

# **University of Alabama at Birmingham**

**Report on Federal Awards In Accordance With OMB**

**Circular A-133**

**For the Year Ended September 30, 2014**

**EIN: 63-6005396**

**University of Alabama at Birmingham**  
**Report on Federal Awards in Accordance with OMB Circular A-133**  
**September 30, 2014**

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**Part I**  
**Federal Award Programs**

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

To Management and the Board of Trustees of The University of Alabama:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The University of Alabama at Birmingham ("UAB"), a campus of The University of Alabama System, which is a component unit of the State of Alabama, and of Southern Research Institute ("SRI"), its discretely presented component unit as of and for the year ended September 30, 2014 and the related notes to the financial statements, which collectively comprise UAB's basic financial statements, and have issued our report thereon dated January 26, 2015. Other auditors audited the financial statements of SRI, as described in our report on UAB's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Triton Health Systems, L.L.C. and UAB Research Foundation were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting on compliance and other matters associated with Triton Health Systems, L.L.C. or UAB Research Foundation. Our report includes an emphasis of a matter regarding the presentation of the financial statements as discussed in Note 1 to the financial statements.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material



weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*PricewaterhouseCoopers LLP*

January 26, 2015



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

To Management and the Board of Trustees of The University of Alabama:

**Report on Compliance for Each Major Federal Program**

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

We did not audit Southern Research Institute's ("SRI"), a discretely presented component unit of UAB, compliance with the terms and conditions of its federal grants, contracts, and agreements with the federal government; and its subgrants received from UAB. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to SRI's compliance with those requirements, is based solely on the report of the other auditors.

The University's basic financial statements include the operations of Triton Health Systems, L.L.C. and UAB Research Foundation, which did not receive federal awards during the year ended September 30, 2014. Accordingly, our audit, described below, did not include the operations of these component units.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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



### ***Opinion on Each Major Federal Program***

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to these matters.

UAB's response to the noncompliance findings identified in our audit is described in the accompanying Management Views and Corrective Action Plan. UAB's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

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

We did not consider internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to the federal programs of SRI. Internal control over these compliance requirements was considered by other auditors, and our report, insofar as it relates to UAB's internal control over those compliance requirements, does not include SRI.

The University's basic financial statements include the operations of Triton Health Systems, L.L.C. and UAB Research Foundation, which did not receive federal awards during the year ended September 30, 2014. Accordingly, we did not consider internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs for these component units.

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



weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration and the other auditor's consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. Also, the report of other auditors associated with student loans referred to above did not identify any deficiencies in internal control over compliance that they consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

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

*PricewaterhouseCoopers LLP*

June 29, 2015, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 26, 2015.



**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER</b>				
<b><u>Department of Defense</u></b>				
Direct				
Basic and Applied Scientific Research			12.300	\$ 425,015
Military Medical Research and Development			12.420	4,078,175
Basic Scientific Research			12.431	1,387,729
Basic, Applied, and Advanced Research in Science and Engineering			12.630	24,815
Uniformed Services University Medical Research Projects			12.750	18,171
Air Force Defense Research Sciences Program			12.800	169,426
Mathematical Sciences Grants Program			12.901	18,716
Research and Technology Development			12.910	559,482
Contract #FA8650-13-C-7339			12.	992,533
Contract #DOD - IPA - Meakin			12.	241,734
Contract #DOD IPA WARD			12.	234,453
Contract #FA8651-11-C-0291			12.	56,915
Total Direct				<b>8,207,164</b>
Pass-Through				
Military Medical Research and Development	THE CURATORS OF THE UNIVERSITY OF MISSOURI	W81XWH-11-2-0155	12.420	107,683
Military Medical Research and Development	Tuskegee University	W81XWH-13-1-0499	12.420	43,464
Military Medical Research and Development	NATIONAL TRAUMA INSTITUTE	W81XWH-11-1-0841	12.420	2,517
Military Medical Research and Development	HENRY FORD HEALTH SYSTEM	W81XWH-11-1-0671	12.420	509
Military Medical Research and Development	University of Texas Health Science Ctr at Houston	W81XWH-11-1-0240	12.420	(823)
Military Medical Research and Development	HENRY M JACKSON FOUNDATION	W81XWH-08-2-0700	12.420	(9,252)
Basic Scientific Research	Texas A&M University	W911NF-07-1-0197	12.431	13,197
Basic, Applied, and Advanced Research in Science and Engineering	Alabama State University	5-522776-12	12.630	31,324
Uniformed Services University Medical Research Projects	The Geneva Foundation	HT9404-13-1-TS08 (N13-P13)	12.750	53,115
Research and Technology Development	Northern Illinois University	W15QKN-12-1-0001	12.910	127,994
Contract	High Performance Technologies Inc	GS04T09DBC0017	12.	289,781
Contract	BIS BIOSCIENCES INC	HR001-13-C-0103	12.	225,985
Contract	Southern Research Institute	HDTRA-1-12-C-0093	12.	221,245
Contract	BIS BIOSCIENCES INC	FA8650-13-C-7340	12.	186,659
Contract	ANTHROTRONIX INC	N00014-09-C-0051-P000010	12.	30,117
Contract	IOWA ST UNIV	HR0011-12-C-0075	12.	27,964
Contract	High Performance Technologies Inc	GS01T09DBC0017	12.	19,695
Contract	ANTHROTRONIX INC	N00013-14-P-1074	12.	10,708
Contract	The Geneva Foundation	HU001-10-1TS05	12.	8,031

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Defense, continued</u></b>				
Contract	C LOGIC DEFENSE	W15QKN-09-9-1001 BRG-057	12.	6,433
Contract	Sentar	FA8750-11-C-0250	12.	5,583
Contract	Advanced Technology Institute	2004-611	12.	1,597
Contract	CHENEGA FEDERAL SYSTEMS LLC	GS04T13DBC0006	12.	742
Unknown	Battelle Memorial Institute	W911NF-11-D-0001	12.	52,527
Total Pass-Through				<b>1,456,795</b>
Total Department of Defense				<b>9,663,959</b>
<b><u>Department of Interior</u></b>				
Direct				
	Conservation Grants Private Stewardship for Imperiled Species		15.632	22,431
	Marine Turtle Conservation Fund		15.645	9,385
Total Direct				<b>31,816</b>
Total Department of Interior				<b>31,816</b>
<b><u>Department of Transportation</u></b>				
Direct				
	Contract #DTFT60-04-Z-7001		20.	90,632
Total Direct				<b>90,632</b>
Pass-Through				
Highway Planning and Construction	UNIV OF NEBRASKA LINCOLN	TPF-5(193)SUPPLEMENT #43	20.205	23,233
Highway Planning and Construction	UNIV OF NEBRASKA LINCOLN	TPF-5(193)SUPPLEMENT #43	20.205	3,250
Highway Planning and Construction	UNIV OF NEBRASKA LINCOLN	26-1121-1023-002	20.205	905
University Transportation Centers Program	GEORGIA INSTITUTE OF TECHNOLOGY	DTRT12-G-UTC12	20.701	317,590
University Transportation Centers Program	University of Florida	TASK ORDER #008	20.701	97,020
University Transportation Centers Program	University of Florida	TASK ORDER # 2	20.701	25,746
University Transportation Centers Program	University of Florida	TASK ORDER #1	20.701	10,472
University Transportation Centers Program	University of Florida	TASK ORDER # 009	20.701	10,029
University Transportation Centers Program	University of Florida	TASK ORDER # 005	20.701	528
Contract	UNIVERSITY OF TENNESSEE( KNOXVILL	DTRT13-G-UTC34	20.	23,773
Unknown	Alabama Dept of Transportation	930-842	20.	182,831
Unknown	Alabama Dept of Transportation	930-843	20.	104,622

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Transportation, continued</u></b>				
Unknown	University of Florida	DTRT12-G-UTC04	20.	52,812
Unknown	University of Florida	UF-EIES-12000009	20.	6,188
Unknown	University of Florida	UF-EIES-1200009	20.	1,176
Total Pass-Through				<b>860,175</b>
Total Department of Transportation				<b>950,807</b>
<b><u>Department of the Treasury</u></b>				
Pass-Through				
Unknown	PIKAMAB INC	02-0670592	21.	(78,137)
Total Pass-Through				<b>(78,137)</b>
Total Department of the Treasury				<b>(78,137)</b>
<b><u>National Aeronautics and Space Administration</u></b>				
Direct				
Science			43.001	1,477,873
Exploration			43.003	37,357
Space Operations			43.007	169,429
Contract #NNJ10HB16B			43.	6,670,815
Contract #NNX09AV81G			43.	11,601
Unknown #NNX11AC61G			43.	323,525
Unknown #NNX09A128G			43.	17,538
Total Direct				<b>8,708,138</b>
Pass-Through				
Exploration	GEORGIA INSTITUTE OF TECHNOLOGY	NNJ12ZSA002N	43.003	12,555
Contract	NATIONAL INSTITUTE OF AEROSPACE ASSOCIATES INC	NNL09AA00A	43.	147,539
Contract	University of Alabama in Huntsville	NNX10AJ80H	43.	57,516
Unknown	The Center for the Advancement of Science in Space, Inc	NNH11CD70A	43.	206,388
Unknown	CENTER FOR THE ADVANCEMENT OF SCIENCE IN SPACE	NNH11CD70A	43.	54,842
Total Pass-Through				<b>478,840</b>
Total National Aeronautics and Space Administration				<b>9,186,978</b>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>National Science Foundation</u></b>				
Direct				
Engineering Grants			47.041	919,585
Mathematical and Physical Sciences			47.049	910,303
Computer and Information Science and Engineering			47.070	468,222
Biological Sciences			47.074	634,936
Social, Behavioral, and Economic Sciences			47.075	232,273
Education and Human Resources			47.076	2,364,856
Polar Programs			47.078	190,649
International Science and Engineering (OISE)			47.079	6,845
Contract #PLR-1342923			47.	148,242
Total Direct				<b>5,875,911</b>
Pass-Through				
Mathematical and Physical Sciences	Florida State University	NSF#DMR-1229217/FSU 22700-520-031355	47.049	40,596
Computer and Information Science and Engineering	University of Alabama in Tuscaloosa	CNS-1335263	47.070	11,147
Biological Sciences	IOWA ST UNIV	IOS-1257857	47.074	51,737
Biological Sciences	University of Florida	IOS-1051890	47.074	37,869
Social, Behavioral, and Economic Sciences	NORTHERN KENTUCKY UNIV	SMA-1359547	47.075	6,979
Education and Human Resources	Tuskegee University	HRD-1137681	47.076	129,076
Education and Human Resources	University of Wisconsin in Madison	DUE-1231286	47.076	20,273
Education and Human Resources	STEVENS INSTITUTE OF TECHNOLOGY	0833076	47.076	1,852
Office of Experimental Program to Stimulate Competitive Research	Tuskegee University	EPS-1158862	47.081	680,380
Contract	MACOMB COMMUNITY COLLEGE	NONE	47.	5,604
Total Pass-Through				<b>985,513</b>
ARRA Direct				
ARRA - 0838773			47.082	109
ARRA - 0906316			47.082	86
Total ARRA Direct				<b>195</b>
Total National Science Foundation				
				<b>6,861,619</b>
<b><u>Department of Veterans Affairs</u></b>				
Direct				
Contract - Intergovernmental Personnel Agreements			64.	2,929,816

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Veterans Affairs, continued</u></b>				
Contract #VA247-13-C-0429			64.	392,831
Contract #MILLION VET PROGRAM			64.	56,887
Contract #VA247-13-C-0156			64.	(16,626)
Total Direct				<u>3,362,908</u>
Total Department of Veterans Affairs				<b>3,362,908</b>
<b><u>Department of Energy</u></b>				
Direct				
Fossil Energy Research and Development			81.089	168,651
Stewardship Science Grant Program			81.112	118,411
Total Direct				<u>287,062</u>
Pass-Through				
Office of Science Financial Assistance Program	University of Alabama in Huntsville	DE-SC0006652	81.049	158,914
Office of Science Financial Assistance Program	University of Alabama in Tuscaloosa	DE-FG02-08ER46537	81.049	117,782
Conservation Research and Development	Caterpillar Inc	DEEE0005980	81.086	167,276
Conservation Research and Development	QUESTEK INNOVATIONS LLC	DE-EE0005980	81.086	31,828
Fossil Energy Research and Development	ADVANCED RESOURCED INTERNATIONAL	EP-P28631/C13564	81.089	105,461
Fossil Energy Research and Development	OKLAHOMA STATE UNIVERSITY	06-AC26-07NT42677	81.089	69,094
Fossil Energy Research and Development	MONTANA STATE UNIVERSITY	DE-FE0004478	81.089	39,616
Stewardship Science Grant Program	Carnegie Institute of Washington	DE-NA002006	81.112	90,910
Contract	Sandia National Laboratories	1429400	81.	35,318
Contract	Sandia National Laboratories	PO# 1330625	81.	31,042
Contract	UT-Battelle, LLC	DE-AC05-00OR22725	81.	4,315
Contract	Sandia National Laboratories	1198675	81.	2,888
Contract	University of California Law ren Livermore Natl Lab	DE-AC52-07NA27344	81.	565
Total Pass-Through				<u>855,009</u>
Total Department of Energy				<b>1,142,071</b>
<b><u>Department of Education</u></b>				
Direct				
National Institute on Disability and Rehabilitation Research			84.133	3,831,984
Special Ed-Personnel Dev to Improve Serv and Results for Children			84.325	45,290
Total Direct				<u>3,877,274</u>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Education, continued</u></b>				
Pass-Through				
Title I Grants to Local Educational Agencies	Alabama Dept of Education	PL.108-446	84.010	266,254
National Institute on Disability and Rehabilitation Research	Rehabilitation Institute of Chicago	H133E120010	84.133	122,186
National Institute on Disability and Rehabilitation Research	University of Illinois at Chicago	H133B130007	84.133	55,818
National Institute on Disability and Rehabilitation Research	University of Washington	H133A060107A; UW-341166	84.133	6,415
National Institute on Disability and Rehabilitation Research	THE INSTITUTE FOR REHABILITATION AND RESEARCH	H133B090023	84.133	52
Total Pass-Through				<b>450,725</b>
Total Department of Education				<b>4,327,999</b>
<b><u>Department of Health and Human Services</u></b>				
Direct				
Family Smoking Prevention and Tobacco Control Act Regulatory Rsrch			93.077	303,460
Environmental Health			93.113	1,813,680
Oral Diseases and Disorders Research			93.121	11,701,515
Nurse Anesthetist Traineeships			93.124	50,912
Centers for Res. and Demo. for Health Promotion and Disease Prevention			93.135	13,891
Coord. Serv.and Access to Res. for Women, Infants, Children and Youth			93.153	798,390
Human Genome Research			93.172	48,250
Research Related to Deafness and Communication Disorders			93.173	269,606
Research and Training in Complementary and Alternative Medicine			93.213	329,216
National Research Service Awards_Health Services Research Training			93.225	401,493
Research on Healthcare Costs, Quality and Outcomes			93.226	1,739,701
National Center on Sleep Disorders Research			93.233	64,373
Mental Health Research Grants			93.242	5,341,560
Geriatric Academic Career Awards			93.250	160,547
Occupational Safety and Health Program			93.262	1,569,362
Alcohol Research Programs			93.273	1,585,647
Drug Abuse and Addiction Research Programs			93.279	520,899
Mental Health National Research Service Awards for Research Training			93.282	28,659
The Affordable Care Act: CDC and Prevention_Investigations			93.283	904,557
Discovery/Applied Res. for Tech. Innovations to Improve Human Health			93.286	242,330
Minority Health and Health Disparities Research			93.307	5,877,502
Trans-NIH Research Support			93.310	2,843,268
National Center for Advancing Translational Sciences			93.350	3,011,117

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Research Infrastructure Programs			93.351	674,783
Nursing Research			93.361	924,179
National Center for Research Resources			93.389	9,970
Cancer Cause and Prevention Research			93.393	3,918,148
Cancer Detection and Diagnosis Research			93.394	2,481,383
Cancer Treatment Research			93.395	4,172,108
Cancer Biology Research			93.396	3,011,855
Cancer Centers Support Grants			93.397	10,579,492
Cancer Research Manpower			93.398	1,489,853
The Patient Protection and Affordable Care Act of 2010 (ACA)			93.541	(858)
Hlth Promotion and Disease Prevention Rsrch Centers: PPHF 2012 - ACA			93.542	1,115,512
Cardiovascular Diseases Research			93.837	13,461,064
Lung Diseases Research			93.838	6,684,119
Blood Diseases and Resources Research			93.839	1,748,565
Arthritis, Musculoskeletal and Skin Diseases Research			93.846	8,536,149
Diabetes, Digestive, and Kidney Diseases Extramural Research			93.847	19,907,416
Extramural Rsrch Prgrms in Neurosciences and Neurological Disorders			93.853	19,196,431
Allergy, Immunology and Transplantation Research			93.855	28,063,645
Biomedical Research and Research Training			93.859	5,516,768
Population Research			93.864	38,385
Child Health and Human Development Extramural Research			93.865	10,929,003
Aging Research			93.866	5,837,081
Vision Research			93.867	4,613,824
RW HIV/AIDS Dental Reimb and Comm Based Dental Partnership Grant			93.924	19,991
PPHF-2012 Geriatric Education Centers			93.969	57,000
International Research and Research Training			93.989	464,625
Contract #HHSN268200900047C			93.	2,167,601
Contract #HHSN268201300025C			93.	2,018,944
Contract #HHSN266200400073C			93.	1,295,651
Contract #HHSN272201100016I			93.	1,222,270
Contract #HHSN268201100025C			93.	1,171,092
Contract #N01-HC-95095 OP#1			93.	1,076,214
Contract #HHSN261201200021I			93.	883,606
Contract #HHSN272201300012I			93.	841,942
Contract #HHSN263201200010C			93.	735,007

See accompanying notes to schedule of expenditures of federal awards.

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Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Contract #N01-CN-75022-70			93.	677,602
Contract #HHSN272201100034C			93.	603,389
Contract #HHSN272201100035C			93.	598,145
Contract #FA9101-13-C-0032			93.	579,702
Contract #HHSN272201100037C			93.	563,244
Contract #HHSN268201300026C			93.	503,082
Contract #HHSN268200736191C			93.	453,142
Contract #HHSN272201100038C			93.	349,063
Contract #200-2011-42023			93.	315,013
Contract #HHSN272201100036C			93.	300,793
Contract #N01-HC-95095 OPTION #3			93.	236,974
Contract #HHSN275201300014C			93.	182,891
Contract #N01-AI-30025			93.	124,523
Contract #HHSN272201100038C Opt 1			93.	121,366
Contract #200-2013-56733			93.	45,723
Contract #10IPA 1003334			93.	35,103
Contract #200-2013-M-57455			93.	21,000
Contract #14IPA 1404866			93.	4,124
Contract #200-2011-42023-0002			93.	3,764
Contract #HHSN250201300024I			93.	2,500
Contract #HHSN311201200193P			93.	2,383
Contract #HHSN268200682278C			93.	(41)
Contract #200-2001-00096 TK#9			93.	(481)
Contract #HHSN26620040073C			93.	(44,646)
Unknown #1U10CA180855-01			93.	254,322
Unknown #OAR			93.	31,984
Total Direct				<b>210,447,417</b>
Pass-Through				
Global AIDS	University of North Carolina at Chapel Hill	5U2GFS001421-06	93.067	118,861
Global AIDS	CIDRZ FOUNDATION	1R01A1099601-01	93.067	17,322
Research of the Responsible Conduct of Research (RCR)	University of Florida	ORRIR130004-01-01	93.085	18,397
Research of the Responsible Conduct of Research (RCR)	University of Florida	ORRIR130004	93.085	3,060
Environmental Health	Indiana University	1R01ES021735-01	93.113	79,547
Environmental Health	Wayne State University	1R01ES022606	93.113	67,434

See accompanying notes to schedule of expenditures of federal awards.



