipment	8,157	1,754	(1,190)	8,721
Right-of-use assets - software subscriptions	25,330	10,464	(4,181)	31,613
Total depreciable capital assets	3,623,263	210,280	(13,796)	3,819,747
Less accumulated depreciation:				
Land improvements	48,366	5,077	—	53,443
Infrastructure	68,705	11,336	—	80,041
Buildings and fixed equipment	768,828	60,684	(413)	829,099
Equipment	165,910	23,237	(7,441)	181,706
Library materials	122,352	2,762	—	125,114
Intangible assets	57,926	91	—	58,017
Right-of-use assets - leased real estate & equipment	4,710	1,953	(1,190)	5,473
Right-of-use assets - software subscriptions	10,188	7,995	(3,880)	14,303
Total accumulated depreciation	1,246,985	113,135	(12,924)	1,347,196
Total depreciable capital assets, net	2,376,278	97,145	(872)	2,472,551
Total capital assets, net	$ 2,748,890	$ 323,083	$ (154,029)	$ 2,917,944

During 2015, the University had the opportunity to purchase property within close proximity to the main campus from the 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, 2025 and 2024 is summarized as follows:

(dollars in thousands)	Balance October 1, 2024	New Debt	Principal Repayment	Balance September 30, 2025
Type/Supported by				
Notes payable				
Crimson Tide Foundation airplane	$ 2,373	$ —	$ (871)	$ 1,502
Bonds				
General Revenue	1,208,655	—	(50,650)	1,158,005
	$ 1,211,028	$ —	$ (51,521)	$ 1,159,507
Plus net unamortized bond premium/discount	62,929			56,230
Less current portion	(51,521)			(51,363)
	$ 1,222,436			$ 1,164,374

(dollars in thousands)	Balance October 1, 2023	New Debt	Principal Repayment	Balance September 30, 2024
Type/Supported by				
Notes payable				
Crimson Tide Foundation airplane	$ 3,222	$ —	$ (849)	$ 2,373
Bryce/Partlow property	5,566	—	(5,566)	—
Bonds				
General Revenue	1,031,040	218,975	(41,360)	1,208,655
	$ 1,039,828	$ 218,975	$ (47,775)	$ 1,211,028
Plus net unamortized bond premium/discount	59,479			62,929
Less current portion	(47,775)			(51,521)
	$ 1,051,532			$ 1,222,436

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 and bonds payable, using rates in effect at September 30, 2025, for the next five years and in subsequent five-year periods are as follows:

(dollars in thousands)	Notes Principal	Bonds Principal	Total Principal	Notes Interest	Bonds Interest	Total Interest	Total Debt Service
2026	$ 893	$ 50,470	$ 51,363	$ 28	$ 40,973	$ 41,001	$ 92,364
2027	609	52,500	53,109	6	38,959	38,965	92,074
2028	—	54,525	54,525	—	36,991	36,991	91,516
2029	—	56,570	56,570	—	34,944	34,944	91,514
2030	—	58,675	58,675	—	32,813	32,813	91,488
2031-2035	—	306,090	306,090	—	130,842	130,842	436,932
2036-2040	—	248,195	248,195	—	82,820	82,820	331,015
2041-2045	—	169,915	169,915	—	45,018	45,018	214,933
2046-2050	—	114,450	114,450	—	19,991	19,991	134,441
2051-2054	—	46,615	46,615	—	4,753	4,753	51,368
	$ 1,502	$ 1,158,005	$ 1,159,507	$ 34	$ 468,104	$ 468,138	$ 1,627,645

The following is a detailed schedule of long-term debt as of September 30, 2025:

(dollars in thousands)	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	$ 10,320
General Fee Revenue Bond Series 2010B	11/18/2010	7/1/2040	5.7-5.85	18,000	18,000
General Fee Revenue Bond Series 2012A	10/16/2012	7/1/2042	3.0-5.0	265,655	184,125
General Fee Revenue Bond Series 2017B	8/30/2017	7/1/2047	3.0-5.0	158,400	153,295
General Fee Revenue Bond Series 2019A	9/19/2019	7/1/2049	3.0-5.0	375,515	325,845
General Fee Revenue Bond Series 2019C	9/19/2019	7/1/2038	3.0-5.0	69,340	65,535
General Fee Revenue Bond Series 2024A	4/2/2024	7/1/2044	2.1-2.75	201,685	187,480
General Fee Revenue Bond Series 2024B	9/26/2024	7/1/2054	4.0-5.0	218,975	213,405
Total bonds payable				1,324,065	1,158,005
Notes payable:					
PNC Aviation Finance (CTF airplane CESSNA)	1/31/2020	2/1/2027	2.55	5,900	1,502
Total notes payable				5,900	1,502
Total bonds and notes payable				$ 1,329,965	$ 1,159,507

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 $201.7 million. There were no bond proceeds resulting from the redemption.

On September 26, 2024, the University issued the Series 2024B bonds in the amount of $219.0 million. 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, 2025 and 2024 as defined by outstanding bond covenants are as follows:

(dollars in thousands)	2025	2024
Tuition and fees	$ 901,477	$ 861,856
Sales and services of educational activities	18,338	19,247
Auxiliary sales and services	260,586	250,727
Investment income	49,728	36,104
Indirect cost recovery	33,443	30,166
Other operating revenues	108,337	110,541
Total pledged revenues	$ 1,371,909	$ 1,308,641

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 2025 of $1.4 billion, the projected maximum annual debt service requirement of $92.4 million in 2026 is covered approximately 14.9 times by pledged revenues. The University is in compliance with all financial covenants as of September 30, 2025.

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, 2025 or 2024. CTF incurred no interest expense related to the line of credit during the years ended June 30, 2025 or 2024. The unused portion of the line of credit at June 30, 2025 and 2024 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 $2.9 million and $2.1 million for general liability at September 30, 2025 and 2024.

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, 2025 and 2024 are summarized as follows:

(dollars in thousands)	2025	2024
Balance, beginning of year	$ 5,225	$ 4,801
Claims paid	(68,538)	(64,688)
Contributions and adjustments	68,857	65,112
Balance, end of year	$ 5,544	$ 5,225

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 2022 of the Legislature of 2022 provides that any Tier 2 member who withdraws from service after the completion of at least 30 years of creditable service is entitled to an annual retirement benefit.

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. 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 on or after October 1, 2019. A TRS 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, 2025 was 13.57% of annual pay for Tier 1 members and 12.60% of annual pay for Tier 2 members. 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. 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 2025, 2024, and 2023 is as follows:

(dollars in thousands)	2025	2024	2023
Employer Contributions	$ 71,419	$ 62,623	$ 57,853
Employee Contributions	36,854	35,135	32,889
Total Contributions	$ 108,273	$ 97,758	$ 90,742

Pensionable salaries and wages for covered employees participating in TRS were approximately $548.4 million and $519.8 million during fiscal years 2025 and 2024, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At September 30, 2025, the financial statements of the University reflected a liability of $762.9 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, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023. 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, 2024, the University's proportion was 5.86%, which was an increase of 0.10% from its proportion measured as of September 30, 2023. The University's proportionate share of the collective net pension liability at September 30, 2024 was $920.5 million.

For the years ended September 30, 2025 and 2024, the University recognized pension expense of $94.8 million and $137.9 million, respectively. At September 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
(dollars in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 75,864	$ 5,500
Changes of assumptions	11,702	—
Net difference between projected and actual earnings on pension plan investments	—	125,109
Changes in proportion and differences between Employer contributions and proportionate share of contributions	10,980	6,977
Employer contributions subsequent to the measurement date	71,419	—
Total	$ 169,965	$ 137,586

	2024	
(dollars in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 82,308	$ 12,428
Changes of assumptions	25,897	—
Net difference between projected and actual earnings on pension plan investments	63,131	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	4,049	12,213
Employer contributions subsequent to the measurement date	62,623	—
Total	$ 238,008	$ 24,641

The $71.4 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, 2026. 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 (dollars in thousands):		
2026	$	(2,658)
2027	$	37,342
2028	$	(36,901)
2029	$	(36,823)
2030	$	—
Thereafter	$	—