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Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Environmental Health	YALE UNIV	1R21ES022875-01	93.113	46,971
Environmental Health	University of South Carolina Research Foundation	1R15ES022409-01	93.113	16,340
Environmental Health	Vivo Biosciences Inc	2R44ES018004-02A1	93.113	8,241
Oral Diseases and Disorders Research	Vista Engineering Inc.	2R42DE019335-03A1	93.121	105,503
Oral Diseases and Disorders Research	UNIVERSITY AT BUFFALO	1RD1DE02267301	93.121	76,188
Oral Diseases and Disorders Research	AGILE SCIENCES INC	2R44DE021312-02	93.121	54,120
Oral Diseases and Disorders Research	UNIVERSITY OF AKRON	1R15DE022664-01	93.121	29,023
Human Genome Research	University of Washington	2R01HG005115-05	93.172	288,331
Human Genome Research	HUDSON ALPHA INSTITUTE FOR BIOTECHNOLOGY	1UM1HG007301-01	93.172	100,137
Research Related to Deafness and Communication Disorders	University of Minnesota	R01DC006452	93.173	30,000
Research Related to Deafness and Communication Disorders	ADVANCED LIQUID LOGIC INC	4R44DC012967-02	93.173	22,730
Research Related to Deafness and Communication Disorders	BAEBIES INC	7R44DC012967	93.173	1,625
Research Related to Deafness and Communication Disorders	The Feinstein Institute for Medical Research	5U01DC007946	93.173	288
Disabilities Prevention	Hemophilia of Georgia Inc	5U27DD000862	93.184	42,689
Disabilities Prevention	Hemophilia of Georgia Inc	1U27DD000862-0	93.184	12,479
Research and Training in Complementary and Alternative Medicine	Massachusetts General Hospital	5U01AT000613	93.213	5,744
National Center on Sleep Disorders Research	California Pacific Med. Ctr. Res. Inst.	5R01HL071194-09	93.233	224,637
Mental Health Research Grants	University of Washington	R01MH098675	93.242	179,758
Mental Health Research Grants	Duke University	5R01-MH086362	93.242	121,088
Mental Health Research Grants	Johns Hopkins University	UM1 AI068632-07	93.242	101,875
Mental Health Research Grants	University of North Carolina at Chapel Hill	IR01MH100970	93.242	101,389
Mental Health Research Grants	University of California in San Francisco	1R01MH102198	93.242	71,654
Mental Health Research Grants	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	R01MH095683	93.242	3,557
Substance Abuse and Mental Hlth Serv_Proj. of Regional/National Sig.	HEALTH SERVICE CENTER	T102320	93.243	53,098
Occupational Safety and Health Program	MARSHFIELD CLINIC RESEARCH FOUNDATION	5R21OH010032-02	93.262	448
Alcohol Research Programs	University of Washington	U01AA020793	93.273	74,242
Alcohol Research Programs	University of Pittsburgh	2R01DA030385-04	93.273	20,046
Alcohol Research Programs	University of Washington	1U01AA020793-01	93.273	(949)
Drug Abuse and Addiction Research Programs	MEDICAL UNIVERSITY OF SOUTH CAROLINA	U10DA013727	93.279	294,600
Drug Abuse and Addiction Research Programs	Virginia Commonwealth University	1R01DA033200-01A1	93.279	64,543
Drug Abuse and Addiction Research Programs	University of Pittsburgh	5R01DA026312-03	93.279	16,687
Drug Abuse and Addiction Research Programs	MEDICAL UNIVERSITY OF SOUTH CAROLINA	3U10DA013727-12	93.279	10,614
Drug Abuse and Addiction Research Programs	University of Pittsburgh	5R01DA034619-02	93.279	1,670
Drug Abuse and Addiction Research Programs	Emory University	RR36-009/4693598	93.279	615
The Affordable Care Act: CDC and Prevention_Investigations	University of Colorado Health Sciences Center	3 U01 IP000475-04S1	93.283	288,908

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b>Department of Health and Human Services, continued</b>				
The Affordable Care Act: CDC and Prevention_ Investigations	NATIONAL AFRICAN AMERICAN TOBACCO PREVENTION NETWORK	1U58DF004975-01	93.283	25,000
Discovery/Applied Res. for Tech. Innovations to Improve Human Health	Indiana University	5R01EB012027-03	93.286	123,206
Discovery/Applied Res. for Tech. Innovations to Improve Human Health	MONTANA STATE UNIVERSITY	1R01EB012027-01A1	93.286	58,853
Discovery/Applied Res. for Tech. Innovations to Improve Human Health	University of Cincinnati	1R21EB016737-01A1	93.286	4,688
Discovery/Applied Res. for Tech. Innovations to Improve Human Health	MICHIGAN TECHNOLOGICAL UNIVERSITY	R03EB014844	93.286	3,801
Minority Health and Health Disparities Research	BAYOU LA BATRE CLINIC	1U54MD008602-01	93.307	272,835
Minority Health and Health Disparities Research	University of Minnesota	1U54MD008620-01	93.307	66,906
Minority Health and Health Disparities Research	JACKSON STATE UNIVERSITY	1P20MD0006899-01	93.307	42,042
Minority Health and Health Disparities Research	University of Texas Health Science Ctr at Houston	5U24MD006941	93.307	19,713
Minority Health and Health Disparities Research	University of Minnesota	1U24MD006970-01	93.307	4,158
Trans-NIH Research Support	University of South Alabama	3R01CA155638-02S1	93.310	46,936
National Center for Advancing Translational Sciences	Vivo Biosciences Inc	1R41TR001009-01A1	93.350	18,050
Research Infrastructure Programs	University of Texas Health Center at San Antonio	5R24OD010933-04	93.351	(14,418)
Nursing Research	University of Maryland	1R01NR012686-01	93.361	108,798
Nursing Research	Northwestern University	1R21NR013660-01	93.361	74,714
Nursing Research	University of Texas Health Science Ctr at Houston	7R21NR011923-03	93.361	51,852
Nursing Research	Duke University	1U24NR014637-01	93.361	20,571
National Center for Research Resources	GEORGIA REGENTS UNIVERSITY	1U01HL117684-01	93.389	85,269
Cancer Cause and Prevention Research	Duke University	1R01CA142081-01A1	93.393	116,930
Cancer Cause and Prevention Research	University of South Alabama	1R01CA155638-01A1	93.393	69,621
Cancer Cause and Prevention Research	Emory University	2U10EY013272-11A1	93.393	57,558
Cancer Cause and Prevention Research	University of Massachusetts Worcester	1R01CA136888-01A1	93.393	24,164
Cancer Cause and Prevention Research	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	1R01CA158271-01A1	93.393	9,767
Cancer Cause and Prevention Research	H. Lee Moffitt Cancer Center & Research Institute	3U54CA153509-03S1	93.393	1,120
Cancer Cause and Prevention Research	University of Southern California	1R01CA134786-01A2	93.393	(19,950)
Cancer Detection and Diagnosis Research	University of California in San Diego	R01CA159954	93.394	13,881
Cancer Detection and Diagnosis Research	University of Louisville Research Foundation, Inc	1R15CA173693-01	93.394	8,648
Cancer Treatment Research	University of California in San Diego	1R01CA148791-02	93.395	165,405
Cancer Treatment Research	Eastern Cooperative Oncology Group	CA21115	93.395	127,202
Cancer Treatment Research	Southeastern Gynecologic Oncology	27469-02	93.395	122,130
Cancer Treatment Research	Children's Hospital of Philadelphia	UM1CA097452	93.395	58,188
Cancer Treatment Research	Duke University	CA31946	93.395	54,892
Cancer Treatment Research	Eastern Cooperative Oncology Group	U10CA21115	93.395	49,005
Cancer Treatment Research	Albert Einstein College of Medicine of Yeshiva U	1R01CA174634-01A1	93.395	47,710
Cancer Treatment Research	Oregon Health & Sciences University	7U10CA032102-35	93.395	45,534

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Cancer Treatment Research	Children's Hospital of Philadelphia	U10CA098543	93.395	43,602
Cancer Treatment Research	Johns Hopkins University	U01CA137443-01	93.395	39,078
Cancer Treatment Research	University of North Carolina at Chapel Hill	7D43CA153784-03	93.395	35,944
Cancer Treatment Research	University of Wisconsin in Madison	1R01CA139872-01A1	93.395	17,022
Cancer Treatment Research	Duke University	1R01CA164751-01A1	93.395	14,236
Cancer Treatment Research	Albert Einstein College of Medicine of Yeshiva U	R01CA174634	93.395	10,208
Cancer Treatment Research	NRG ONCOLOGY INC	1U10CA180868-01	93.395	7,580
Cancer Treatment Research	The Gynecologic Oncology Group	CA27469-33	93.395	4,572
Cancer Treatment Research	Children's Hospital of Philadelphia	U10CA095861	93.395	4,434
Cancer Treatment Research	Children's Hospital of Philadelphia	5 U10 CA98543-04	93.395	3,095
Cancer Treatment Research	St. Jude Children's Research Hospital	2U24CA055727-18	93.395	1,460
Cancer Treatment Research	Southwest Oncology Group	CA32102	93.395	489
Cancer Biology Research	Cedars-Sinai Medical Center	5P01CA098912-07	93.396	206,044
Cancer Biology Research	HEALTH RESEARCH INC	1R21CA16457201	93.396	47,082
Cancer Biology Research	MICHIGAN STATE UNIVERSITY	R21CA1715251	93.396	34,981
Cancer Centers Support Grants	Johns Hopkins University	5P50CA098252	93.397	741,414
Cancer Centers Support Grants	University of New Mexico	U54CA164336-01	93.397	18,761
Cancer Centers Support Grants	University of New Mexico	5U54CA164336-04	93.397	5,985
Cancer Centers Support Grants	THE METHODIST HOSPITAL RESEARCH INST	U54CA143837-05	93.397	5,871
Cancer Centers Support Grants	Johns Hopkins University	5P50CA098252-07	93.397	3,340
Cancer Control	Mayo Clinic Rochester	5U10CA149950-03	93.399	14,583
PPHF 2012 National Public Health Improvement Initiative	Alabama Dept of Public Health	5U58CD001273-04	93.507	72,953
Children's Health Insurance Program	Alabama Dept of Public Health	7500515	93.767	322,300
Cardiovascular Diseases Research	University of Louisville Research Foundation, Inc	2P01HL078825-06	93.837	222,834
Cardiovascular Diseases Research	Elgavish Paramagnetics Inc	2R42HL084844-02A1	93.837	212,778
Cardiovascular Diseases Research	University of Texas Health Center at Tyler	R18HL092955	93.837	189,734
Cardiovascular Diseases Research	University of Washington	5U01HL077863-10	93.837	162,117
Cardiovascular Diseases Research	University of California in Davis	2P01HL08101	93.837	142,206
Cardiovascular Diseases Research	University of Texas Health Science Ctr at Houston	5U01HL077863-10	93.837	139,594
Cardiovascular Diseases Research	University of Minnesota	5R01HL053560-14	93.837	72,824
Cardiovascular Diseases Research	University of Cincinnati	2R01HL067093-10	93.837	66,245
Cardiovascular Diseases Research	University of Washington	5R01HL103612-03	93.837	57,304
Cardiovascular Diseases Research	Medical College of Wisconsin	1U01HL107437	93.837	47,368
Cardiovascular Diseases Research	Vanderbilt University	7R02HL098445-05	93.837	32,159
Cardiovascular Diseases Research	Columbia University in the City of New York	5P01HL088117-05	93.837	17,414

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Cardiovascular Diseases Research	Vanderbilt University	7K23HL087114-06	93.837	13,533
Cardiovascular Diseases Research	University of Michigan	U01HL094345	93.837	12,674
Cardiovascular Diseases Research	Boston University Medical Campus	P01HL081587-08A1	93.837	12,551
Cardiovascular Diseases Research	Columbia University in the City of New York	1 R01 HL117832-01A1	93.837	11,890
Cardiovascular Diseases Research	Brigham & Womens Hospital	5U01HL101422	93.837	10,438
Cardiovascular Diseases Research	University of Louisville Research Foundation, Inc	1R15HL115556-01A1	93.837	9,794
Cardiovascular Diseases Research	University of Washington	5U01HL077863-09	93.837	7,889
Cardiovascular Diseases Research	Boston University Medical Campus	5PO1 HL081587-06A1	93.837	7,756
Cardiovascular Diseases Research	Fred Hutchinson Cancer Research Center	5R01HL05065	93.837	7,394
Cardiovascular Diseases Research	University of Washington	5R01HL103612-04	93.837	2,557
Cardiovascular Diseases Research	New York University Medical School	U01HL105907	93.837	1,705
Cardiovascular Diseases Research	Beth Israel Deaconess Medical Center	5R01HL091757-02	93.837	146
Cardiovascular Diseases Research	Johns Hopkins University	1R34HL108756-02 REVISED	93.837	(200)
Cardiovascular Diseases Research	Fred Hutchinson Cancer Research Center	5 R01HL05065-03	93.837	(718)
Cardiovascular Diseases Research	Medical College of Wisconsin	1U01HL107437-01	93.837	(970)
Lung Diseases Research	National Jewish Medical and Research Center	2R01HL089897	93.838	141,886
Lung Diseases Research	REGENTS OF THE UNIVERSITY OF MINNESOTA	U01HL074424	93.838	105,135
Lung Diseases Research	Brigham & Womens Hospital	5U01HL102225-03	93.838	51,744
Lung Diseases Research	Duke University	012	93.838	46,365
Lung Diseases Research	University of Pennsylvania	5U01HL086622-05	93.838	20,000
Lung Diseases Research	SYNEDGEN INC	1R43HL118867-01	93.838	17,386
Lung Diseases Research	Northwestern University	R01HL122477	93.838	5,078
Lung Diseases Research	Brigham & Womens Hospital	1R01HL107246	93.838	2,987
Lung Diseases Research	University of Pennsylvania	5U01HL086622-03	93.838	58
Lung Diseases Research	Medical College of Wisconsin	5R01HL095410-02	93.838	(595)
Lung Diseases Research	Johns Hopkins University	R01HL68927	93.838	(695)
Blood Diseases and Resources Research	Childrens Hospital Medical Center Cincinnati OH	R01HL095647	93.839	94,141
Blood Diseases and Resources Research	University of Pennsylvania	5R01HL066176-10	93.839	32,958
Blood Diseases and Resources Research	Children's Hospital of Philadelphia	P01HL064190	93.839	25,440
Blood Diseases and Resources Research	Baylor College of Medicine	5R01HL095647-04	93.839	(819)
Arthritis, Musculoskeletal and Skin Diseases Research	University of Washington	1U01AR057954-04	93.846	255,572
Arthritis, Musculoskeletal and Skin Diseases Research	University of North Carolina at Chapel Hill	5R01AR060852-03	93.846	69,024
Arthritis, Musculoskeletal and Skin Diseases Research	Boston University Medical Campus	5R01AR062506-01A1	93.846	50,049
Arthritis, Musculoskeletal and Skin Diseases Research	Boston University Medical Campus	5P60AR047785-12	93.846	39,287
Arthritis, Musculoskeletal and Skin Diseases Research	Johns Hopkins University	1R21AR062269-01A1	93.846	27,302

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Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Arthritis, Musculoskeletal and Skin Diseases Research	California Pacific Med. Ctr. Res. Inst.	1R01AR065268-01A1	93.846	5,603
Arthritis, Musculoskeletal and Skin Diseases Research	Boston University Medical Campus	2P60AR047785-12	93.846	3,031
Arthritis, Musculoskeletal and Skin Diseases Research	Childrens Hospital Medical Center Cincinnati OH	5P60AR047784-08	93.846	57
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Texas at Austin	5R01DK062148	93.847	366,132
Diabetes, Digestive, and Kidney Diseases Extramural Research	The George Washington University	1U01DK098246	93.847	337,776
Diabetes, Digestive, and Kidney Diseases Extramural Research	FAST BioMedical	1R44DK093274-01 REVISED	93.847	248,839
Diabetes, Digestive, and Kidney Diseases Extramural Research	Mount Sinai School of Medicine	5U54DK083909-05	93.847	162,238
Diabetes, Digestive, and Kidney Diseases Extramural Research	Cleveland Clinic Foundation	5U01DK082236-05	93.847	157,608
Diabetes, Digestive, and Kidney Diseases Extramural Research	BRIGHTOUTCOME INC	1R43DK097972-01	93.847	112,578
Diabetes, Digestive, and Kidney Diseases Extramural Research	Pennington Biomedical Research Center	9R01DK089641	93.847	99,030
Diabetes, Digestive, and Kidney Diseases Extramural Research	GEORGIA REGENTS UNIVERSITY	3U24DK076169-08S4	93.847	93,072
Diabetes, Digestive, and Kidney Diseases Extramural Research	Washington University in St Louis	5U01DK082315-05	93.847	89,731
Diabetes, Digestive, and Kidney Diseases Extramural Research	Kaiser Foundation Research Institute	R01 DK084997-01A1	93.847	85,577
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Texas at Austin	3R01DK062148-10S1	93.847	77,561
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Texas Southwestern Medical Center	U01DK058369	93.847	68,503
Diabetes, Digestive, and Kidney Diseases Extramural Research	YALE UNIV	U01-DK58229	93.847	68,358
Diabetes, Digestive, and Kidney Diseases Extramural Research	Cleveland Clinic Foundation	5U01DK082236	93.847	62,113
Diabetes, Digestive, and Kidney Diseases Extramural Research	Mayo Clinic Rochester	5U54DK083908-05	93.847	56,555
Diabetes, Digestive, and Kidney Diseases Extramural Research	Mayo Clinic Rochester	2 U01 DK056957	93.847	51,342
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of California in San Diego	5R01DK084063-04	93.847	50,000
Diabetes, Digestive, and Kidney Diseases Extramural Research	Emory University	1DP3DK094346-01	93.847	40,794
Diabetes, Digestive, and Kidney Diseases Extramural Research	New England Research Institute	U01DK058229-10	93.847	37,925
Diabetes, Digestive, and Kidney Diseases Extramural Research	The Children's Mercy Hospital	2U01DK066143-11	93.847	24,309
Diabetes, Digestive, and Kidney Diseases Extramural Research	Mayo Clinic Rochester	U01 DK056957	93.847	22,659
Diabetes, Digestive, and Kidney Diseases Extramural Research	Wake Forest University School of Medicine	R01DK83527	93.847	9,018
Diabetes, Digestive, and Kidney Diseases Extramural Research	Childrens Hospital Medical Center Cincinnati OH	5UM1DK072493-09	93.847	7,761
Diabetes, Digestive, and Kidney Diseases Extramural Research	Columbia University in the City of New York	5R01DK052431-18	93.847	7,544
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Alaska in Fairbanks	1R01DK074842-01A1	93.847	7,189
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Pittsburgh	1R01DK77906-01A2	93.847	5,624
Diabetes, Digestive, and Kidney Diseases Extramural Research	Childrens Hospital Medical Center Cincinnati OH	5R01DK080020-06	93.847	5,577
Diabetes, Digestive, and Kidney Diseases Extramural Research	Johns Hopkins University	5U01DK062431-12	93.847	2,855
Diabetes, Digestive, and Kidney Diseases Extramural Research	Mount Sinai School of Medicine	5U54DK083909-03	93.847	2,793
Diabetes, Digestive, and Kidney Diseases Extramural Research	Childrens Hospital Medical Center Cincinnati OH	5UM1DK072493-07	93.847	1,303
Diabetes, Digestive, and Kidney Diseases Extramural Research	DISCOVERY BIOMED INC	2R44DK084658-02A1	93.847	1,267
Diabetes, Digestive, and Kidney Diseases Extramural Research	Wayne State University	2U01DK074062-06	93.847	223

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Diabetes, Digestive, and Kidney Diseases Extramural Research	University of Pennsylvania	5R01DK089738-05	93.847	(147)
Diabetes, Digestive, and Kidney Diseases Extramural Research	The George Washington University	1U01DK098246-01	93.847	(583)
Diabetes, Digestive, and Kidney Diseases Extramural Research	ADVANCED DATA SYSTEMS	1R43DK083857-01	93.847	(3,282)
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	UMDNJ/Rutgers	2R01NS038384-12	93.853	493,815
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	University of Chicago	1U01NS069997-03	93.853	301,628
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Massachusetts General Hospital	2P50S037409-10A1	93.853	252,976
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Johns Hopkins University	7R01NS075047-02	93.853	241,241
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Mount Sinai School of Medicine	5U01NS045719-07	93.853	188,902
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	CHILDRENS HOSPITAL BOSTON	U01NS082320	93.853	178,028
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	University of British Columbia	2 U01 NS038529-09	93.853	162,268
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	CHILDRENS HOSPITAL BOSTON	5U01NS082320-02	93.853	96,194
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Johns Hopkins University	5U01NS062851-03	93.853	83,249
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	University of Florida	R01NS073346	93.853	73,845
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Medical College of Wisconsin	5R01NS035929-12	93.853	64,269
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Emory University	2U01NS038455-11A1	93.853	50,491
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	University of Wisconsin in Madison	5P01NS042803-09	93.853	29,389
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	R01NS071463	93.853	29,334
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	University of California in San Francisco	1U01NS058634-01A2	93.853	28,278
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Arizona State University	7R01NS061846-04	93.853	25,093
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Childrens Hospital Medical Center Cincinnati OH	5U01NS045911	93.853	14,494
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Medical College of Wisconsin	R01NS035929-13	93.853	14,204
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	MEDICAL UNIVERSITY OF SOUTH CAROLINA	1U01NS058728-01A1	93.853	10,200
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Johns Hopkins University	1U01NS080824-01A1	93.853	10,163
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	REGENTS OF THE UNIVERSITY OF MINNESOTA	1U01NS062091-01A2	93.853	8,523
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	BOSTON MEDICAL CENTER	1R01NS070307-01A1	93.853	8,296
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Childrens Hospital Medical Center Cincinnati OH	5R01NS065840-04	93.853	7,253
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Childrens Hospital Medical Center Cincinnati OH	2U01NS045911-06A2	93.853	3,635
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	UMDNJ/Rutgers	R01 NS38384	93.853	3,235
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Washington University in St Louis	5U01NS042804-06	93.853	761
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	University of California in San Diego	P50NS044148-07	93.853	(607)
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	Medical College of Wisconsin	5R01NS035929-11	93.853	(1,798)
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	YALE UNIV	2U01NS044876-06	93.853	(10,798)
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	THE UNIVERSITY OF CALIFORNIA	R01NS053998	93.853	(16,388)
Extramural Rsrch Prgms in Neurosciences and Neurological Disorders	CHILDRENS HOSPITAL BOSTON	1U01NS082320-01	93.853	(42,277)
Allergy, Immunology and Transplantation Research	Emory University	1U01AI084150	93.855	628,490

See accompanying notes to schedule of expenditures of federal awards.