Actuarial assumptions. The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2023, 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, 2023, were based on the results of an investigation of the economic and demographic experience for the TRS based upon participant data as of September 30, 2020. The Board of Control accepted and approved these changes in September 2021 which became effective at the beginning of fiscal year 2021.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return*
Fixed income	15.00%	2.80%
U.S. large stocks	32.00%	8.00%
U.S. mid stocks	9.00%	10.00%
U.S. small stocks	4.00%	11.00%
International developed market stocks	12.00%	9.50%
International emerging market stocks	3.00%	11.00%
Alternatives	10.00%	9.00%
Real estate	10.00%	6.50%
Cash equivalents	5.00%	1.50%
Total	100.00%	

**Includes assumed rate of inflation of 2.00%*

Discount rate. The discount rate used to measure the total pension liability was 7.45%. The 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:

(dollars in thousands)	1% Decrease (6.45%)	Current Rate (7.45%)	1% Increase (8.45%)
University's proportionate share of collective net pension liability	$1,060,753	$762,901	$512,195

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, 2024. The supporting actuarial information is included in the GASB Statement No. 67 Report for the TRS prepared as of September 30, 2024. 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 - TIAA

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 2025 and 2024, excluding amounts not eligible for matching, was $32.3 million and $30.4 million, respectively. This includes employee contributions eligible for matching of $16.1 million in 2025 and $15.2 million in 2024, and University contributions of $16.1 million in 2025 and $15.2 million 2024. Salaries and wages for covered employees participating in the 403(b) plan were $406.8 million and $376.5 million, respectively, during 2025 and 2024.

Compensated Absences

During 2025, the University adopted GASB Statement No. 101, *Compensated Absences*, which establishes a unified recognition and measurement model for compensated absence liabilities. 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 $40.6 million and $37.8 million at September 30, 2025 and 2024, 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, 2025, the financial statements of the University of Alabama reflected a liability of $434.1 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, 2024 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023. 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 employers. At September 30, 2024, the University's proportion was 4.72%, which was an increase of 0.27% from its proportion measured as of September 30, 2023. The University's proportionate share of the net OPEB liability at September 30, 2024 was $85.6 million.

For the years ended September 30, 2025 and 2024, the University recognized an OPEB expense of $26.5 million and an OPEB benefit of $24.1 million, respectively, with no special funding situations. At September 30, 2025 and 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
(dollars in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 202,433	$ 93,684
Changes of assumptions	149,490	61,414
Net difference between projected and actual earnings on OPEB plan investments	—	10,709
Changes in proportion and differences between Employer contributions and proportionate share of contributions	85,425	39,620
Employer contributions subsequent to the measurement date	9,107	—
Total	$ 446,455	$ 205,427

	2024	
(dollars in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,673	$ 134,996
Changes of assumptions	72,074	84,632
Net difference between projected and actual earnings on OPEB plan investments	2,922	—
Changes in proportion and differences between Employer contributions and proportionate share of contributions	101,602	55,474
Employer contributions subsequent to the measurement date	6,749	—
Total	$ 185,020	$ 275,102

The $9.1 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, 2026. 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 (dollars in thousands):	
2026	$ 49,299
2027	$ 42,395
2028	$ 21,549
2029	$ 38,233
2030	$ 61,773
Thereafter	$ 18,672

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of September 30, 2023, 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	3.89%
Municipal bond index rate at the prior measurement date	4.53%
Year fiduciary net position (FNP) is projected to be depleted	2040
Single equivalent interest rate at the measurement date	4.32%
Single equivalent interest rate at the prior measurement date	7.00%
Healthcare cost trend rate	
Initial trend rate	
Pre-medicare eligible	6.75%
Medicare eligible	***
Ultimate trend rate	
Pre-medicare eligible	4.50% in 2033
Medicare eligible	4.50% in 2033
Optional plans trend rate	2.00%

**Includes 2.75% wage inflation.*

***Compounded annually, net of investment expense, and includes inflation.*

****Initial Medicare claims are set based on renewal premium rates through calendar year 2025 with an assumed 0% increase for the upcoming 2026 - 2028 negotiation period.*

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

Group	Membership Table	Set Forward (+) / Set Back (-)	Adjustment to Rates
Active Members	Teacher Employee Below Median	None	65%
Service Retirees	Teacher Below Median	Male: +2 Female: +2	Male: 108% ages < 63, 96% ages > 67, Phasing down 63-67 Female: 112% ages < 69, 98% ages > 74, Phasing down 69-74
Disabled Retirees	Teacher Disability	Male: +8 Female: +3	None
Beneficiaries	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, 2023 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, 2024 was 4.32%. 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, 9.751% of the employer contributions were used to assist in funding retiree benefit payments in 2024 and it is assumed that the 9.751% 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 $904 in fiscal year 2026, $1,114 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 2122.

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:

(dollars in thousands)	1% Decrease (5.75% decreasing to 3.50% for pre-Medicare, Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Trend Rate (6.75% decreasing to 4.50% for pre-Medicare, Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.75% 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	$349,173	$434,070	$543,545

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 4.32%, 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:

(dollars in thousands)	1% Decrease (3.32%)	Current Discount Rate (4.32%)	1% Increase (5.32%)
University's proportionate share of the collective net OPEB liability	$527,295	$434,070	$359,573

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, 2024. The supporting actuarial information is included in the GASB 74 Report for PEEHIP prepared as of September 30, 2024. Additional financial and actuarial information is available at www.rsa-al.gov.

Note 11 – Federal Direct Student Loan Program

The Federal Direct Student Loan Program ("FDSLP") was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the University rather than through private lenders. The University began participation in the FDSLP on July 1, 1995. As a university qualified to originate loans, the University is responsible for handling the complete loan process, including funds management as well as promissory note functions. The University is not responsible for collection of these loans. During the years ended September 30, 2025 and 2024, respectively, the University disbursed approximately $207.8 million and $200.7 million, respectively, under the FDSLP.

Note 12 – Grants and Contracts

At September 30, 2025, the University had been awarded approximately $118.8 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, 2025.

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, 2025 and 2024 are summarized as follows:

2025 Operating Expenses (by functional classification)

(dollars in thousands)	Salaries, wages, and benefits	Supplies and services	Depreciation	Scholarships and fellowships	Total
Instruction	$ 302,531	$ 43,307	$ 26,096	$ —	$ 371,934
Research	134,105	98,211	10,491	—	242,807
Public service	49,165	24,201	2,729	—	76,095
Academic support	86,154	12,012	21,362	—	119,528
Student services	50,790	28,187	7,413	—	86,390
Institutional support	105,242	15,642	15,639	—	136,523
Operations and maintenance	93,721	24,781	2,388	—	120,890
Scholarships and fellowships	—	—	—	24,324	24,324
Auxiliary enterprises	107,541	142,650	34,152	13,905	298,248
Total operating expenses	$ 929,249	$ 388,991	$ 120,270	$ 38,229	$ 1,476,739

2024 Operating Expenses (by functional classification)

(dollars in thousands)	Salaries, wages, and benefits	Supplies and services	Depreciation	Scholarships and fellowships	Total
Instruction	$ 288,440	$ 40,680	$ 23,700	$ —	$ 352,820
Research	122,834	86,194	9,608	—	218,636
Public service	52,345	23,496	2,639	—	78,480
Academic support	82,282	9,329	20,050	—	111,661
Student services	47,478	23,921	7,168	—	78,567
Institutional support	95,720	21,600	14,702	—	132,022
Operations and maintenance	91,826	40,878	1,319	—	134,023
Scholarships and fellowships	—	—	—	29,031	29,031
Auxiliary enterprises	110,917	161,350	33,949	11,834	318,050
Total operating expenses	$ 891,842	$ 407,448	$ 113,135	$ 40,865	$ 1,453,290

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, 2025 and 2024, the estimated remaining cost to complete the construction and renovation of these facilities was approximately $240.1 million and $252.3 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. 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 has determined there was no 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 has determined there was no material impact from its adoption of GASB Statement No. 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. Although the University has not completed its evaluation of the impact of adoption GASB Statement No. 103, management expects to make certain reclassifications on the statements of revenues, expenses and changes in net position to conform to new required sections and subtotals created by the standard. For instance, State educational appropriations will be reclassified from nonoperating revenues to a new section titled "noncapital subsidies" and Federal Pell grant revenues will be reclassified from nonoperating revenues to operating revenues.