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Allergy, Immunology and Transplantation Research	Emory University	5P01A1078907-04	93.855	448,078
Allergy, Immunology and Transplantation Research	Emory University	2R01A1064060-06A1	93.855	330,431
Allergy, Immunology and Transplantation Research	University of California in Davis	1R01A1097629-01	93.855	303,185
Allergy, Immunology and Transplantation Research	OKLAHOMA MEDICAL RESEARCH FOUNDATION	1P01A1083194-01	93.855	249,126
Allergy, Immunology and Transplantation Research	University of California in Davis	2R56A1049342-10A1	93.855	248,314
Allergy, Immunology and Transplantation Research	Brigham & Womens Hospital	7UM1A1068636	93.855	218,238
Allergy, Immunology and Transplantation Research	Florida State University	1P01A1074805-01A1/FSU#227000-520-023294	93.855	182,359
Allergy, Immunology and Transplantation Research	Fred Hutchinson Cancer Research Center	5U01A1068614	93.855	163,556
Allergy, Immunology and Transplantation Research	Duke University	5U19A1067854	93.855	159,463
Allergy, Immunology and Transplantation Research	University of Minnesota	1U19A1070119-07	93.855	157,541
Allergy, Immunology and Transplantation Research	University of Pennsylvania	5U01A1082211-05	93.855	124,590
Allergy, Immunology and Transplantation Research	Southern Research Institute	1R21A1101924	93.855	123,188
Allergy, Immunology and Transplantation Research	Tulane University	1R01A1097080-02	93.855	118,693
Allergy, Immunology and Transplantation Research	Brigham & Womens Hospital	7UM1A1068636-07	93.855	110,643
Allergy, Immunology and Transplantation Research	University of North Carolina at Chapel Hill	5U54-A157157-11	93.855	89,334
Allergy, Immunology and Transplantation Research	Emory University	R01A1064060-10	93.855	83,863
Allergy, Immunology and Transplantation Research	Fred Hutchinson Cancer Research Center	2UM1A1068614-08	93.855	70,053
Allergy, Immunology and Transplantation Research	Fred Hutchinson Cancer Research Center	5UM1A1068614-07	93.855	62,448
Allergy, Immunology and Transplantation Research	University of Georgia	1R21A1096364-01A1	93.855	58,812
Allergy, Immunology and Transplantation Research	Johns Hopkins University	1 U01 A1069918-08	93.855	57,145
Allergy, Immunology and Transplantation Research	Albert Einstein College of Medicine of Yeshiva U	1R01-A1097096-01A1	93.855	49,224
Allergy, Immunology and Transplantation Research	ACTUATED MEDICAL INC	2R44A1080335-02A1	93.855	46,392
Allergy, Immunology and Transplantation Research	Microbiotix, Inc	2R44A1082799	93.855	42,194
Allergy, Immunology and Transplantation Research	Georgia State University	7R01A1071002-07	93.855	40,951
Allergy, Immunology and Transplantation Research	THERAPEUTICS SYSTEMS RESEARCH LAB	1R43A100401-01A1	93.855	37,113
Allergy, Immunology and Transplantation Research	University of Texas at El Paso	1R01A1102663-01	93.855	31,303
Allergy, Immunology and Transplantation Research	Duke University	1UM1A100645	93.855	28,737
Allergy, Immunology and Transplantation Research	Microbiotix, Inc	1 R43 DE023005	93.855	26,785
Allergy, Immunology and Transplantation Research	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	1R01A1097629	93.855	25,600
Allergy, Immunology and Transplantation Research	Albert Einstein College of Medicine of Yeshiva U	R01A11097096	93.855	21,281
Allergy, Immunology and Transplantation Research	University of North Carolina at Chapel Hill	7UM1A1069455-06	93.855	19,044
Allergy, Immunology and Transplantation Research	Microbiotix, Inc	2R44A1072861	93.855	14,977
Allergy, Immunology and Transplantation Research	GEORGIA REGENTS UNIVERSITY	5U01A1083005-05	93.855	11,405
Allergy, Immunology and Transplantation Research	Johns Hopkins University	1 U01A1109657-01	93.855	11,281
Allergy, Immunology and Transplantation Research	Johns Hopkins University	5U01A1069918-09	93.855	9,282

See accompanying notes to schedule of expenditures of federal awards.

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b>Department of Health and Human Services, continued</b>				
Allergy, Immunology and Transplantation Research	Social & Scientific Systems Inc	UM1 A1068636-06	93.855	3,386
Allergy, Immunology and Transplantation Research	Emory University	U01A1084150-01	93.855	1,511
Allergy, Immunology and Transplantation Research	GEORGE MASON UNIVERSITY	2R01A10043894-11A2	93.855	1,134
Allergy, Immunology and Transplantation Research	Brigham & Womens Hospital	5UM1A1068636-07	93.855	345
Allergy, Immunology and Transplantation Research	University of Texas at El Paso	5R01A1077413-02	93.855	135
Allergy, Immunology and Transplantation Research	Children's Hospital of Philadelphia	U54A1082973	93.855	118
Allergy, Immunology and Transplantation Research	University of Minnesota	1 U19 A1070119-07	93.855	(14)
Allergy, Immunology and Transplantation Research	University of California in Davis	2R56A1049342-10	93.855	(51,104)
Biomedical Research and Research Training	University of Illinois at Chicago	R01GM096191-03	93.859	118,867
Biomedical Research and Research Training	University of Pittsburgh	5PS50GM082251-07	93.859	71,701
Biomedical Research and Research Training	Technion (Israel Institute of Technology) R& D Foundation	4R01GM094792-04	93.859	70,679
Biomedical Research and Research Training	SOLUBLE THERAPEUTICS, LLC	2R42GM088958-02	93.859	65,933
Biomedical Research and Research Training	Technion (Israel Institute of Technology) R& D Foundation	4R01GM094792-03	93.859	59,238
Biomedical Research and Research Training	University of Pittsburgh	5P50GM076659-05	93.859	2,941
Biomedical Research and Research Training	University of Illinois at Chicago	1R01GM096191-03	93.859	(1,247)
Biomedical Research and Research Training	University of Pittsburgh	2P50GM082251-06	93.859	(4,336)
Population Research	YALE UNIV	5U10HD055925-04	93.864	(164)
Child Health and Human Development Extramural Research	The George Washington University	U10HD036801	93.865	387,062
Child Health and Human Development Extramural Research	RTI International	5U10HD034216-15	93.865	384,382
Child Health and Human Development Extramural Research	Harvard School of Public Health	U01HD052102	93.865	332,091
Child Health and Human Development Extramural Research	University of North Carolina at Greensboro	1R15HD071431-01A1	93.865	99,506
Child Health and Human Development Extramural Research	Pennsylvania State University (The)	1R01HD066982-01	93.865	78,260
Child Health and Human Development Extramural Research	University of North Carolina at Chapel Hill	1R01HD061622-01A1	93.865	74,031
Child Health and Human Development Extramural Research	University of Maryland	1R01HD067126	93.865	33,461
Child Health and Human Development Extramural Research	University of Utah	5K12HD047349	93.865	33,146
Child Health and Human Development Extramural Research	University of Maryland	R01HD067126	93.865	33,116
Child Health and Human Development Extramural Research	Oregon Health & Sciences University	1R01HD0696910-01A1	93.865	26,748
Child Health and Human Development Extramural Research	University of Wisconsin in Madison	1R01HD071089-01A1	93.865	10,319
Child Health and Human Development Extramural Research	University of Utah	5K12HD047349-09	93.865	5,969
Child Health and Human Development Extramural Research	University of Texas Medical Branch	5U10HD047891-10	93.865	752
Child Health and Human Development Extramural Research	University of Utah	5U10HD034208-20S	93.865	279
Aging Research	University of Southern California	1R01AG037561-01A1	93.866	465,156
Aging Research	University of Iowa	1R01AG033035-01A2	93.866	391,157
Aging Research	University of Florida	9R01AG033906-06	93.866	196,139
Aging Research	University of Pennsylvania	3U01AG030644-02S3	93.866	163,310

See accompanying notes to schedule of expenditures of federal awards.



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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Aging Research	Alzheimer's Disease Cooperative Study	2U01AG24904-06	93.866	119,805
Aging Research	University of Kentucky Research Foundation	1R01AG034605	93.866	94,597
Aging Research	University of California in San Diego	5R01AG030048	93.866	66,874
Aging Research	University of Pennsylvania	1R01AG037679-01A1	93.866	21,402
Aging Research	Wake Forest University School of Medicine	R224AG044325	93.866	16,028
Aging Research	University of Pittsburgh	1R01AG045176-01	93.866	6,774
Aging Research	University of Louisville Research Foundation, Inc	5R01AG024040-03	93.866	(61)
Vision Research	University of California in San Diego	1R01EY019869-01	93.867	322,048
Vision Research	New York University	5R01EY021470-03	93.867	81,160
Vision Research	Vanderbilt University	R01HL098445	93.867	33,756
Vision Research	University of California in San Diego	1R01EY023704-01	93.867	30,872
Vision Research	St Lukes Roosevelt Hospital Center	1U10EY017281-01A1	93.867	17,363
Vision Research	Wake Forest University School of Medicine	R01HL098445	93.867	1,852
Vision Research	Duke University	1R01EY019126-01	93.867	(2,173)
HIV Prevention Activities_Health Department Based	Alabama Dept of Public Health	1U62PS003632-02 PS12-1201	93.940	321,559
HIV Prevention Activities_Health Department Based	Alabama Dept of Public Health	1U62PS003632-01 PS12-1201	93.940	193,171
Tuberculosis Demonstration, Research, Public and Professional Ed.	CENTRE FOR INFECTIOUS DISEASE RESEARCH IN ZAMBIA	3U2GGH000226-02S1	93.947	106,675
International Research and Research Training	UNIV OF ZAMBIA SCH OF MED	1R24TW008873-03	93.989	23,552
International Research and Research Training	THE FLORIDA INTL UNIVERSITY OF BOARD OF TRUSTEES	1D43TW009125-01	93.989	23,047
International Research and Research Training	University of Washington	5U2TW007374-02	93.989	19,834
International Research and Research Training	NATIONAL INSTITUTE OF HEALTH SCEINCES,SRI LANKA	1R01TW009401-01	93.989	4,222
Contract	University of Rochester	HHSN27220120000SC	93.	328,507
Contract	Bavarian Nordic A/S	HHS0100200700034C	93.	232,332
Contract	MICHIGAN STATE UNIVERSITY	DRL-1404467	93.	226,672
Contract	Westat Corporation	HHSN275201300003C	93.	187,591
Contract	Massachusetts General Hospital	HHSN271201100006I	93.	141,334
Contract	Wake Forest University School of Medicine	HHSN26800900019 C	93.	113,571
Contract	Westat Corporation	N01-DH-3-3345	93.	84,960
Contract	University of Cincinnati	HHSF223201110112A	93.	84,307
Contract	University of Rochester	HHSN27221200005C	93.	59,117
Contract	University of Wisconsin in Madison	N01-CN-35153	93.	58,620
Contract	STEEL FOUNDER'S SOCIETY OF AMERICA	CAST-008	93.	56,285
Contract	Southern Research Institute	N01-CO-12400	93.	49,475
Contract	Vivo Biosciences Inc	HHSN261201300026C	93.	44,166
Contract	Washington University in St Louis	HHSN261201000061C	93.	42,831

See accompanying notes to schedule of expenditures of federal awards.

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<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Contract	REGENTS OF THE UNIVERSITY OF MINNESOTA	200-2012-52155	93.	36,373
Contract	RAND Corporation	HHSM-500-2005-000281	93.	34,703
Contract	University of Illinois at Chicago	200-2011-40306	93.	33,121
Contract	Duke University	HHSN-2752010000031	93.	27,871
Contract	University of California in San Francisco	N01-AI-15416	93.	26,185
Contract	Duke University	HHSN2902010000071	93.	26,178
Contract	University of Texas Southwestern Medical Center	HHSN268201200019C	93.	22,138
Contract	ICF INCORPORATED LLC	HHSN316201200028W	93.	20,226
Contract	Abt Associates Inc	HHSN290201000031I	93.	19,541
Contract	University of Chicago	HHSN275201200004I	93.	14,230
Contract	Duke University	HHSN272200900023C	93.	12,585
Contract	Altarum Institute	HHSN268200900114U/GS-10F-0261K	93.	10,422
Contract	Altarum Institute	GS-10F-026/HHSN271201100111U	93.	10,225
Contract	United Soybean Board	1440-513-5299	93.	3,307
Contract	University of Texas Southwestern Medical Center	N01-HB-07159	93.	3,088
Contract	University of California in San Francisco	HHSN266200400074C	93.	2,578
Contract	University of Michigan	NHBL-HV-10-14/HHSN268201100026C	93.	2,373
Contract	University of Pennsylvania	HHSN268200800003C	93.	1,653
Contract	Children's Hospital of Philadelphia	HHSN261200800001E	93.	1,031
Contract	Duke University	HHSN-275201000003I	93.	1,027
Contract	Duke University	HHSN2752010000031	93.	205
Contract	Westat Corporation	HHSN261201100008C	93.	77
Contract	Duke University	HHSN272201100025C	93.	71
Contract	New England Research Institute	N01HC45207	93.	(2,895)
Contract	University of California in San Francisco	HHSN266200400074C	93.	(12,484)
Contract	University of California in San Francisco	N01-AI-40074	93.	(19,356)
Unknown	Alabama Dept of Children's Affairs	HVCE 2014-F100	93.	332,215
Unknown	University of Texas Health Science Ctr at Houston	U01HL077863-06S2	93.	296,151
Unknown	RTI International	1U01HD069031	93.	247,243
Unknown	RADIATION MONITORING DEVICES INC	2R44EY019197-02	93.	194,879
Unknown	William Beaumont Hospital	R01AG043383	93.	187,794
Unknown	Alabama Dept of Public Health	BRFSS 2013-2014	93.	177,200
Unknown	LEGACY RESEARCH	R01EY011610	93.	153,515
Unknown	Georgetown University	U10HD036801	93.	117,220
Unknown	CHILDREN'S HOSPITAL LOS ANGELES	UNK	93.	114,802

See accompanying notes to schedule of expenditures of federal awards.

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Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Unknown	Wake Forest University School of Medicine	U01AG029824	93.	86,447
Unknown	Children's Hospital of Philadelphia	U10CA098543	93.	81,585
Unknown	American College of Radiology	U10CA21661	93.	62,692
Unknown	American College of Radiology	CA80098	93.	62,065
Unknown	Alabama Dept of Public Health	1U58DP003854-01	93.	58,742
Unknown	Alabama Dept of Public Health	1U58DP004849-01	93.	41,721
Unknown	University of Wisconsin in Madison	N01CN05014-69	93.	29,576
Unknown	University of South Florida	U01 DK061055	93.	23,103
Unknown	Johns Hopkins University	U01CA137443-01	93.	22,449
Unknown	University of Maryland	1U01NS069208-01	93.	19,440
Unknown	University of Minnesota	5K23DK087919-04	93.	6,455
Unknown	Brigham & Womens Hospital	2UM1A1068636-08	93.	6,210
Unknown	Massachusetts General Hospital	1U10NS077420	93.	6,179
Unknown	Social & Scientific Systems Inc	BRS-IPHRM-S-08-00056	93.	5,474
Unknown	Emory University	U54NS065701	93.	4,459
Unknown	University of California in San Diego	CTA-12-UAB-(NGF)M-001DCS	93.	3,119
Unknown	University of Pittsburgh	1U01NS081041-01A1	93.	3,000
Unknown	EMMES Corporation	1U01NS026835-01A1	93.	2,484
Unknown	Duke University	NONE	93.	400
Unknown	University of California Los Angeles	1R21AR057913-01	93.	176
Unknown	Alabama Dept of Public Health	5U58DP004849-02	93.	111
Unknown	NEW ENGLAND RESEARCH INSTITUTES INC	U01DK58234	93.	(1,637)
Unknown	The Children's Mercy Hospital	04-0023	93.	(2,044)
Unknown	Johns Hopkins University	U01CA137443	93.	(3,381)
Total Pass-Through				<b>26,794,639</b>
ARRA Direct				
			93.715	(889)
			93.715	(26,335)
Total ARRA Direct				<b>(27,224)</b>
ARRA Pass-Through				
	Ohio State University Research Foundation	RC2AR058950	93.701	29,718
	YALE UNIV	3U10HD055925-02S1REVISED	93.701	20,889
	American College of Radiology	1R01HS019403-01	93.701	7,142

See accompanying notes to schedule of expenditures of federal awards.