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 does not expect there to be any material impact from its adoption of GASB Statement No. 104.

The GASB issued Statement No. 105, *Subsequent Events*, in December 2025. The objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing the consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter. The University is evaluating whether there will be material impact from its adoption of GASB Statement No. 105.

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 (dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the collective net pension liability	5.86%	5.77%	5.76%	5.88%	5.98%	5.84%	5.98%	5.75%	5.76%	5.47%
Employer's proportionate share of the collective net pension liability	$ 762,901	$ 920,526	$ 894,458	$ 553,948	$ 739,566	$ 646,185	$ 594,410	$ 565,233	$ 623,398	$ 572,814
Employer's covered payroll during the measurement period	$ 519,826	$ 482,765	$ 452,623	$ 433,961	$ 431,767	$ 422,693	$ 405,656	$ 385,854	$ 369,595	$ 347,881
Employer's proportionate share of the collective net pension liability as a percentage of its covered payroll	146.76%	190.68%	197.62%	127.65%	171.29%	152.87%	146.53%	146.49%	168.67%	164.66%
Plan fiduciary net position as a percentage of the total collective pension liability	71.41%	63.57%	62.21%	76.44%	67.72%	69.85%	72.29%	71.50%	67.93%	67.51%

Schedule of The University of Alabama's Contributions Teachers' Retirement Plan of Alabama (dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 71,419	$ 62,623	$ 57,853	$ 54,098	$ 51,758	$ 52,176	$ 51,222	$ 48,019	$ 45,024	$ 43,303
Contributions in relation to the contractually required contribution	$ 71,419	$ 62,623	$ 57,853	$ 54,098	$ 51,758	$ 52,176	$ 51,222	$ 48,019	$ 45,024	$ 43,303
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employer's covered payroll	$ 548,366	$ 519,826	$ 482,765	$ 452,623	$ 433,961	$ 431,767	$ 422,693	$ 405,666	$ 385,854	$ 369,595
Contributions as a percentage of covered payroll	13.02%	12.05%	11.98%	11.95%	11.93%	12.08%	12.12%	11.84%	11.67%	11.72%

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 2025, the measurement period is October 1, 2023 - September 30, 2024.

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 (dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018
Employer's proportion of the collective net OPEB liability	4.72%	4.45%	3.30%	4.26%	4.27%	2.89%	3.25%	3.47%
Employer's proportionate share of the collective net OPEB liability	$ 434,070	$ 85,550	$ 57,433	$ 220,216	$ 276,972	$ 108,975	$ 267,378	$ 257,683
Employer's covered payroll during the measurement period	$ 519,826	$ 482,765	$ 452,623	$ 433,961	$ 431,767	$ 422,693	$ 405,666	$ 385,854
Employer's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	83.50%	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	20.41%	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 (dollars in thousands)	2025	2024	2023	2022	2021	2020	2019	2018
Contractually required contribution	$ 9,107	$ 6,749	$ 6,927	$ 6,300	$ 7,359	$ 8,451	$ 8,215	$ 7,988
Contributions in relation to the contractually required contribution	$ 9,107	$ 6,749	$ 6,927	$ 6,300	$ 7,359	$ 8,451	$ 8,215	$ 7,988
Contribution deficiency (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Employer's covered payroll	$ 548,366	$ 519,826	$ 482,765	$ 452,623	$ 433,961	$ 431,767	$ 422,693	$ 405,666
Contributions as a percentage of covered payroll	1.66%	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 2025, the measurement period is October 1, 2023 - September 30, 2024.

The Board of Trustees of the University of Alabama (Unaudited)

As of September 30, 2025

The University of Alabama
Executive Officers (Unaudited)
As of September 30, 2025

Peter J. Mohler, 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 W. 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