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Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>RESEARCH AND DEVELOPMENT CLUSTER, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
ARRA - JHU ABTC 0903	Johns Hopkins University	U01CA137433	93.701	2,570
ARRA - PITT 9004641, PROJ: 116858-7	University of Pittsburgh	3P50GM076659-04S1	93.701	1,856
ARRA - DUKE 203-0666	Duke University	1UC4NR012584	93.701	177
ARRA - VUMC 40572	Vanderbilt University	1RC4MH092755-01	93.701	(868)
ARRA - UCSD CTA#12-UAB ADNI-GO	THE REGENTS OF THE UNIVERSITY OF CALIFORNIA	1RC-2AG036535-01	93.701	(7,982)
ARRA - 4213/ACCT#432843/ORG10535	Rutgers, The State University of New Jersey	1R01HS020097-01	93.715	4,857
ARRA - 217197	Massachusetts General Hospital	R01HS019371	93.715	463
ARRA - ADPH C00113269	Alabama Dept of Public Health	GC#10-469/C00113269	93.724	(15,900)
ARRA - MJSC10-116	MEDICAL UNIVERSITY OF SOUTH CAROLINA	HHSN75200800014C	93.	2,814
Total ARRA Pass-Through				<u>45,736</u>
Total Department of Health and Human Services				<b>237,260,568</b>
<b><u>Corporation for National and Community Services</u></b>				
Direct				
Contract #HHSN2722010000271			94.	462,541
Contract #HHSN272201000027			94.	1,292
Total Direct				<u>463,833</u>
Pass-Through				
Social Innovation Fund	AIDS UNITED	NONE	94.019	354,389
Total Pass-Through				<u>354,389</u>
Total Corporation for National and Community Services				<b>818,222</b>
<b><u>U. S. Agency for International Development</u></b>				
Pass-Through				
USAID Foreign Assistance for Programs Overseas	Population Council Inc	GPO-A-00-00019	98.001	113,659
USAID Dev. Partnerships for University Cooperation and Development	University of Georgia	ECCA00070000100	98.012	1,056
Total Pass-Through				<u>114,715</u>
Total U. S. Agency for International Development				<b>114,715</b>
<b>TOTAL RESEARCH AND DEVELOPMENT CLUSTER</b>				<b>273,643,525</b>

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<b>STUDENT FINANCIAL AID CLUSTER</b>				
<b><u>Department of Education</u></b>				
Direct				
Federal Supplemental Education Opportunity Grant			84.007	924,089
Federal Work-Study Program			84.033	1,015,004
Federal Pell Grant			84.063	17,539,067
Direct Student Loans			84.268	132,819,504
Teacher Ed. Assistance for College and Higher Ed. Grants (TEACH)			84.379	67,629
Total Direct				<u>152,365,293</u>
Total Department of Education				<b>152,365,293</b>
<b><u>Department of Health and Human Services</u></b>				
Direct				
Nurse Faculty Loan Program			93.264	390,533
Schlp for Hlth Professions Students from Disadvantaged Backgrounds			93.925	1,058,830
Total Direct				<u>1,449,363</u>
Total Department of Health and Human Services				<b>1,449,363</b>
<b>TOTAL STUDENT FINANCIAL AID CLUSTER</b>				<b>153,814,656</b>
<b>HEALTH CARE INNOVATION AWARDS</b>				
<b><u>Department of Health and Human Services</u></b>				
Direct				
Health Care Innovation Awards (HCIA)			93.610	4,721,602
Total Direct				<u>4,721,602</u>
Pass-Through				
Health Care Innovation Awards (HCIA)	Alabama Quality Assurance Foundation	1E1CMS331087-01-00	93.610	183,681
Health Care Innovation Awards (HCIA)	FOUNDATION FOR CALIFORNIA COMMUNITY COLLEGES	TC-006-13	93.610	124,085
Health Care Innovation Awards (HCIA)	CITY COLLEGE OF SAN FRANCISCO	FIO-120927-B4-B	93.610	28,399
Total Pass-Through				<u>336,165</u>
Total Department of Health and Human Services				<b>5,057,767</b>
<b>TOTAL HEALTH CARE INNOVATION AWARDS</b>				<b>5,057,767</b>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>HEAD START</b>				
<b><u>Department of Health and Human Services</u></b>				
Direct				
Head Start			93.600	873,992
Total Direct				<u>873,992</u>
Total Department of Health and Human Services				<b>873,992</b>
<b>TOTAL HEAD START</b>				<b>873,992</b>
<b>OTHER PROGRAMS</b>				
<b><u>Department of Agriculture</u></b>				
Direct				
Scientific Cooperation and Research			10.961	19,880
Total Direct				<u>19,880</u>
Pass-Through				
Child and Adult Care Food Program	Alabama Dept of Education	ADS-0000	10.558	17,049
Total Pass-Through				<u>17,049</u>
Total Department of Agriculture				<b>36,929</b>
<b><u>Department of Defense</u></b>				
Direct				
Contract - Post 9/11 GI Bill			12	3,589,447
Contract - Air Force Unknown			12	584,232
Contract - Navy Unknown			12	571,773
Contract - Go Army			12	198,250
Contract - Health Profession Students			12	131,902
Contract #FA4417-11-P-R045			12	91,049
Contract - Coast Guard Unknown			12	64,598
Contract - Medical Department Center and School			12	29,671
Contract - Army Corp of Engineers			12	19,772
Total Direct				<u>5,280,694</u>
Pass-Through				
Comp. Grants:Promoting K-12 Student Achv at Mltry-Connected Schls	SUMTER SCHOOL DISTRICT	HE1254-12-1-0008	12.556	6,953
Total Pass-Through				<u>6,953</u>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>OTHER PROGRAMS, CONTINUED</b>				
<b><u>Department of Defense, continued</u></b>				
Total Department of Defense				<b>5,287,647</b>
<b><u>Department of Housing and Urban Development</u></b>				
Direct				
Supportive Housing Program				14.235 488,941
Total Direct				<b>488,941</b>
Total Department of Housing and Urban Development				<b>488,941</b>
<b><u>Department of Justice</u></b>				
Pass-Through				
Unknown	Jefferson County Commission	2012-DC-BX-008	16.	99,132
Unknown	Alabama Dept of Public Health	2012-PM-BX-0008	16.	48,832
Unknown	Alabama Dept of Corrections	2012-CZ-BX-0013	16.	2,290
Total Pass-Through				<b>150,254</b>
Total Department of Justice				<b>150,254</b>
<b><u>Department of Transportation</u></b>				
Direct				
NHTSA Discretionary Safety Grants				20.614 271,512
Total Direct				<b>271,512</b>
Pass-Through				
Unknown	Alabama Dept of Transportation	K-13-1768	20.	216,191
Unknown	Alabama Dept of Transportation	K-12-1764	20.	169,938
Unknown	Alabama Dept of Transportation	K-12-1510	20.	14,008
Total Pass-Through				<b>400,137</b>
Total Department of Transportation				<b>671,649</b>
<b><u>National Foundation on the Arts and the Humanities</u></b>				
Pass-Through				
Promotion of the Arts_Grants to Organizations and Individuals				ART WORKS 14-7800-7126 45.024 10,000
Total Pass-Through				<b>10,000</b>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures	
<b>OTHER PROGRAMS, CONTINUED</b>					
<b><u>National Foundation on the Arts and the Humanities, continued</u></b>					
Total National Foundation on the Arts and the Humanities				<b>10,000</b>	
<b><u>Department of Veterans Affairs</u></b>					
Direct					
Contract - Intergovernmental Personnel Agreements			64.	236,028	
Total Direct				<b>236,028</b>	
Total Department of Veterans Affairs				<b>236,028</b>	
<b><u>Department of Energy</u></b>					
Direct					
Energy Eff. and Renew able Energy Info. Dissemination, Outreach, Train.			81.117	125,796	
Total Direct				<b>125,796</b>	
Pass-Through					
Contract		Oak Ridge Associated Universities	DE-AC05-06OR23100	81.	74,458
Total Pass-Through				<b>74,458</b>	
Total Department of Energy				<b>200,254</b>	
<b><u>Department of Education-TRIO Cluster</u></b>					
Direct					
TRIO_Student Support Services			84.042	803,622	
Total Direct				<b>803,622</b>	
Total Department of Education-TRIO Cluster				<b>803,622</b>	
<b><u>Department of Education</u></b>					
Direct					
Bilingual Education			84.195	(3,128)	
Graduate Assistance in Areas of National Need			84.200	303,582	
Special Ed-Personnel Dev to Improve Serv and Results for Children			84.325	453,279	
Special Ed-Tech Assist and Dissemination to Improve Serv and Research			84.326	(568)	
Transition to Teaching			84.350	79,611	
English Language Acquisition State Grants			84.365	1,005,400	
Total Direct				<b>1,838,176</b>	

See accompanying notes to schedule of expenditures of federal awards.



**University of Alabama at Birmingham  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>OTHER PROGRAMS, CONTINUED</b>				
<b><u>Department of Education, continued</u></b>				
Pass-Through				
Special Education_Grants to States	Alabama Dept of Education	UNKNOWN	84.027	12,293
Special Ed-Personnel Dev to Improve Serv and Results for Children	Salus University	H325V090001	84.325	62,302
Special Ed-Tech Assist and Dissemination to Improve Serv and Research	ALABAMA INSTITUTE FOR DEAF AND BLIND	H326T130041	84.326	8,703
Arts in Education	Birmingham City Schools	STRAIGHT A'S	84.351	22,656
Mathematics and Science Partnerships	Alabama Dept of Education	PL 107-110	84.366	517,514
Mathematics and Science Partnerships	Alabama Dept of Education	UNKNOWN	84.366	121,695
Mathematics and Science Partnerships	Alabama Dept of Education	AMSTI	84.366	19,005
				658,214
Improving Teacher Quality State Grants	Alabama Dept of Education	PL 107-10	84.367	349,692
Improving Teacher Quality State Grants	Alabama Comm on Higher Education	PL 107-110	84.367	124,581
Improving Teacher Quality State Grants	Alabama Dept of Education	U300296	84.367	103,550
Improving Teacher Quality State Grants	Alabama Comm on Higher Education	NCLB TITLE II	84.367	88,195
Improving Teacher Quality State Grants	NATIONAL WRITING PROJECT	04-AL08-SEED2012	84.367	19,805
Improving Teacher Quality State Grants	Alabama Dept of Education	PL 107-110	84.367	6,507
Improving Teacher Quality State Grants	Alabama Dept of Education	C3U0534	84.367	5,127
Improving Teacher Quality State Grants	NATIONAL WRITING PROJECT	AL-04-AL08-SEED2012	84.367	4,299
				701,756
School Improvement Grants	Alabama Dept of Education	312184-005215-180650	84.377	157,439
School Improvement Grants	Alabama Dept of Education	312184-005215-1780650	84.377	750
				158,189
Total Pass-Through				<b>1,624,113</b>
Total Department of Education				<b>3,462,289</b>
<b><u>Department of Health and Human Services</u></b>				
Direct				
Public Health Emergency Preparedness			93.069	332,232
Area Hlth Ed. Centers Point of Serv. Maint. and Enhancement Awards			93.107	178,568
Maternal and Child Health Federal Consolidated Programs			93.110	1,842,463
Nurse Anesthetist Traineeships			93.124	4,025

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham  
Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>OTHER PROGRAMS, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Nursing Workforce Diversity			93.178	356,159
Disabilities Prevention			93.184	1,078,940
Grants to States to Support Oral Health Workforce Activities			93.236	498,076
Substance Abuse and Mental Hlth Serv_Proj. of Regional/National Sig.			93.243	766,000
Advanced Nursing Education Grant Program			93.247	917,964
The Affordable Care Act: CDC and Prevention_Investigations			93.283	992,436
Advanced Education Nursing Traineeships			93.358	400,167
Nurse Education, Practice Quality and Retention Grants			93.359	797,730
ACA Public Health Traning Centers Program, Resources Development			93.516	181,638
Strong Start for Mothers and New borns			93.611	239,596
Univ Centers for Excellence in Dev Disabilities Ed., Res, and Serv			93.632	546,448
Prevention Public Health Fund 2012: Viral Hepatitis Education			93.740	28,312
Health Careers Opportunity Program			93.822	903,029
Area Health Education Centers Infrastructure Development Awards			93.824	325,029
Grants for Primary Care Training and Enhancement			93.884	466,923
Grants to Provide Outpatient Early Intervention Serv with Respect to HIV			93.918	1,681,348
HIV Demonstration, Research, Public and Professional Education Projects			93.941	653,773
PPHF-2012 Geriatric Education Centers			93.969	193,815
Preventive Health Services_STD Control Grants			93.977	159,777
Contract #200-2011-40834			93.	233,086
Contract #200-2013-M-57217			93.	114,270
Total Direct				<b>13,891,804</b>
Pass-Through				
Innovations in Applied Public Health Research	Emory University	3P01TP000300-05S1	93.061	16,034
Global AIDS	CIDRZ FOUNDATION	IU01GH000486-01	93.067	58,211
Global AIDS	CENTRE FOR INFECTIOUS DISEASE RESEARCH IN ZAMBIA	1U2G GH000226-01	93.067	48,039
Global AIDS	UNIV OF ZAMBIA SCH OF MED	1U2GGH0000109	93.067	19,571
				<b>125,821</b>
Project Grants and Coop Agreements for Tuberculosis Control Programs	Alabama Dept of Public Health	5U52PS400489-30	93.116	75,650
AIDS Education and Training Centers	Emory University	5H4AHA00067	93.145	155,430

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>OTHER PROGRAMS, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
AIDS Education and Training Centers	Emory University	HRSA 5 H4AHA0067-13-00	93.145	19,823
AIDS Education and Training Centers	Emory University	5H4AHA00067-13-00	93.145	2,182
AIDS Education and Training Centers	Emory University	5 H4A HA00067-05	93.145	(136)
AIDS Education and Training Centers	University of South Florida	H4AHA00049	93.145	(1,027)
				<u>176,272</u>
Disabilities Prevention	Alabama Dept of Public Health	5U59DD000947-02	93.184	64,999
Substance Abuse and Mental Hlth Serv_Proj. of Regional/National Sig.	Morehouse School of Medicine	1UR1T12024252	93.243	30,793
Substance Abuse and Mental Hlth Serv_Proj. of Regional/National Sig.	MERCER UNIVERSITY	1U79TI02372-01	93.243	12,051
				<u>42,844</u>
Hlth System Strengthening and HIV/AIDS Prev, Care and Treatment	ADDIS ABABA UNIVERSITY	T84HA21124-04	93.266	173,304
Hlth System Strengthening and HIV/AIDS Prev, Care and Treatment	ADDIS ABABA UNIVERSITY	T84HA21124-03-00	93.266	22,541
				<u>195,845</u>
The Affordable Care Act: CDC and Prevention_Investigations	Alabama Dept of Public Health	1U01DP003150-01	93.283	(1,187)
PPHF 2012 National Public Health Improvement Initiative	Alabama Dept of Public Health	5U58CD001273	93.507	25,645
Prevention Public Health Fund 2012: Viral Hepatitis Prevention	CDC Foundation	MOA # 391-13 SC	93.736	174,639
Medical Assistance Program	Jefferson Blount St Clair Mental Health/MR Authori	B1 AL SAPT	93.778	375
Cardiovascular Diseases Research	TERUMO BCT INC	CTS-5001-REVISION B	93.837	16,532
Rural Hlth Care Serv. Outreach, Rural Hlth Netw ork Dev. and Small Hlth	REGIONAL HEALTH CARE NETWORK	R01RH26278-01-00	93.912	48,368
HIV Care Formula Grants	United Way of Central Alabama Inc	HRSA-10-055	93.917	1,228,115
HIV Prevention Activities_Health Department Based	Alabama Dept of Public Health	U62/CCU423485	93.940	50,965
Coop. Agree. to Support State-Based Safe Motherhood and Infant Hlth In.	Alabama Dept of Public Health	1U01DP003150-01	93.946	9,941
International Research and Research Training	Alabama Dept of Public Health	1U90TP000500-01	93.989	99,403
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Public Health	B01MC26648	93.994	29,626
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Rehabilitation Services	C40870013	93.994	23,793
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Public Health	B04MC25323-0	93.994	23,740
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Public Health	BO4MC25323	93.994	8,276
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Public Health	UNKNOWN	93.994	2,460
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Public Health	B04MC21418	93.994	1,709
				<u>89,604</u>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>OTHER PROGRAMS, CONTINUED</b>				
<b><u>Department of Health and Human Services, continued</u></b>				
Contract	Alabama Dept of Public Health	U58SO00007	93.	63,514
Contract	Alabama Dept of Children's Affairs	UNKNOWN	93.	32,322
Contract	TKC INTEGRATION SERVICES, LLC	200-2010-34301	93.	28,043
Contract	Abt Associates Inc	HIT-WORKFLOW 43354	93.	4,588
Unknown	Jefferson County Commission	UNKNOWN	93.	329,877
Unknown	NATIONAL REACH COALITION	NRC-REACH	93.	140,059
Unknown	Alabama Medicaid Agency	UNKNOWN	93.	55,353
Unknown	Alabama Dept of Public Health	H33MC06713	93.	25,324
Unknown	Alabama Dept of Rehabilitation Services	D70/C40870051	93.	18,112
Unknown	Alabama Dept of Public Health	1101ALPREP	93.	12,644
Unknown	Alabama Dept of Public Health	5U59EH000493-05	93.	9,001
Unknown	Alabama Dept of Public Health	BO4MC21418	93.	1,840
Unknown	NATIONAL REACH COALITION	NONE	93.	690
Unknown	NATIONAL USA FOUNDATION INC	298050-NUSAF-01	93.	150
Unknown	Alabama Dept of Public Health	5U59EH000493-04	93.	(60)
Total Pass-Through				<b>3,161,322</b>
ARRA Direct				
ARRA - D5BHP20434			93.403	188,760
Total ARRA Direct				<b>188,760</b>
Total Department of Health and Human Services				<b>17,241,886</b>
<b><u>Corporation for National and Community Services</u></b>				
Pass-Through				
Unknown	Alabama Dept of Public Health	1U58DP004791-01	94.	35,929
Total Pass-Through				<b>35,929</b>
Total Corporation for National and Community Services				<b>35,929</b>
<b>TOTAL OTHER PROGRAMS</b>				<b>28,625,428</b>

See accompanying notes to schedule of expenditures of federal awards.

**University of Alabama at Birmingham**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

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Federal Grantor	Pass-Through Grantor	Contract/Award or Pass-Through Num	CFDA Number	Total Expenditures
<b>SPECIAL FEDERAL APPROPRIATIONS</b>				
<b><u>Miscellaneous</u></b>				
Direct				
			99.	494,428
			99.	474,736
Total Direct				<u>969,164</u>
Total Miscellaneous				969,164
<b>TOTAL SPECIAL FEDERAL APPROPRIATIONS</b>				<b>969,164</b>
<b>TOTAL FEDERAL</b>				<b><u>\$ 462,984,532</u></b>

See accompanying notes to schedule of expenditures of federal awards.

# University of Alabama at Birmingham

## Notes to Schedule of Expenditures of Federal Awards

### Year Ended September 30, 2014

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#### 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the federal expenditures of The University of Alabama at Birmingham ("UAB"), a campus of the University of Alabama System, under programs of the federal government for the year ended September 30, 2014. Other campuses of the University of Alabama System are presented in separate reports. The amounts reported as federal expenditures were obtained from UAB's general ledger. The information in this Schedule is presented in accordance with the requirements of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the statements of net position, the related statements of revenues, expenses, and changes in net position and cash flows of UAB. The federal expenditures of Southern Research Institute ("SRI"), a discretely presented component unit of UAB, have not been included within the Schedule as they have been included in a separate schedule of expenditures of federal awards that has been audited by other auditors.

The blended component units of UAB include Triton Health Systems, L.L.C. and UAB Research Foundation. These component units do not expend federal awards and therefore are not subject to requirements of OMB Circular A-133.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between UAB and agencies and departments of the federal government and all subawards to UAB by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. Negative amounts represent adjustments or credits to amounts reported as expenditures in prior years. Catalog of Federal Domestic Assistance ("CFDA") numbers and pass-through numbers are provided when available.

UAB is also the subrecipient of federal funds that are reported as expenditures and listed as federal pass-through funds. Pass-through CFDA numbers are included for pass-through awards when available. Federal awards other than those indicated as pass-throughs are considered direct.

#### **Subrecipients**

Certain funds are passed through to subgrantee organizations by UAB. Expenditures incurred by the subgrantees and reimbursed by UAB are presented in the Schedule. For the year ended September 30, 2014, UAB passed through approximately \$51 million to subgrantee organizations, which is presented in the table below:

**University of Alabama at Birmingham**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

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<b>CFDA #</b>	<b>Agency</b>	<b>Total</b>
Various	Research and Development	\$ 46,256,954
14.235	Department of Housing and Urban Development	235,130
93.069	Department of Health and Human Services	147,015
93.107	Department of Health and Human Services	119,577
93.110	Department of Health and Human Services	41,990
93.184	Department of Health and Human Services	822,212
93.236	Department of Health and Human Services	330,000
93.243	Department of Health and Human Services	313,094
93.283	Department of Health and Human Services	1,795
93.359	Department of Health and Human Services	89,219
93.610	Department of Health and Human Services	1,846,813
93.822	Department of Health and Human Services	162,445
93.824	Department of Health and Human Services	273,572
93.917	Department of Health and Human Services	12,607
93.941	Department of Health and Human Services	271,530
93.	Department of Health and Human Services	123,210
		<u>\$ 51,047,163</u>

**2. Summary of Significant Accounting Policies**

For purposes of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting and in accordance with accounting standards generally accepted in the United States of America. Expenditures for federal student financial aid programs include Federal Direct Student Loan ("FDSL"), Federal Perkins Loan ("Perkins"), and Federal Pell Grant ("Pell") program grants to students, the federal share of students' Federal Supplemental Educational Opportunity Grant ("FSEOG") program grants, Federal Work-Study ("FWS") program earnings, and administrative cost allowances where applicable.

**3. Facilities and Administrative Costs ("F&A Costs")**

UAB operates under predetermined fixed F&A cost rates which are effective from October 1, 2011 through September 30, 2015. The predetermined fixed rates were based on 2010 financial information. The base rate for on-campus research is 47.0% for the year ended September 30, 2014. Base rates for other F&A cost recoveries range from 26.0% to 47.0% for the year ended September 30, 2014.

**University of Alabama at Birmingham**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended September 30, 2014**

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**4. Federal Student Loan Programs**

**Direct Loan Programs**

The Perkins, Health Professions Student Loan (“HPSL”), Nurse Faculty Loan Program (“NFLP”), and Loans to Disadvantaged Students (“LDS”) programs are administered directly by UAB, and balances and transactions relating to these programs are included in UAB’s basic financial statements.

The balances of loans outstanding at September 30, 2014 and funds advanced by UAB to eligible students during the year ended September 30, 2014 under the federal student loan programs are summarized as follows:

	Perkins (CFDA#84.038)	HPSL (CFDA#93.342)	NFLP (CFDA#93.264)	LDS (CFDA#93.342)	Total
Funds advanced to students during fiscal 2014	\$ 2,061,008	\$ 156,093	\$ 390,533	\$ 30,000	\$ 2,637,634
Total loan balance outstanding, September 30, 2014	\$ 13,423,919	\$ 1,960,737	\$ 998,558	\$ 438,517	\$ 16,821,731

The Perkins Loan Cancellations (CFDA# 84.037) for the year ended September 30, 2014 is \$282,121.

**Administrative Cost Allowance**

During the program year ended June 30, 2014, UAB charged \$103,569 of administrative cost allowance to the FWS program and \$75,469 of administrative cost allowance to the Perkins program.

**Federal Direct Loans**

The FDSL program (CFDA Number 84.268) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSL enables an eligible student or parent to obtain a loan to pay for the student’s cost of attendance directly through UAB rather than through private lenders. UAB began participation in the FDSL on July 1, 1994. As a university qualified to originate loans, UAB is responsible for handling the complete loan origination process, including funds management and promissory note functions. UAB is not responsible for collection of these loans.

During the year ended September 30, 2014, UAB processed the following amount of student loans under FDSL:

	CFDA #	Total
Direct Student Loans	84.268	\$ 132,819,504



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**Part II**  
**Schedule of Findings and Questioned Costs**

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**University of Alabama at Birmingham  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2014**

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported
Noncompliance material to financial statements noted?	___ yes	<u>X</u> no

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	___ yes	<u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	___ yes	<u>X</u> none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a))? X yes \_\_\_ no

Identification of major programs:

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
93.600	Head Start
93.610	Health Care Innovation Awards

Threshold used to determine Type A and Type B Programs: \$ 3,000,000

Auditee qualified as low-risk auditee? X yes \_\_\_ no

**Section II - Financial Statement Findings**

No matters were noted.

# University of Alabama at Birmingham

## Schedule of Findings and Questioned Costs

### Year Ended September 30, 2014

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#### **Finding 2014-001: Fiscal Operations Report and Application to Participate (FISAP) Reporting and Submission**

**Federal Agency:** Department of Education  
**Program:** Student Financial Aid Cluster  
**CFDA #:** 84.038  
**Award #:** N/A  
**Award Year:** 2013-2014

#### **Criteria**

OMB Circular A-110, Subpart C, Financial and Program Management Sections 20-21

#### **Condition**

There were two errors found in UAB's FISAP for the 2013-2014 award year. UAB submitted the FISAP on September 26, 2014 in advance of the due date of October 1, 2014. The cash on hand and in depository as of October 31, 2014 for the Federal Perkins Loan Program was not included on the FISAP and should have been included in an updated FISAP filed with the Department of Education by the December 15, 2014 deadline for corrections. However, UAB did not file an updated version that included the October 2014 cash balance. In addition, investment income was inappropriately included in the calculation of the total principal and interest repaid by borrowers from all sources during the 2013-2014 award year related to the Federal Perkins Loan Program.

As a result of the exceptions noted above, management refiled the FISAP in May 2015 to correct the October 2014 cash balance, which resulted in an increase to cash in the amount of \$406,357, and again in June 2015 to remove the investment income from the calculation of the total principal and interest repaid by borrowers (a reduction of \$1,668). As a result, the FISAP is correct as of June 15, 2015.

#### **Questioned Costs**

There are no questioned costs.

#### **Cause**

There was insufficient review and supervision over the preparation and submission of the FISAP.

#### **Effect**

As a result of insufficient review and supervision of the FISAP reporting process, the incorrect data that was submitted could hinder the Department of Education from making appropriate decisions based on the University's financial information.

#### **Recommendation**

We recommend that UAB re-communicate its established processes and controls to the FISAP preparers and independent reviewer to help ensure that the financial information reported is accurate and submitted timely. As management resubmitted the final corrected FISAP on June 15, 2015, no further updates are necessary for the 2013-2014 award year.

June 29, 2014

**Management Views and Corrective Action Plan  
Year Ended September 30, 2014**

The following was noted during the audit of Federal programs in accordance with OMB Circular A-133. Management agrees with this finding and proposes the following Corrective Action Plan:

**Finding 2014-001: Fiscal Operations Report and Application to Participate (FISAP) Reporting and Submission**

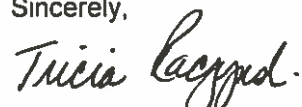
Management's View

Due to a personnel turnover, the new Director of Student Financial Aid was not aware of any FISAP corrections that were needed or that the Perkins Cash balance should be updated as part of the December 15, 2014 FISAP deadline. The University corrected the 2013-2014 errors by resubmitting corrected FISAP reports in May and June 2015. No further corrections or submissions are required.

Corrective Action Plan

Effective June 2015, the University Student Accounting department and the Student Financial Aid office implemented a dual verification procedure to prepare and review the FISAP report to ensure that the financial information is accurately submitted. In addition, Management will ensure that the FISAP report is submitted by the due date of October 1<sup>st</sup> and corrections filed by the December 15th deadline.

Sincerely,



Tricia Raczynski  
Chief Financial Officer

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**Part III**  
**Summary Schedule of Prior Audit Findings**

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# University of Alabama at Birmingham

## Summary Schedule of Prior Audit Findings

### Year Ended September 30, 2013

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#### **Finding Number 2013-001: Return of Title IV Funds:**

According to 34 CFR, Section 668.22, when a Title IV calculation is performed, the school must round the percentage to three decimal places. If the student has completed greater than 60% of the period, then 100% of the Title IV funds have been earned. If the student has completed 60% or less of the period, then a return of Title IV funds is due. The University performed manual calculations for returns of Title IV funds for students with Pell funds and rounded the resulting amounts to the nearest whole percent (two decimal points). As a result, for 1 out of a sample of 40 students, the University inappropriately gave the 100% earned exemption to a student with a completion percentage equal to 60%. Additionally, 1 out of a sample of 40 students selected for testing contained less than 60% completion during the period for which no return of Title IV calculation was performed.

#### **Status**

Effective May 16, 2013, the University implemented a procedural change whereby all Return of Title IV refunds are calculated in Banner, but if a manual calculation is necessary, it no longer rounds the refunds up to 60%. In addition, on May 23, 2013 the University's IT Department changed the scheduled run time of the report to prevent the exclusion of any student withdrawals in the future. No exceptions were identified after May 23, 2013.

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**Part IV**  
**2014 Financial Report**

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# 2014 Financial Report

The University of Alabama at Birmingham





UAB is an equal education  
opportunity institution, and an equal  
employment opportunity employer.

This report is published by the UAB  
Vice President for Financial Affairs and Administration.  
Obtain additional copies by writing:  
Vice President for Financial Affairs and Administration  
The University of Alabama at Birmingham  
Birmingham, Alabama 35294



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# Introduction to UAB

## Vision

To be an internationally renowned research university – a first choice for education and health care.

## Mission

To be a research university and academic health center that discovers, teaches and applies knowledge for the intellectual, cultural, social and economic benefit of Birmingham, the state and beyond.

The University of Alabama at Birmingham (UAB) became an autonomous campus within The University of Alabama System in 1969 and, in the four decades since, has grown into a world-renowned research university and medical center, occupying 95 city blocks in Alabama's largest metropolitan area.

UAB is the state's largest single-site employer with more than 23,000 employees. The university has seen record overall enrollment for six consecutive years, with 18,698 students in fall 2014. As part of that record enrollment, UAB had its largest freshman class ever (1,773), two-thirds of whom live on campus (also a record). UAB Honors College had its largest-ever incoming class of freshmen at 375 (total enrollment of more than 1,100) with an average GPA of 4.1, ACT of 30, and 18% are first generation college students.

UAB attracted more than \$454 million in research funding in FY2013 and currently ranks 11th among public universities in National Institutes of Health funding. Researchers and physicians continue serving in top national posts in recent years, including presidency of the American Cancer Society, the American Heart Association,

the National Society for Gynecologic Cancer, and the American Society of Transplantation. In the Performance Ranking of Scientific Papers for World Universities, UAB ranks 42nd in clinical medicine and 86th in life sciences.

UA Hospital is the largest hospital in Alabama (and 3rd largest public hospital in the U.S.), housing the state's only level 1 adult trauma center and a world Comprehensive Transplant Institute, which has done the second most kidney transplants in the history of medicine and is currently conducting the longest-ever kidney transplant chain at a single site. UAB Health System treats more than a million patients annually.

The information included in this introduction (pages 2-8) does not include data related to component units of UAB that are discussed in the notes to the financial statements.

## 2014 Overview

As a globally respected academic medical center, UAB excels at translating research into leading-edge patient care. UAB Hospital is the only hospital in the state to be listed in every issue (25 straight years) of U.S. News & World Report's "America's Best Hospitals," which recognizes only three percent of hospitals nationwide, and ranks first locally for patient satisfaction in HHS surveys.

UAB's Comprehensive Cancer Center, among the first eight such centers to be designated by the National Cancer Institute (NCI) in the early 1970s, remains the only one in Alabama and a six-state region. The Center's Wallace Tumor Institute houses an Advanced Imaging Facility and

the most powerful cyclotron at any U.S. academic medical center.

Students are active participants in a robust research enterprise beginning in their freshman year. UAB now offers new undergraduate programs in biomedical sciences (166 currently enrolled) and public health (127 enrolled) and is developing new BS degrees in Informatics, Immunology and Cancer Biology.

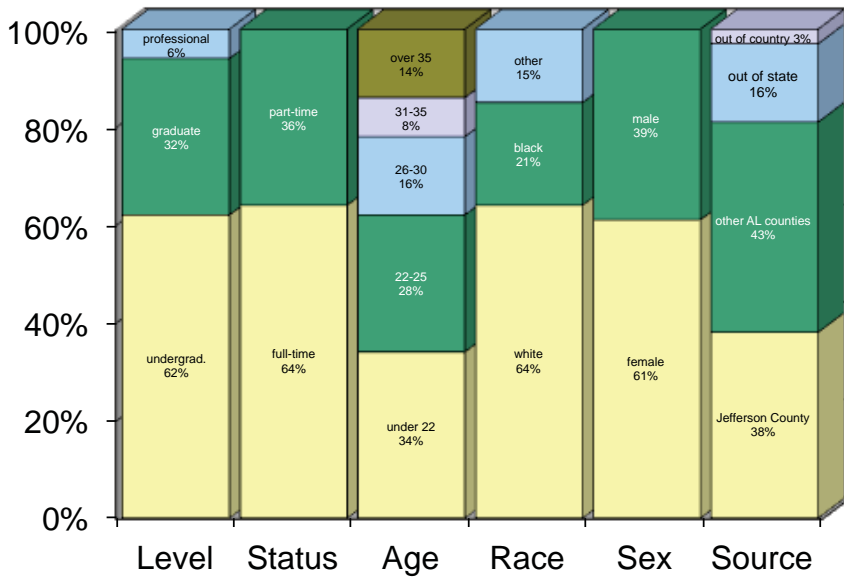
Graduate programs also continue to garner national recognition. In the latest U.S. News & World Report "Best Graduate Schools" issue, UAB has 11 programs in the top 25 and five in the top 10, including its master's in health administration that ranks fifth in the nation.

The Scientist online magazine has ranked UAB first nationally among public universities in its "Best Places to Work as a Post-doctoral Fellow."

Students continue to earn prestigious national honors and scholarships: In 2013-2014, UAB students won, among other awards, a Rhodes Scholarship, two Goldwater Scholarships, three U.S. State Department Critical Languages Scholarships and an NIH fellowship.

UAB has an economic impact on Alabama that exceeds \$5 billion annually and supports more than 61,000 jobs state-wide—that's one of every 33 jobs. The Innovation Depot, in which UAB is a founding partner, is the largest business incubator in the Southeast, with 95 start-up companies and a \$1.5 billion economic impact over the past five years.

# Highlights



## Student Profile

Total 18,568\*  
As of Fall 2013

\*Excludes Advanced Professionals

## Student Financial Aid

In fiscal year 2014, 70.0% of UAB's students received student financial aid from UAB. Financial aid disbursements of \$213.1 million were provided from the following sources:

Federal Government	
Student Loans	\$ 135,461,138
Grants	18,530,785
Work-Study	<u>1,215,412</u>
Subtotal Federal	\$ 155,207,335
State Government	\$ 254,961
University	
Loans	\$ 349,511
Scholarships	<u>57,287,369</u>
Subtotal University	\$ 57,636,880
Total	\$ <u>213,099,176</u>

# Student Headcount

Enrollment for the fall semester of the 2013-2014 school year is outlined in the following table.

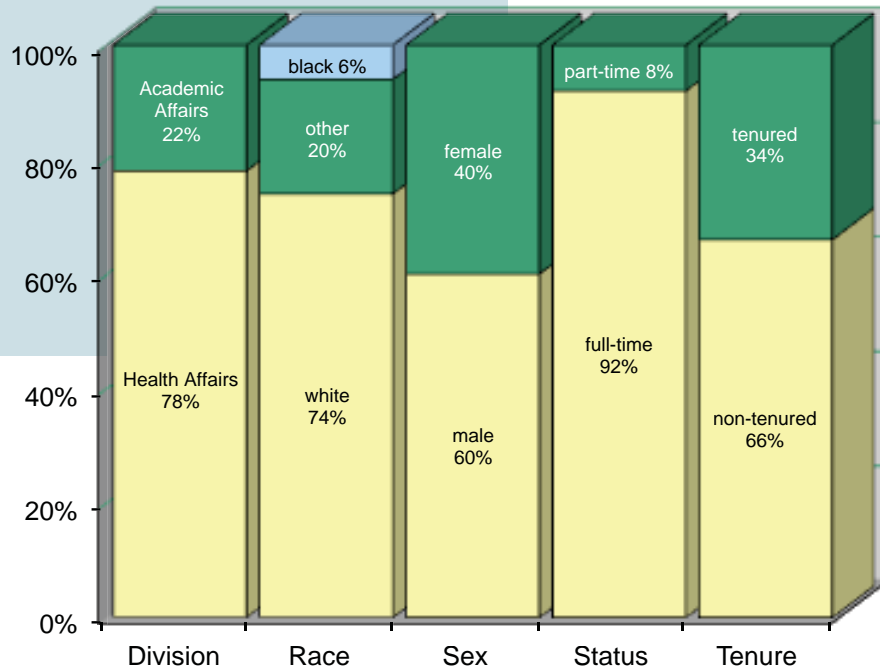
FALL 2013				
	UNDERGRADUATE	GRADUATE	FIRST PROFESSIONAL / ADVANCED PROFESSIONAL*	TOTAL
SCHOOL OF ARTS AND SCIENCES	6,509	578	15	7,102
SCHOOL OF BUSINESS	2,021	413		2,434
SCHOOL OF EDUCATION	918	769		1,687
SCHOOL OF ENGINEERING	905	453	3	1,361
UNCLASSIFIED		309		309
<b>SUBTOTAL</b>	<b>10,353</b>	<b>2,522</b>	<b>18</b>	<b>12,893</b>
<b>ACADEMIC HEALTH CENTER:</b>				
SCHOOL OF MEDICINE			1,665	1,665
SCHOOL OF DENTISTRY	24	2	326	352
SCHOOL OF OPTOMETRY		22	201	223
SCHOOL OF NURSING	579	1,871		2,450
SCHOOL OF HEALTH PROFESSIONS	504	846	9	1,359
SCHOOL OF PUBLIC HEALTH	42	380	11	433
JOINT HEALTH SCIENCES		362	87	449
<b>SUBTOTAL, ACADEMIC HEALTH CENTER</b>	<b>1,149</b>	<b>3,483</b>	<b>2,299</b>	<b>6,931</b>
<b>TOTAL ENROLLMENT</b>	<b>11,502</b>	<b>6,005</b>	<b>2,317</b>	<b>19,824</b>

\*Includes 1,061 first professionals and 1,256 advanced professionals.

# Faculty Profile

Total 2,408

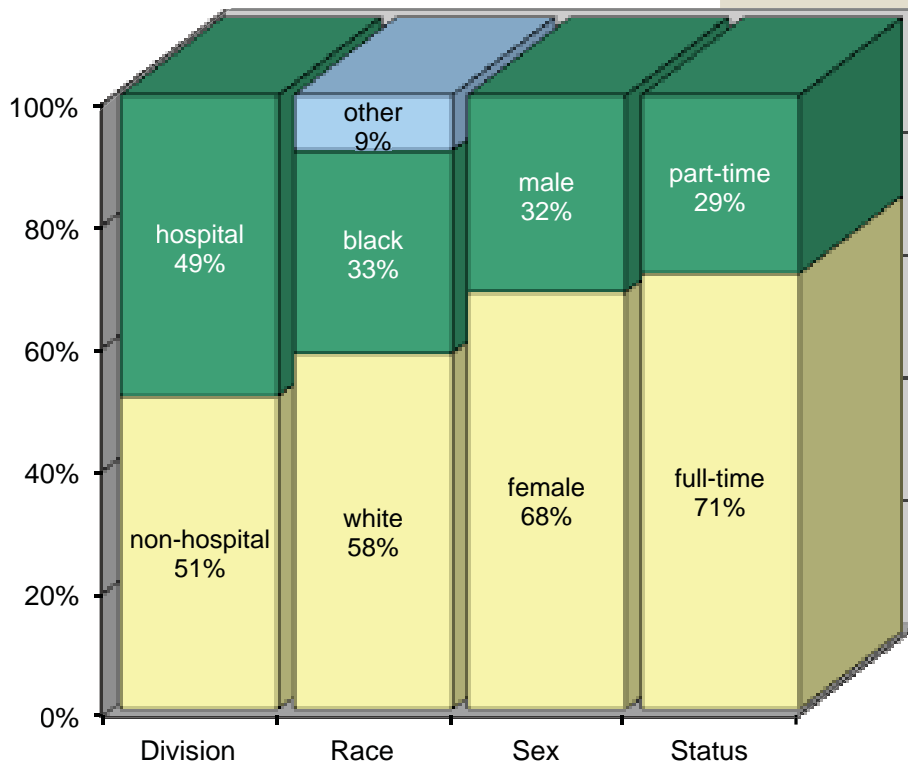
As of Fall 2013



# Staff Profile

Total 17,188

As of Fall 2013



# State Appropriations

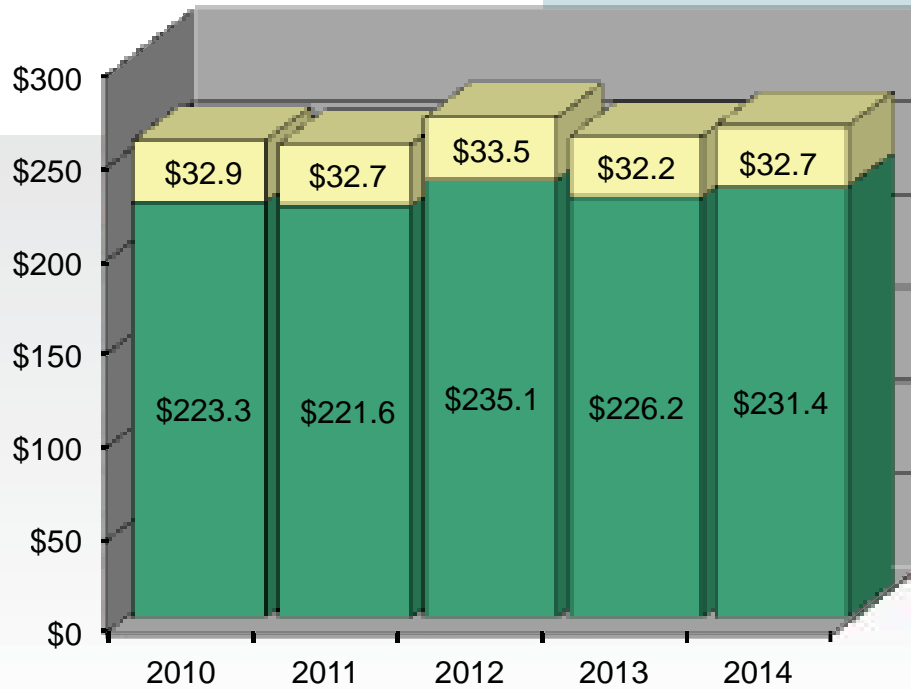
State appropriations for UAB are made by the Alabama State Legislature based upon a process which involves requests from the Board of Trustees of The University of Alabama, and budget recommendations by the Alabama Commission on Higher Education and the Governor. State funds are appropriated annually from the Educational Trust Fund (ETF) to UAB. For the fiscal year ended September 30, 2014, UAB received direct funding from the ETF in the amount of \$264,072,721.

## Appropriations Received

Fiscal years ended September 30

(Dollars in millions)

■ University    ■ Hospital



# Sponsored Grants and Contracts

During fiscal year 2014, UAB received \$398.4 million in sponsored grants and contracts revenues (including \$75.0 million of indirect cost recovery). Various federal agencies provided the majority of support for these projects, with the National Institutes of Health (NIH) being the primary sponsor. Nonfederal funding sources include state agencies, local governmental agencies, and a wide variety of private sponsors.

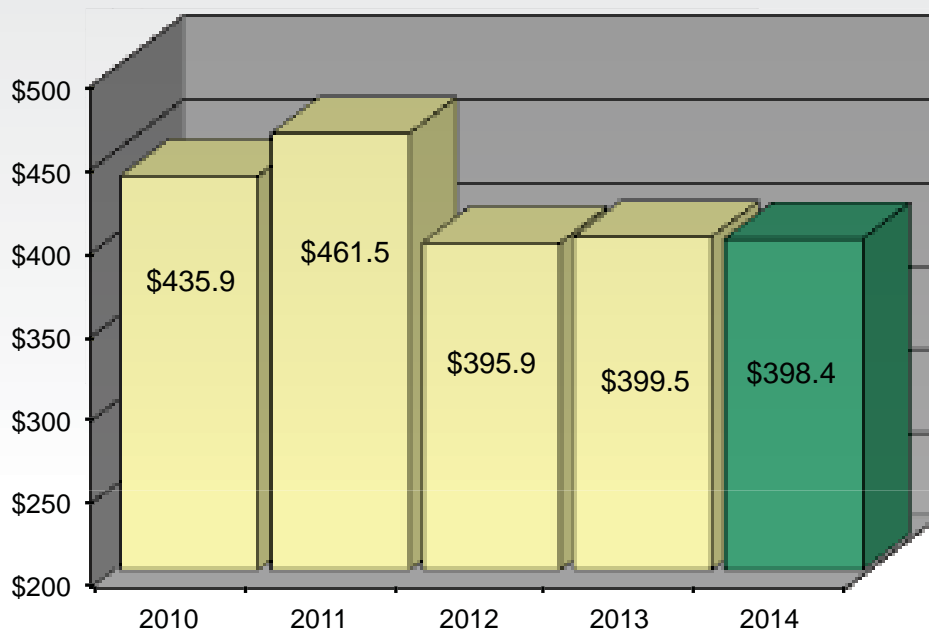
Revenues from grants and contracts (including indirect cost recovery) decreased from \$399.5 million during 2013 to \$398.4 million during 2014,

a decrease of 0.3% for the period. Revenues from grants and contracts were higher in fiscal years 2011 and 2010 due to federal funding received under the American Recovery and Reinvestment Act (ARRA). UAB received approximately \$26.8 million and \$22.5 million in ARRA funds during the years ending September 30, 2011 and 2010, respectively. These funds dropped to approximately \$500,000 for the year ending September 30, 2012. UAB did not receive any ARRA funds during the years ending September 30, 2014 and 2013.

## Grants and Contracts Revenues

Fiscal years ended September 30

(Dollars in millions)





# Hospital

The University of Alabama Hospital (the "Hospital") is a 1,157-bed quaternary and tertiary care medical facility and part of the UAB Health System. The Hospital includes North Pavilion, Women and Infant Center, Jefferson Tower, Hillman Building, Spain Wallace Building, Quarterback Tower, North Wing, Spain Rehabilitation Center, West Pavilion, Russell Ambulatory Center, Medical Education Building, Highlands and the Center for Psychiatric Medicine. Other clinical facilities in the UAB Academic Health Center include Smolian Psychiatric Clinic, Engel Psychiatric Day Treatment Center, Lurleen B. Wallace Tumor Institute, and the 1917 Clinic. The Hospital also has strong ties with other governmental and private nonprofit institutions located within and adjacent to the UAB campus, including Veterans Affairs Medical Center and Children's Hospital. Other healthcare facilities in the UAB Health System include The Kirklin Clinic, the Callahan Eye Hospital, Medical West and Baptist Health (located in Montgomery, Alabama).

## Hospital Awards and Accolades

Eight UAB Medicine specialties are among the nation's top 50 in the 16 categories evaluated at over 4,700 U.S. hospitals this year by U.S. News and World Report. The rankings appear in the 2014-15 annual "America's Best Hospitals" special edition issue. UAB Hospital has been named by Becker's Hospital Review among the 2014 "100 Great Hospitals in America," a compilation of some of the most prominent, forward-thinking and focused healthcare facilities in the nation. UAB Hospital received the 2013 Women's Choice Award, ranking among America's best hospital's for patient experience.

# Operations

The Hospital has continued to experience strong growth from operations in fiscal year 2014. Inpatient discharges decreased 6.5%; however, adjusted patient discharges increased 3.0%. This decrease in inpatient discharges is due to the Medicare 2 Midnight Rule which was effective October 1, 2013 and resulted in a reclassification of short stay inpatient cases to outpatient status. Emergency room visits increased 3.7% during fiscal year 2014. As a result of volume increases, as well as contract improvements and ongoing revenue cycle improvements, patient service revenue net of allowances for contractual discounts, charity care and bad debt expense, increased \$69.53 million or 6.1% in fiscal year 2014. The Hospital had an increase in net position of \$63.3 million in fiscal year 2014.

Selected Hospital operating statistics are outlined below:

	<b>2014</b>	<b>2013</b>
Beds in service	1,157	1,157
Patient discharges	45,965	49,149
Adjusted patient discharges	73,500	71,339
Patient days	333,394	339,940
Adjusted patient days	532,537	493,974
Operating room cases	31,996	30,586
Emergency department visits	95,342	91,962
Patient origin:		
Jefferson County	47.8%	48.3%
Other Alabama counties	46.3%	45.7%
Out of state	5.9%	6.0%

## Management's Responsibility for Financial Reporting

The accompanying financial statements of the University of Alabama at Birmingham (UAB) for the years ended September 30, 2014 and 2013, were prepared by UAB's management in conformity with accounting principles generally accepted in the United States of America.

The management of UAB is responsible for the integrity and objectivity of these financial statements, which are presented on the accrual basis of accounting and, accordingly, include some amounts based upon judgment. Other financial information in the annual report is consistent with that in the financial statements. The system of internal accounting controls is designed to help ensure that the financial reports and the books of account properly reflect the transactions of the institution, in accordance with established policies and procedures as implemented by qualified personnel.

The Board of Trustees of The University of Alabama, through its Audit and Finance Committees, monitors the financial and accounting operations of the institution, including the review and discussion of periodic financial statements and the evaluation and adoption of budgets. The Board of Trustees of The University of Alabama, through its Audit Committee, monitors the basis of engagement and reporting of independent auditors.



G. Allen Bolton, Jr.

Vice President for Financial Affairs  
and Administration



Tricia Raczynski  
UAB Chief Financial Officer



## Independent Auditor's Report

To the Board of Trustees of The University of Alabama:

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on the financial statements based on our audits. We did not audit the financial statements of SRI, UAB's discretely presented component unit, as of January 3, 2014 and December 28, 2012 and for the years then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for SRI, is based on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Triton Health Systems, L.L.C. and UAB Research Foundation were not audited in accordance with *Government Auditing Standards*.

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

### Opinions

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

### Emphasis of Matter

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

### Other Matters

#### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis for the years ended September 30, 2014 and 2013 and required supplementary information on pages 11 through 17 and page 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in the appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise UAB's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards for the year ended September 30, 2014 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves and other additional procedures, in accordance with auditing standards generally accepted in the United States of America.

The introductory information on pages 2 through 8 of this report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### Other Reporting Required by Government Auditing Standards

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

*PricewaterhouseCoopers LLP*

January 26, 2015

# Management's Discussion and Analysis (Unaudited)

The objective of management's discussion and analysis is to help readers of UAB's financial statements better understand the financial position and operating activities for the fiscal years ended September 30, 2014 and 2013. UAB's financial statements present the financial position, changes in financial position, and the cash flows of the University, the University of Alabama Hospital (the Hospital), and UAB's blended component units. Condensed financial information of UAB's reportable segments is presented at Note 22. GASB Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34* (GASB Statement No. 61), requires governmental entities to include in their financial statements as component units, organizations that are legally separate entities for which the governmental entity, as a primary organization, is financially accountable. Southern Research Institute (SRI) is a discretely presented component unit of UAB. Blended component units include Hospital Management LLC (LLC), Triton Health Systems, L.L.C. (Triton), and UAB Research Foundation (UABRF). The following discussion and analysis provides an overview of UAB's financial activities. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

## Financial Overview

UAB's financial position remained strong, as assets totaled \$4.07, \$3.90 and \$3.55 billion at September 30, 2014, 2013, and 2012. Increases of \$161 million or 4% from 2013 to 2014 were primarily due to increases in investment assets, the continued growth in accounts receivable and the growth in pledges receivable related to the fundraising campaign launched in fiscal year 2014. Increases of \$358 million or 10% from 2012 to 2013 were primarily due to cash and investment increases related to the bonds issued during the year, as well as increases in investment assets, the continued growth in accounts receivable and an adjustment to capital assets to correct an understatement in library materials.

Total liabilities increased \$15.6 million or 1% from September 30, 2013 to September 30, 2014. The increase relates to growth in accounts payable and accrued liabilities, offset by reductions in bonds payable related to annual principal payments.

Total liabilities increased \$216 million or 19% from September 30, 2012 to September 30, 2013. The increase results primarily from the issuance of bonds during fiscal year 2013, as well as an adjustment to accrued liabilities to correct an understatement in the compensated absences accrual.

The change in net position reflects the operating, nonoperating and other activity of UAB, which results from revenues, expenses, and gains and losses, and is summarized for the years ended September 30, 2014, 2013, and 2012, as follows:

	2014	2013	2012
<b>TOTAL OPERATING REVENUES</b>	\$2,528,819,107	\$2,405,991,627	\$2,312,742,719
<b>TOTAL OPERATING EXPENSES</b>	\$2,819,301,958	\$2,674,554,826	\$2,539,973,735
<b>NET OPERATING LOSS</b>	\$(290,482,851)	\$(268,563,199)	\$(227,231,016)
<b>TOTAL NONOPERATING INCOME, CAPITAL, ENDOWMENT AND OTHER ACTIVITIES</b>	435,218,951	410,964,015	441,328,646
<b>INCREASE (DECREASE) IN NET POSITION</b>	\$144,736,100	\$142,400,816	\$214,097,630

A majority of UAB's endowment funds are invested in common investment pools established by The Board of Trustees of The University of Alabama (the Board). The funds are invested to maximize total return over the long term, with an appropriate level of risk. Any short term reduction in the fair value of the endowment portfolio will not have a meaningful immediate impact on the portion of investment income available to support current year operating expenses since such distributions are made pursuant to The University of Alabama System's (the System) spending rate policy.

## Statements of Net Position

The statement of net position presents the financial position of UAB at the end of the fiscal year, and includes all assets, deferred outflows, liabilities, and deferred inflows recorded on the accrual basis of accounting. The changes in net position are indicators of whether the overall financial condition of UAB has improved or worsened during the year. A summarized comparison of UAB's assets, deferred outflows, liabilities, deferred inflows, and net position at September 30, 2014, 2013, and 2012, is as follows:

	2014	2013	2012
<b>ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>			
<b>Capital Assets, Net</b>	\$1,534,728,580	\$1,524,883,924	\$1,433,681,378
<b>Other Assets</b>	2,531,149,355	2,379,708,092	2,112,597,210
<b>TOTAL ASSETS</b>	\$4,065,877,935	\$3,904,592,016	\$3,546,278,588
<b>Deferred outflow from debt refundings</b>	11,970,051	12,958,289	13,019,885
<b>TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES</b>	\$4,077,847,986	\$3,917,550,305	\$3,559,298,473
<b>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b>			
<b>Current Liabilities</b>	\$429,071,009	\$390,353,766	\$342,013,574
<b>Noncurrent Liabilities</b>	937,973,766	961,097,310	793,650,118
<b>TOTAL LIABILITIES</b>	\$1,367,044,775	\$1,351,451,076	\$1,135,663,692
<b>Deferred inflow from debt refundings</b>	241,400	273,518	209,886
<b>Net Position</b>	\$2,710,561,811	\$2,565,825,711	\$2,423,424,895
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION</b>	\$4,077,847,986	\$3,917,550,305	\$3,559,298,473

At September 30, 2014, the major categories of current assets consist primarily of cash and cash equivalents, short-term investments, and accounts receivable, which totaled \$1.13 billion of the \$1.19 billion and increased \$125.2 million or 12.4% from 2013. The increase is a result of growth in short term investments.

At September 30, 2013, the major categories of current assets consist primarily of cash and cash equivalents, short-term investments, and accounts receivable, which totaled \$1.01 billion of the \$1.06 billion and increased \$140.9 million or 16.3% from 2012. The increase is a result of growth in short term investments.

At September 30, 2014, total current liabilities of \$429.1 million consist primarily of accounts payable, accrued payroll and related benefits, and unearned revenue, which totaled \$387.1 million, compared to \$357.4 million at September 30, 2013, an increase of \$29.7 million or 8.3% from 2013.

At September 30, 2013, total current liabilities of \$390.4 million consist primarily of accounts payable, accrued payroll and related benefits, and unearned revenue, which totaled \$357.4 million, compared to \$308.8 million at September 30, 2012, an increase of \$48.6 million or 15.7% from 2012.

UAB's endowment and life income investments increased \$32.3 million to \$425.6 million from September 30, 2013 to September 30, 2014. This increase resulted from net investment gains and by the establishment of new endowment funds through gifts and the creation of Board-designated quasi-endowments.

UAB's endowment and life income investments increased \$25.7 million to \$393.4 million from September 30, 2012 to September 30, 2013. This increase resulted from net investment gains and by the establishment of new endowment funds through gifts and the creation of Board-designated quasi-endowments. UAB's endowment funds consist of both permanent and quasi-endowments.

Permanent endowment funds are those funds received from donors with the requirement that the principal remain unspent and invested in perpetuity to produce income to be expended for the purposes specified by the donor. Quasi-endowments consist of restricted or unrestricted funds that have been set aside by actions of the Board to produce income for an established purpose until the time the Board reverses its action. Endowment income supports scholarships, fellowships, professorships, research efforts, and other programs and activities of UAB.

At September 30, 2014, 2013, and 2012 respectively, UAB's investment in the Professional Liability Trust Fund (PLTF) and other long-term investments totaled approximately \$52.8, \$50.4 and \$38.9 million. The \$2.4 million increase from September 30, 2013 to September 30, 2014 is a result of growth in investment values at September 30, 2014. The

\$11.5 million increase from September 30, 2012 to September 30, 2013 is a result of growth in investment values at September 30, 2013.

UAB implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB Statement No. 65) during fiscal year 2013. As a result, \$12.9 million in bond deferred refunding amounts were reclassified to Deferred Outflows of Resources and \$0.3 million in bond deferred refunding amounts were reclassified to Deferred Inflows of Resources. Prior to this implementation, the amounts were reported in long-term debt. At September 30, 2014, these amounts dropped to \$11.9 million in Deferred Outflows of Resources and \$0.2 million in Deferred Inflows of Resources related to the annual amortization of these balances.

## Capital and Debt Activities

An aspect of UAB's continued growth is an emphasis on the expansion and maintenance of capital assets. UAB continues to implement its long-range capital plan.

Capital assets primarily include land, buildings, fixed equipment systems, and inventoried equipment. The original cost of capital assets increased approximately \$66.5 million and \$170.8 million from September 30, 2013 to September 30, 2014 and from September 30, 2012 to September 30, 2013, respectively. This increase consists primarily of capital expenditures and capital additions totaling \$143.1 million (offset primarily by \$76.7 million in disposals) and \$194.8 million (offset primarily by \$24.0 million in disposals) in 2014 and 2013. Capital additions are comprised primarily of renovation and new construction of student, research and health care facilities, as well as additions to improve information technology systems. Annual additions were funded with capital funds, grants, gifts of \$24.7 million and \$14.1 million, debt proceeds of \$40.2 million and \$47.5 million, and the remainder by UAB funds designated for capital purchases in 2014 and 2013, respectively.

Capital projects in process at September 30, 2014 include construction of a new residence hall and the replacement of Hill University Center. Capital projects in process at September 30, 2013 include construction of the Abrams-Engel Institute for Visual Arts, renovation of the School of Dentistry and renovation of UAB Highlands Hospital.

UAB's long-term debt related to capital assets, consisting of bonds and capital leases, totaled \$939.4, \$956.1 and \$789.6 million at September 30, 2014, 2013, and 2012, respectively. The decrease in debt during 2014 consisted primarily of the principal payments made in accordance with the debt instruments. The increase in debt during 2013 consisted primarily of the bonds issued during the year, partially offset by the refunding of debt outstanding.

## Net Position

Net position represents the residual interest in UAB's assets and deferred outflows after liabilities and deferred inflows are deducted. UAB's net position at September 30, 2014, 2013, and 2012, is summarized as follows:

	2014	2013	2012
<b>INVESTED IN CAPITAL ASSETS</b>	<b>\$694,736,792</b>	<b>\$696,323,637</b>	<b>\$686,141,974</b>
<b>RESTRICTED</b>			
Nonexpendable	297,300,148	273,651,082	252,844,971
Expendable	238,570,638	212,482,294	211,866,065
<b>UNRESTRICTED</b>	<b>1,479,927,233</b>	<b>1,383,368,698</b>	<b>1,272,571,885</b>
<b>TOTAL NET POSITION</b>	<b>\$2,710,561,811</b>	<b>\$2,565,825,711</b>	<b>\$2,423,424,895</b>

Net position invested in capital assets represent UAB's capital assets, net of accumulated depreciation and outstanding principal of debt in excess of related bond proceeds attributable to the acquisition, construction, or improvement of those assets. The balance remained relatively flat from September 30, 2013 to September 30, 2014, with a decrease of \$1.6 million related to the annual depreciation of capital assets, offset by the use of bond proceeds attributable to the acquisition, construction and improvement of capital assets. The \$10.2 million increase in 2013 reflects the continued capital asset development in accordance with UAB's long-range capital plan and an adjustment made during the year to capital assets to correct an understatement in library materials, offset by the increase in debt related to the bonds issued during the year.

Restricted nonexpendable net position includes UAB's permanent endowment funds and annuity and life income assets that will ultimately become pure endowment funds. The \$23.6 million increase in 2014 and the \$20.9 million increase in 2013 result primarily from the increase in fair values of investments and contributions.

Restricted expendable net position is subject to externally imposed restrictions governing its use. Restricted expendable net position includes UAB's assets whose use is restricted by an external restriction. The \$26.1 million increase in 2014 and the \$0.6 million increase in 2013 result primarily from gifts.

Unrestricted net position includes UAB's assets whose use is not restricted by an external entity. Unrestricted net position increased \$96.6 million and \$110.8 million or 7.0% and 8.7% in 2014 and 2013, respectively.

Although unrestricted net position is not subject to externally imposed restrictions, UAB has designated available unrestricted net position to be used for academic and research programs as well as capital projects.

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

The statement of revenues, expenses, and changes in net position presents UAB's results of operations, as well as the nonoperating revenues and expenses. Annual state appropriations are classified as nonoperating revenues according to governmental accounting standards, even though the state-appropriated funds are used to support the operations of UAB. Without the nonoperating revenues, in particular the state appropriations and private gifts, UAB would not be able to cover its costs of operations. A summarized comparison of UAB's revenues, expenses and changes in net position for the years ended September 30, 2014, 2013, and 2012 is presented on the following page:

	2014	2013	2012
<b>OPERATING REVENUES</b>			
Student tuition and fees, net	\$161,170,368	\$146,183,606	\$130,569,653
Grants and contracts	371,578,206	373,172,028	367,310,018
Sales and services	1,940,550,998	1,846,805,110	1,771,143,308
Other revenues	55,519,535	39,830,883	44,121,610
<b>REVENUES SUPPORTING CORE ACTIVITIES</b>	<b>\$2,528,819,107</b>	<b>\$2,405,991,627</b>	<b>\$2,313,144,589</b>
<b>OPERATING EXPENSES</b>			
Operating expenses	\$2,819,301,958	\$2,674,554,826	\$2,540,375,605
<b>OPERATING LOSS</b>	<b>\$(290,482,851)</b>	<b>\$(268,563,199)</b>	<b>\$(227,231,016)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
State educational appropriations	\$264,072,721	\$258,429,840	\$268,640,355
Grants and contracts	26,863,696	26,282,921	25,399,912
State fiscal stabilization funds			534,136
Gifts	43,981,418	32,067,976	32,681,364
Investment income (loss)	83,662,716	87,382,279	128,336,597
Interest expense	(29,451,270)	(30,895,769)	(27,978,510)
Loss on asset disposition, net	(4,930,045)	(5,265,734)	(662,685)
Capital state appropriations	30,754,632	8,680,247	11,076,675
Capital gifts and grants	8,293,498	4,507,902	3,602,784
Endowment gifts	17,026,885	9,568,250	11,009,612
Net other nonoperating (expense) revenue	(5,055,300)	20,206,103	(11,311,594)
<b>NET NONOPERATING REVENUES AND OTHER CHANGES</b>	<b>\$435,218,951</b>	<b>\$410,964,015</b>	<b>\$441,328,646</b>
<b>INCREASE IN NET POSITION</b>	<b>\$144,736,100</b>	<b>\$142,400,816</b>	<b>\$214,097,630</b>
Net position, beginning of year	\$2,565,825,711	\$2,423,424,895	\$2,209,327,265
<b>NET POSITION, END OF YEAR</b>	<b>\$2,710,561,811</b>	<b>\$2,565,825,711</b>	<b>\$2,423,424,895</b>

Figures A and A1 are graphic illustrations of revenues by source (both operating and nonoperating), which are used to fund UAB's operating activities for the years ended September 30, 2014 and 2013, respectively.

Figure A: Revenue Streams 2014

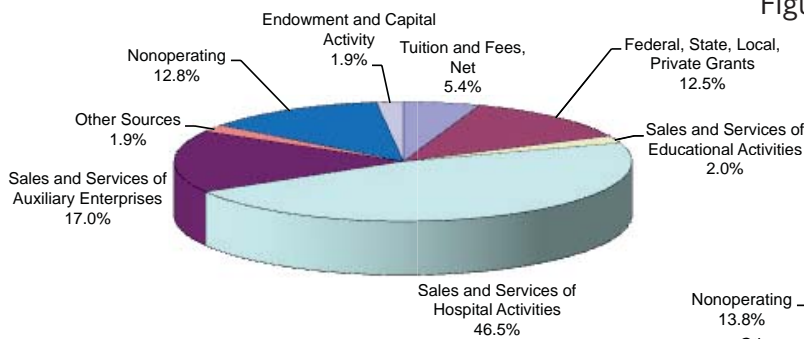
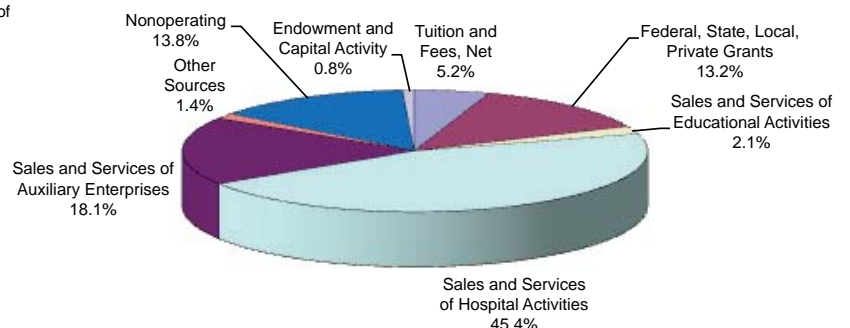


Figure A1: Revenue Streams 2013



Gross tuition and fees revenue increased by \$19.5 million and \$16.0 million in 2014 and 2013, respectively. Tuition rates increased 6% in 2014 and 5% in 2013. Total student headcount of 19,824 and 19,283 increased by 541 and 506 or 2.8% and 2.7% in 2014 and 2013, respectively.

UAB recognized \$68.6, \$46.1 and \$44.1 million in gift revenue (composed partially of \$7.6, \$4.4 and \$0.5 million and \$17.0, \$9.6 and \$11.0 million in capital and endowment gifts, respectively) for the years ended September 30, 2014, 2013, and 2012, respectively.

UAB receives state educational appropriations and capital funding from the State of Alabama. UAB recognized educational appropriations and capital funding from the State of Alabama totaling \$294.8, \$267.1 and \$279.7 million, of which \$264.1, \$258.4 and \$268.6 million was primarily from the Educational Trust Fund (ETF), which is included as nonoperating revenue in 2014, 2013, and 2012, respectively. The remaining \$30.8, \$8.7 and \$11.1 million represents Public School and College Authority funds and other

state capital funds in 2014, 2013 and 2012, respectively. UAB received no State Fiscal Stabilization Funds in 2014 or 2013; however, UAB received \$0.5 million in State Fiscal Stabilization Funds in 2012.

Net hospital sales and service revenue totaled \$1.38 billion, \$1.28 billion and \$1.19 billion, an increase of 7.8% and 7.0% from 2013 to 2014 and 2012 to 2013, respectively. This increase results from increased volume, contract improvements, and ongoing revenue-cycle improvement activities.

UAB receives grant and contract revenue from federal, state, local, and private agencies. These funds are used to further the mission of UAB: research, education, and public service. In addition to the funds received in exchange for services performed, UAB received \$0.65, \$0.06 and \$3.2 million in 2014, 2013, and 2012, respectively, in funds to be used to acquire capital assets. Figures B and B1 are illustrations of the breakout of the funding sources for grant and contract revenue for the years ended September 2014 and 2013, respectively.

Figure B: Grants and Contract Revenues

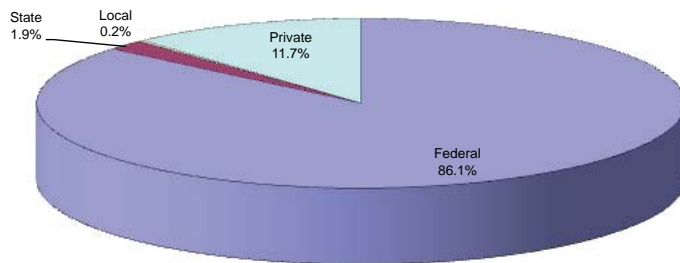
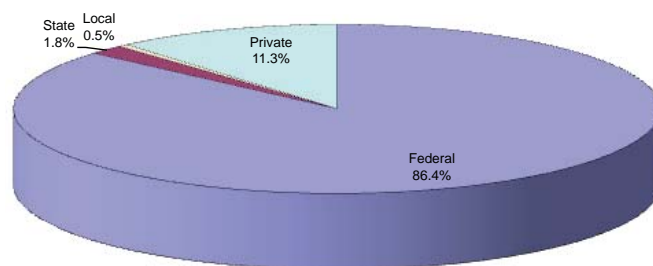


Figure B1: Grants and Contract Revenues





Net investment income decreased \$3.7 million and \$41.0 million from 2013 to 2014 and 2012 to 2013, respectively. The decreases are primarily a result of decreases in the fair value of investments.

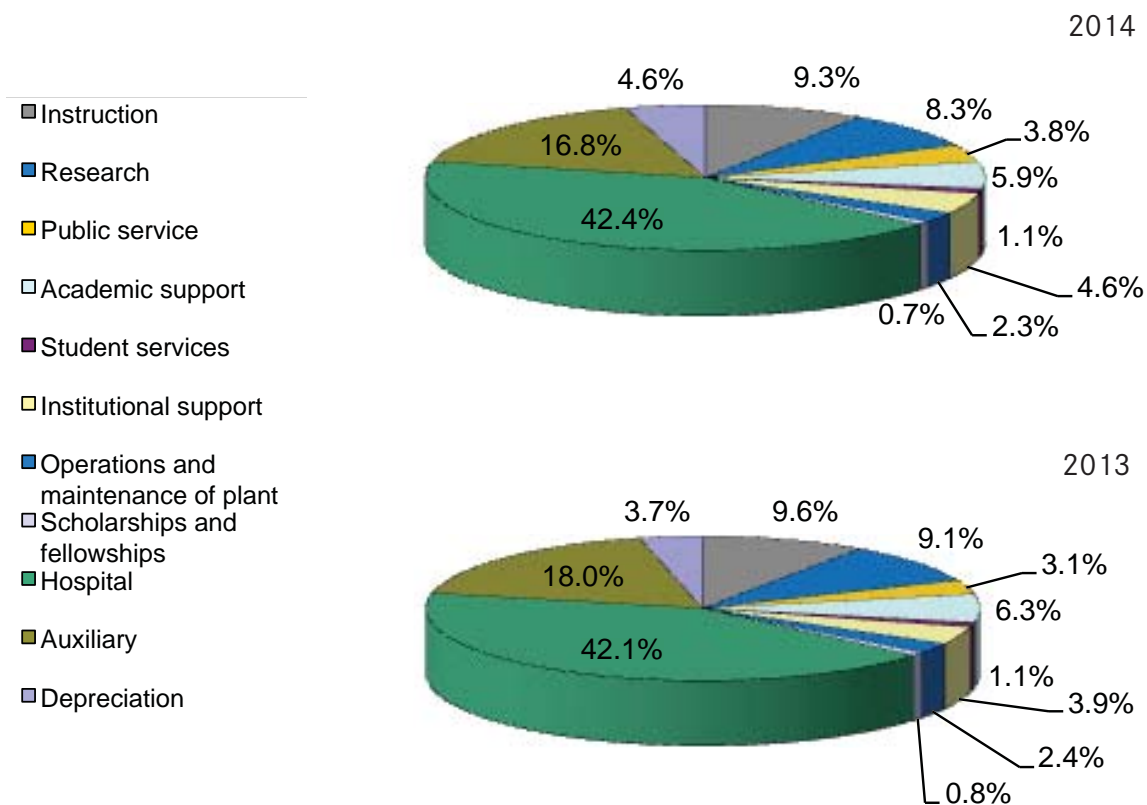
A comparative summary of UAB's operating expenses for the years ended September 30, 2014, 2013, and 2012, is as follows:

	2014	2013	2012
Salaries, Wages, and Benefits	\$1,380,369,207	\$1,327,917,671	\$1,244,287,467
Supplies and Services	1,288,371,950	1,227,334,700	1,153,881,410
Depreciation	129,547,649	98,303,065	123,047,954
Scholarships and Fellowships	21,013,152	20,999,390	19,158,774
	\$2,819,301,958	\$2,674,554,826	\$2,540,375,605

Salaries, wages, and benefits increased \$52.5 million or 4.0% during 2014 and \$83.6 million or 6.7% during 2013. This increase in 2014 is primarily due to the growth of UAB's salary base and rising benefit costs. This increase in 2013 is due primarily to the growth of UAB's salary base, benefit costs, and an adjustment to salaries expense to correct an understatement in the compensated absences accrual. Supplies and services expenses increased \$61.0 mil-

lion and \$73.5 million or 5.0% and 6.4% during 2014 and 2013, respectively. This increase is primarily attributable to UAB's continued growth.

In addition to their natural classification, it is also informative to review operating expenses by function. Graphic illustrations of UAB's operating expenses by function for the years ended September 30, 2014 and 2013, respectively, are presented as follows:



## Statements of Cash Flows

The statement of cash flows presents the significant sources and uses of cash. UAB's cash, primarily

held in demand deposit accounts, is minimized by sweeping available cash balances into investment accounts on a daily basis.

	2014	2013	2012
Net Cash Used In Operating Activities	\$(164,743,273)	\$(179,888,501)	\$(105,779,543)
Net Cash Used In Capital and Related Financing Activities	(145,181,642)	(15,544,611)	(171,438,508)
Net Cash Provided By Noncapital Financing Activities	345,440,094	326,613,818	348,365,524
Net Cash Used In Investing Activities	(2,707,331)	(60,852,837)	(127,966,171)
Net Increase (Decrease) In Cash And Cash Equivalents	\$32,807,848	\$70,327,869	\$(56,818,698)
Cash and Cash Equivalents, Beginning Of Year	\$339,152,287	\$268,824,418	\$325,643,116
Cash and Cash Equivalents, End Of Year	\$371,960,135	\$339,152,287	\$268,824,418

UAB used \$164.7, \$179.8, and \$105.8 million of cash for operating activities, offset by \$345.4, \$326.6, and \$348.4 million of cash provided by noncapital financing activities in 2014, 2013 and 2012, respectively. Noncapital financing activities, as defined by the GASB, include state educational appropriations and gifts received for other than capital purposes that are used to support operating expenses.

Cash of \$145.2, \$15.5, and \$171.4 million in 2014, 2013 and 2012, respectively, was used for capital and related financing activities, primarily purchases of capital assets and principal and interest payments on long-term debt, partially offset by sources that included bond proceeds, gifts, and grants and contracts for capital purposes. Cash used in investing activities totaled \$2.7, \$60.9, and \$128.0 million in 2014, 2013 and 2012, respectively.

## Economic Factors That Will Affect The Future

As a labor-intensive organization, UAB faces competitive pressures related to attracting and retaining faculty and staff.

The State of Alabama appropriates money each year to UAB for operating costs and nonoperating cash requirements, including capital expenditures. Because the State is mandated by its Constitution to operate with a balanced budget, the State occasionally has reduced its appropriations, through a process known as "proration," when its annual revenues are not expected to meet budgeted appropriations. During the year ending September 30, 2011, the State implemented proration. As the State could implement proration in future years, UAB continues implementing cost-saving measures in order to balance its own budget.

Private gifts are an important part of the fundamental support of UAB. Economic pressures affecting

donors may also affect the future level of support UAB receives from corporate and individual giving. In October 2013, UAB launched its largest fundraising campaign to date known as "Give something change everything." The fundraising goal is \$1 billion and will run through 2018.

During fiscal year 2014, 70% of UAB students received financial aid, including \$155.2 million of Federal Financial Aid. In recent years, financial aid reform and reauthorization of existing aid programs have been topics in legislative sessions. Management is monitoring proposed future legislation in order to respond in a manner to assist current and future students.

The Hospital faces significant challenges in a dynamic healthcare sector and volatile economic environment. The demand for health care services and the cost of providing them are increasing significantly while the revenues to support these services are diminishing. In addition to cost increases such as rising salary and benefit costs, the Hospital also faces additional costs associated with new technologies, the education and training of health care professionals and provision of care for a disproportionate share of the medically underserved in Alabama. In recent years, federal legislation has been enacted to slow future rate increases in Medicare and Medicaid and reduce medical education and disproportionate share funding. Management is committed to staying abreast of pertinent issues; implementing appropriate management actions and continuing to provide quality care for all patients.

These financial statements are designed to provide a general overview of the University of Alabama at Birmingham and to demonstrate UAB's accountability. Questions concerning any information provided in this report or requests for additional information should be addressed to the Office of the Vice President for Financial Affairs and Administration, The University of Alabama at Birmingham, AB 1030, 1720 2ND AVE S, BIRMINGHAM AL 35294-0106.

# The University of Alabama at Birmingham Statements of Net Position

September 30, 2014 and 2013

	2014	2013
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 331,194,282	\$ 291,189,097
Short term investments	521,161,680	454,568,115
Accounts receivable, net	279,342,066	260,751,683
Loans receivable, current portion	2,473,999	2,312,259
Pledges receivable, current portion	13,530,960	8,315,206
Inventories	18,322,119	18,543,246
Other current assets	22,024,960	20,142,285
<b>Total current assets</b>	<b>\$ 1,188,050,066</b>	<b>\$ 1,055,821,891</b>
Noncurrent Assets:		
Cash and cash equivalents designated for capital activities	\$ 40,228,737	\$ 47,542,660
Restricted cash and cash equivalents	537,116	420,530
Investments for capital activities	768,598,367	786,097,155
Endowment and life income investments	425,625,236	393,352,510
Investment in Professional Liability Trust Fund	52,839,465	50,449,513
Other long-term investments	19,312,548	18,087,185
Loans receivable, net	14,943,681	15,586,710
Pledges receivable	20,135,528	11,337,496
Capital assets, net	1,534,728,580	1,524,883,924
Other noncurrent assets	878,611	1,012,442
<b>Total noncurrent assets</b>	<b>\$ 2,877,827,869</b>	<b>\$ 2,848,770,125</b>
<b>Total Assets</b>	<b>\$ 4,065,877,935</b>	<b>\$ 3,904,592,016</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflow from debt refundings	\$ 11,970,051	\$ 12,958,289
<b>Total Deferred Outflow of Resources</b>	<b>\$ 11,970,051</b>	<b>\$ 12,958,289</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 286,733,632	\$ 264,470,782
Deposits	10,024,334	6,803,215
Unearned revenue-grants	23,655,869	21,290,000
Unearned revenue-other	76,680,686	71,631,320
Long-term debt, current portion	31,976,488	26,158,449
<b>Total current liabilities</b>	<b>\$ 429,071,009</b>	<b>\$ 390,353,766</b>
Noncurrent Liabilities		
Federal advances-loan funds	\$ 14,559,124	\$ 14,727,477
Long-term debt, noncurrent portion	907,466,173	929,946,950
Other noncurrent liabilities	15,948,469	16,422,883
<b>Total noncurrent liabilities</b>	<b>\$ 937,973,766</b>	<b>\$ 961,097,310</b>
<b>Total Liabilities</b>	<b>\$ 1,367,044,775</b>	<b>\$ 1,351,451,076</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Deferred inflow from debt refundings	\$ 241,400	\$ 273,518
<b>Total Deferred Inflow of Resources</b>	<b>\$ 241,400</b>	<b>\$ 273,518</b>
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	\$ 694,763,792	\$ 696,323,637
Restricted		
Nonexpendable	297,300,148	273,651,082
Expendable	238,570,638	212,482,294
Unrestricted	1,479,927,233	1,383,368,698
<b>Total Net Position</b>	<b>\$ 2,710,561,811</b>	<b>\$ 2,565,825,711</b>

See accompanying notes to financial statements.

# The University of Alabama at Birmingham Statements of Revenues, Expenses, and Changes in Net Position

Years Ended September 30, 2014 and 2013

	2014	2013
<b>Operating Revenues</b>		
Tuition and fees	\$ 213,508,162	\$ 193,958,793
Less: scholarship allowance	(51,781,171)	(47,144,688)
Less: bad debt expense	(556,623)	(630,499)
Tuition and fees, net	161,170,368	146,183,606
Grants and contracts:		
Federal	316,141,798	319,191,238
State	7,678,988	7,140,898
Local	910,231	1,933,975
Private	46,847,189	44,905,917
Sales and services:		
Educational activities	59,147,027	58,133,856
Hospital, net of bad debt expense of \$247,495,640 and \$251,725,723	1,378,598,120	1,278,461,433
Other auxiliary enterprises, net of scholarship allowance of \$3,178,403 and \$2,923,579	502,805,851	510,209,821
Other operating revenues	55,519,535	39,830,883
<b>Total operating revenues</b>	<b>\$ 2,528,819,107</b>	<b>\$ 2,405,991,627</b>
<b>Operating Expenses</b>		
Salaries, wages and benefits	\$ 1,380,369,207	\$ 1,327,917,671
Supplies and services	1,288,371,950	1,227,334,700
Depreciation	129,547,649	98,303,065
Scholarships and fellowships	21,013,152	20,999,390
<b>Total operating expenses</b>	<b>\$ 2,819,301,958</b>	<b>\$ 2,674,554,826</b>
<b>Operating loss</b>	<b>\$ (290,482,851)</b>	<b>\$ (268,563,199)</b>
<b>Nonoperating Revenues (Expenses)</b>		
State educational appropriations	\$ 264,072,721	\$ 258,429,840
Federal grants and contracts	26,767,145	26,135,938
State grants and contracts	96,551	116,209
Private grants and contracts		30,774
Gifts	43,981,418	32,067,976
Investment income	83,662,716	87,382,279
Interest expense	(29,451,270)	(30,895,769)
Loss on asset dispositions, net	(4,930,045)	(5,265,734)
Net other nonoperating (expense) revenue	(5,055,300)	20,206,103
<b>Net nonoperating revenues</b>	<b>\$ 379,143,936</b>	<b>\$ 388,207,616</b>
<b>Income before other revenues, expenses, gains, and losses</b>	<b>\$ 88,661,085</b>	<b>\$ 119,644,417</b>
<b>Other Changes in Net Position</b>		
Capital and endowment activities		
State capital funds	\$ 30,754,632	\$ 8,680,247
Capital grants and contracts	653,356	60,541
Capital gifts	7,640,142	4,447,361
Endowment gifts	17,026,885	9,568,250
<b>Net other changes in net position</b>	<b>\$ 56,075,015</b>	<b>\$ 22,756,399</b>
<b>Increase in net position</b>	<b>\$ 144,736,100</b>	<b>\$ 142,400,816</b>
<b>Net Position, beginning of year</b>	<b>\$ 2,565,825,711</b>	<b>\$ 2,423,424,895</b>
<b>Net Position, end of year</b>	<b>\$ 2,710,561,811</b>	<b>\$ 2,565,825,711</b>

See accompanying notes to financial statements.

# The University of Alabama at Birmingham

## Statements of Cash Flows

Years Ended September 30, 2014 and 2013

	2014	2013
<b>Cash flows from operating activities</b>		
Student tuition and fees	\$ 161,049,083	\$ 143,316,428
Grants and contracts	372,584,257	371,421,760
Receipts from sales and services of:		
Educational activities	59,721,908	57,270,156
Patient services	1,364,628,527	1,246,534,491
Auxiliary enterprises, net	32,208,514	8,678,653
Premium and administrative fees collected	478,403,219	489,079,973
Payment to employees and related benefits	(1,208,073,177)	(1,288,009,574)
Payment to suppliers	(1,455,098,635)	(1,203,917,930)
Payment for scholarships and fellowships	(21,013,152)	(20,999,390)
Other receipts	50,846,183	16,736,932
<b>Net cash used in operating activities</b>	<b>\$ (164,743,273)</b>	<b>\$ (179,888,501)</b>
<b>Cash flows from capital and related financing activities</b>		
Proceeds from issuance of capital debt	\$	\$ 242,071,202
State capital funds	30,754,632	8,680,247
Capital grants and contracts	938,849	(92,126)
Private gifts	5,363,699	4,570,240
Proceeds from sale of capital assets	158,538	105,348
Purchases of capital assets	(120,805,268)	(190,440,871)
Principal payments on capital debt	(28,404,283)	(72,404,606)
Interest payments on capital debt	(33,187,809)	(32,284,045)
Proceeds from sale of repurchase option		24,250,000
<b>Net cash used in capital and related financing activities</b>	<b>\$ (145,181,642)</b>	<b>\$ (15,544,611)</b>
<b>Cash flows from noncapital financing activities</b>		
State educational appropriations	\$ 264,072,721	\$ 258,429,840
Private gifts	47,470,963	41,476,897
Student direct lending receipts	133,843,950	129,057,401
Student direct lending disbursements	(132,819,504)	(130,080,858)
Other deposits	29,819,198	29,127,488
Deposits from affiliates	3,052,766	(1,396,950)
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 345,440,094</b>	<b>\$ 326,613,818</b>
<b>Cash flows from investing activities</b>		
Interest and dividends from investments, net	\$ 52,568,839	\$ 46,938,552
(Issuances of) proceeds from notes receivable	(381,845)	133,356
Proceeds from sales and maturities of investments	29,209,437	50,949,470
Investments in system pooled investment funds	(41,959,528)	(87,556,511)
Purchases of investments	(42,144,234)	(71,317,704)
<b>Net cash used in investing activities</b>	<b>\$ (2,707,331)</b>	<b>\$ (60,852,837)</b>
<b>Net increase in cash and cash equivalents</b>	<b>\$ 32,807,848</b>	<b>\$ 70,327,869</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>\$ 339,152,287</b>	<b>\$ 268,824,418</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 371,960,135</b>	<b>\$ 339,152,287</b>
<b>Reconciliation of operating loss to net cash used in operating activities</b>		
Operating loss	\$ (290,482,851)	\$ (268,563,199)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation expense	\$ 129,547,649	\$ 98,303,065
Changes in assets and liabilities:		
Accounts receivable, net	\$ (22,487,918)	\$ (48,137,954)
Prepaid expenses and other assets	(1,682,966)	(3,474,523)
Accounts payable and accrued liabilities	13,165,765	50,663,669
Unearned revenue	\$ 7,197,048	\$ (8,679,559)
<b>Net cash used in operating activities</b>	<b>\$ (164,743,273)</b>	<b>\$ (179,888,501)</b>

See accompanying notes to financial statements.

# The University of Alabama at Birmingham

## Statements of Cash Flows (continued)

Years Ended September 30, 2014 and 2013

	2014	2013
<b>Supplemental noncash activities information</b>		
Capital assets acquired included in accounts payable	\$ 10,835,577	\$ 10,313,216
Interest capitalized	\$ 4,266,422	\$ 2,716,551
Capital assets acquired through donations	\$ 1,900,000	\$
Capital assets acquired through capital lease	\$ 11,977,740	\$

*See accompanying notes to financial statements.*

# Southern Research Institute

## A Discretely Presented Component Unit

### Statements of Net Position

January 3, 2014 and December 28, 2012

	2013	2012
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 175,262	\$ 1,045,191
Investments	55,483,638	55,518,482
Restricted cash and investments	11,258,073	10,052,067
Funds held by trustee	547,236	4,387,874
Accounts receivable, net	13,796,467	17,941,413
Other receivables	2,410,282	2,578,588
Materials and supplies, net	1,041,835	940,744
Prepayments and other current assets	1,250,613	1,054,498
<b>Total current assets</b>	<b>\$ 85,963,406</b>	<b>\$ 93,518,857</b>
<b>Noncurrent Assets:</b>		
Capital assets:		
Land and improvements	\$ 8,009,676	\$ 7,879,459
Buildings and major plant equipment	75,618,971	67,134,025
Laboratory equipment and fixtures	53,656,662	48,621,081
Office furniture and equipment	2,487,449	2,559,166
Intangible assets, net	1,809,705	2,702,485
	\$ 141,582,463	\$ 128,896,216
Less accumulated depreciation	70,316,524	66,482,636
	\$ 71,265,939	\$ 62,413,580
Construction-in-progress	4,249,626	9,962,347
<b>Total noncurrent assets</b>	<b>\$ 75,515,565</b>	<b>\$ 72,375,927</b>
<b>Total Assets</b>	<b>\$ 161,478,971</b>	<b>\$ 165,894,784</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Accumulated change in fair value of interest rate swap	732,578	1,182,857
<b>Total Deferred Outflow of Resources</b>	<b>\$ 732,578</b>	<b>\$ 1,182,857</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 5,031,433	\$ 4,019,392
Accrued liabilities	8,098,373	7,346,564
Unearned contract revenue	3,594,576	4,902,752
Current maturities of long-term debt and capital lease obligations	480,000	480,000
Note payable	1,250,747	
<b>Total current liabilities</b>	<b>\$ 18,455,129</b>	<b>\$ 16,748,708</b>
<b>Noncurrent Liabilities:</b>		
Long-term debt and capital lease obligations	\$ 18,400,000	\$ 18,920,000
Derivative instrument - interest rate swap	732,578	1,182,857
Postretirement benefits	947,620	926,985
<b>Total noncurrent liabilities</b>	<b>\$ 20,080,198</b>	<b>\$ 21,029,842</b>
<b>Total Liabilities</b>	<b>\$ 38,535,327</b>	<b>\$ 37,778,550</b>
<b>NET POSITION</b>		
Invested in capital assets	\$ 57,182,801	\$ 57,363,801
Restricted		
Expendable	11,258,073	10,052,067
Unrestricted	55,235,348	61,883,223
<b>Total Net Position</b>	<b>\$ 123,676,222</b>	<b>\$ 129,299,091</b>

See accompanying notes to financial statements.

# Southern Research Institute

## A Discretely Presented Component Unit

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

January 3, 2014 and December 28, 2012

	2013	2012
<b>Operating Revenues</b>		
Contract revenues	\$ 67,063,914	\$ 73,373,816
Intellectual property revenues, net of direct expenses	5,507,147	6,276,034
<b>Total operating revenues</b>	<b>\$ 72,571,061</b>	<b>\$ 79,649,850</b>
<b>Operating Expenses</b>		
Salaries, wages and benefits	\$ 43,701,039	\$ 44,745,102
Supplies and services	33,718,079	35,612,460
Depreciation and amortization	6,810,380	6,303,232
<b>Total operating expenses</b>	<b>\$ 84,229,498</b>	<b>\$ 86,660,794</b>
<b>Operating loss</b>	<b>\$ (11,658,437)</b>	<b>\$ (7,010,944)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Contributions	\$ 135,093	\$ 445,650
Investment income (loss)	8,106,195	5,347,214
Interest expense	(582,727)	(586,466)
Loss on disposal of assets	(1,602,035)	(49,960)
<b>Net nonoperating revenues (expenses)</b>	<b>\$ 6,056,526</b>	<b>\$ 5,156,438</b>
<b>Loss before other revenues, expenses, gains and losses</b>	<b>\$ (5,601,911)</b>	<b>\$ (1,854,506)</b>
<b>Other Changes in Net Position</b>		
Loss from discontinued operations	\$ (20,958)	\$ (1,301,891)
<b>Net other changes in net position</b>	<b>(20,958)</b>	<b>(1,301,891)</b>
<b>(Decrease) increase in net position</b>	<b>(5,622,869)</b>	<b>(3,156,397)</b>
<b>Net Position, beginning of year</b>	<b>\$ 129,299,091</b>	<b>\$ 132,455,488</b>
<b>Net Position, end of year</b>	<b>\$ 123,676,222</b>	<b>\$ 129,299,091</b>

See accompanying notes to financial statements.



# The University of Alabama at Birmingham Notes to Financial Statements

September 30, 2014

## (1) Summary of Significant Accounting Policies

The University of Alabama at Birmingham (UAB) is one of three campuses of The University of Alabama System (the System), which is a discretely presented component unit of the State of Alabama (the State). The financial statements of UAB are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business-type activities of the financial reporting entity of the System that is attributable to the transactions of UAB. 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.

UAB, 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).

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities* (GASB Statement No. 35), 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:

- **Invested 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 UAB. Such assets include UAB's permanent endowment funds.

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

- **Unrestricted:**

The net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management. Substantially all of the unrestricted net position is designated for academic and research programs and initiatives and capital programs.

UAB reports as a business type activity, as defined by GASB Statement No. 35. Business type activities are those financed in whole or in part by fees charged to external parties for goods or services.

UAB policy states that operating activities as reported by the statement of revenues, expenses, and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35.

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 significant changes include those used in determining the allowance for contractual adjustments and uncollectible accounts, valuation of investments, accruals related to compensated absences, allowance for self insurance, estimated amounts due to or from third-party payors, and reserves for general and professional liability claims. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

### Scope of Statements

UAB is principally comprised of a university (the University) and the University of Alabama Hospital (the Hospital) which are UAB's reportable segments as defined by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments: Omnibus an Amendment of GASB Statements No. 21 and No. 34*. UAB's financial statements present the financial position, changes in financial position, and the cash flows of the University, the Hospital, and UAB's blended component units. Condensed financial information of UAB's reportable segments is presented at Note 22. GASB Statement No. 14, *The Financial Reporting Entity* (GASB Statement No. 14), as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus* (GASB Statement No. 61), 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 by-laws and corporate charter of the Southern Research Institute (SRI) allow UAB to appoint a majority of the board of directors and UAB is financially accountable for SRI. Therefore, management has

determined that SRI is a discretely presented component unit of UAB under GASB Statements No. 14 and No. 61. SRI reports financial results under principles prescribed under the GASB. SRI offers research and technology services to support industry and federal government agencies primarily in the areas of drug design and evaluation, environmental controls, materials engineering, and chemical and biological defense. The activities of SRI are maintained using a fiscal calendar year-end that ends prior to UAB's fiscal year-end of September 30. The financial results of SRI are discretely presented in the accompanying financial statements.

The by-laws and corporate charters of the UAB Research Foundation (UABRF) allow UAB to appoint a majority of the board of directors and allow UAB to impose its will on the entity. UABRF operates for the exclusive benefit of UAB. Additionally, Triton Health Systems, L.L.C. (Triton) and UAB Hospital Management, L.L.C. (LLC) have governing bodies that are substantively the same as the governing body of UAB and there is a financial benefit or burden relationship between UAB and these entities. Therefore, management has determined that UABRF, Triton, and LLC (the Blended Component Units) constitute blended component units of UAB under GASB Statements No. 14 and No. 61. The Blended Component Units report financial results under principles prescribed by the GASB.

Triton was formed to advance the educational and research mission of UAB and to educate and train physicians and other health care professionals. Triton is owned 99% by UAB and 1% by The UAB Educational Foundation (UABEF). UABRF was organized exclusively for charitable, scientific, and educational purposes in order to benefit UAB. The LLC was organized for the exclusive purpose of supporting UAB in connection with the management, administration, and operation of the Hospital, including, without limitation, providing management, administrative, and staffing services to the Hospital. UABRF and the LLC maintain a September 30 year-end. The activities of Triton are maintained using a fiscal calendar year-end that ends prior to UAB's fiscal year-end of September 30. However, interfund cash transactions during the period from January 1 through September 30 have been eliminated. Since Triton qualifies as a major component unit under GASB Statement No. 61, condensed financial information is presented at Note 23. Separate financial statements are available for Triton and UABRF by contacting UAB.

Other significant accounting policies are as follows:

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

**Investments:** UAB accounts for its investments, other than land and other real estate held as investments by endowments, in accordance with the provisions of GASB Statement No. 31, *Accounting and Reporting for Certain Investments and For External*

*Investment Pools* (GASB 31) (see Note 4). Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at their fair value. UAB invests certain amounts in a commingled investment pool sponsored by the System. The value of the investments in the pools is determined by the System and based on UAB's proportionate share of the net asset value of the investment pools. Fair value for the investment pools is provided by the System, based on the fair value of the underlying investment securities held by each investment pool. Fair value of the underlying securities held in each investment pool is based on quoted market prices or dealer quotes, where available, or determined using net asset values provided by underlying investment partnerships or companies, which primarily invest in readily marketable securities. Certain real estate and non-readily marketable securities held in the System-sponsored Endowment Fund and Prime Fund are carried at cost (Note 4). Investments carried at cost are subject to review for impairment.

UAB accounts for its land and other real estate held as investments by endowments in accordance with GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. Investments are reported in four categories in the statement of net assets. Investments recorded as endowment and life income investments are those invested funds considered by management to be of long duration. Other long-term investments include amounts resulting from UAB's equity investment in other entities, as discussed in Note 4 and Note 19. Investments for capital projects are included in noncurrent assets. All other investments are included as short-term investments.

**Inventories:** Inventories are carried at the lower of cost or market. Inventories consist primarily of textbooks, medical supplies, and pharmaceuticals.

**Accounts receivable:** Accounts receivable consist primarily of tuition charged to students and amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to UAB's contracts and grants.

**Capital assets:** All capital assets are carried at cost on date of acquisition (or in the case of gifts, at fair value on the date of donation), less accumulated depreciation (or in the case of assets leased under capital leases, net of accumulated amortization). UAB computes depreciation for buildings and building improvements (15-40 years) and for fixed equipment systems (3-20 years) using a component method. Depreciation of land improvements (40 years), library collection (10 years), and inventoried equipment (3-20 years) is computed on a straight-line basis. The Hospital uses guidelines established by the American Hospital Association to assign useful lives to inventoried equipment.

Capital assets acquired under capital leases are amortized over the shorter of the lives of the respective leases or the estimated useful lives of the assets. Capital assets acquired through federal grants and contracts in which the federal government retains a reversionary interest are capitalized and depreciated.

Interest costs, net of any related investment earnings, for certain assets acquired with the proceeds of tax-exempt borrowings are capitalized as a component of the cost of acquiring those assets.

Computer software capitalization, which is included as inventoried equipment, includes the costs of software and implementation. Implementation costs include consulting expenses and allocation of internal salaries and fringes for the core implementation team.

**Pledges:** UAB receives gift 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. Endowment pledges do not meet eligibility requirements and are not recorded as assets until the related gift is received in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions (GASB Statement No. 33)*.

**Endowment spending:** The Alabama Uniform Prudent Management of Institutional Funds Act (UPMIFA) was enacted by the State Legislature and signed into law effective January 1, 2009. UPMIFA prescribes new guidelines for the expenditure of donor-restricted endowment funds in the absence of overriding, explicit donor stipulations. Its predecessor, UMIFA, focused on the prudent spending of the net appreciation of the fund. UPMIFA instead focuses on the entirety of a donor-restricted endowment fund, that is, both the original gift amount(s) and net appreciation. UPMIFA eliminates UMIFA's historic-dollar-value threshold, an amount below which an organization could not spend from the fund, in favor of a more robust set of guidelines about what constitutes prudent spending, explicitly requiring consideration of the duration and preservation of the fund.

UPMIFA permits the Board of Trustees of the University of Alabama (the "Board") to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. UAB's policy is to retain the endowment realized and unrealized appreciation within an endowment after the spending rate distributions in a manner consistent with the standards of prudence prescribed by UPMIFA. The Board approved a spending rate for the fiscal years September 30, 2014 and 2013 of 5% of a moving three-year average of the market (unit) value.

**Unearned revenue:** Unearned revenue consists primarily of student fees related predominantly to future fiscal years and amounts received from grant and contract sponsors that have not yet been earned under the terms of the agreements and, therefore, have not yet been included in the net assets.

**Federal refundable loans:** Certain loans to students are administered by UAB with funding primarily supported by the federal government. UAB's statement of net assets includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon termination of the program.

**Compensated absences:** UAB accrues annual leave for employees at rates based upon length of service and job classification. UAB accrues compensatory

time based upon job classification and hours worked. These amounts are included in accounts payable and accrued liabilities.

**Student tuition and fees:** Student tuition and residence fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

**Grant and contract revenue:** UAB receives grant and contract revenue from governmental and private sources. UAB recognizes revenue associated with the sponsored programs in accordance with GASB Statement No. 33, based on the terms of the individual grant or contract.

**Hospital revenue:** Net patient service revenue is reported at the Hospital's estimated net realizable amounts from patients, third-party payors, and others for services rendered, included estimated retroactive revenue adjustments due to revenue audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered.

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its estimated rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

**Auxiliary enterprise revenue:** Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics and parking as well as subscriber premiums.

**Other revenue:** Other revenue represents primarily revenues generated by UAB for activities such as intellectual property income and HSF revenues.

**Equity investments:** Investments in affiliated companies where UAB can exercise significant influence and for which UAB's ownership interest is 50% or less are accounted for using the equity method. The investment in the Professional Liability Trust Fund (PLTF) also is accounted for using the equity method. See Notes 4 and 19.

**Nonoperating revenues (expenses):** Nonoperating revenues and expenses include State educational appropriations, Federal Pell grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense, and loss on asset dispositions. Also, during 2013, the Hospital sold a repurchase option for certain dialysis units to a third party for approximately \$24.3 million and recorded a gain on that sale as a component of other nonoperating revenue.

## (2) Related Parties

UAB is affiliated with the UABEF, the University of Alabama Health Services Foundation, P.C. (HSF), UAB Health System (UABHS), and the Valley Foundation (VF). UAB is not financially accountable for HSF, VF, UABEF, and UABHS; therefore, they do not constitute component units under the provisions of GASB Statements No. 14. These entities are not required to be presented as component units under GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, or by GASB Statement No. 61, both of which amend GASB 14.

UABEF provides funds and certain facilities to UAB for its educational and scientific functions and provides support for UAB athletic programs. UABEF has 13 board members, including seven outside members not affiliated with UAB. UABEF leases certain facilities to UAB, with annual rental expense of approximately \$2,409,000 and \$2,004,000 for 2014 and 2013, respectively. UABEF made contributions to UAB which totaled approximately \$9,097,000 and \$6,766,000 in 2014 and 2013, respectively. UABEF's total assets were approximately \$53,574,000 and \$56,280,000 at September 30, 2014 and 2013, respectively. UABEF's total liabilities were approximately \$17,578,000 and \$18,445,000 at September 30, 2014 and 2013, respectively.

HSF's primary purpose is to provide a group medical practice for physicians who are members of the regular faculty of the School of Medicine at UAB and serve on the University of Alabama Hospital's medical staff. It is governed by a 19-member board of directors, 16 of whom are not affiliated with UAB. An affiliation agreement (the Agreement) documents the relationship between HSF and UAB. The University's other operating revenues include approximately \$31,351,000 and \$23,807,000 of funding from HSF in 2014 and 2013, respectively, which is used to support the educational and research activities of UAB. These funds were paid by HSF pursuant to its tax-exempt purpose and in recognition of the mutual benefit derived by the two organizations from the enhancement and continued development of UAB's programs. The funds were negotiated with HSF as part of UAB's budget development process. In the normal course of business, HSF purchases various services from the Hospital, aggregating approximately \$11,197,000 and \$2,493,000 in 2014 and 2013, respectively, and the Hospital purchases various services from HSF, aggregating approximately \$34,633,000 and \$36,628,000 for the years ended September 30, 2014 and 2013, respectively. As a result of these transactions, the Hospital had a net payable to HSF of approximately \$1,169,000 and \$236,000, respectively, at September 30, 2014 and September 30, 2013.

During 2009, the Hospital entered into an operating agreement with HSF whereby HSF began leasing two floors of the UAB Women and Infants' Facility when construction was completed in February 2010. HSF reimbursed the Hospital for construction costs of this space as they were incurred on a square-footage basis. Total reimbursements are being amortized as

rent revenue on a straight-line basis over a period equal to the 90 year total lease term, commencing on February 20, 2010 when the building was placed into service. The Hospital had received reimbursements from HSF totaling approximately \$13,745,000 and \$13,908,000, which is included in the accompanying statement of net assets as unearned revenue—other for the years ended September 30, 2014 and 2013, respectively. Approximately \$163,000 was recognized as rent revenue during each of the years ended September 30, 2014 and 2013.

The Board and the HSF's board have entered into an agreement under which UAB and HSF have established a common management group, the UAB Health System to provide management for their existing and future health care delivery operations. The UAB Health System Board of Directors is composed of 18 members, of whom nine are appointed by the Board. For the fiscal years ended September 30, 2014 and 2013, respectively, UAB contributed approximately \$8,221,000 and \$8,558,000 to the UAB Health System Board to support Health System administrative functions. In addition, the Health System periodically makes payments on behalf of the Hospital for which it is reimbursed. The Hospital had a net receivable from the Health System of approximately \$3,091,000 and a net payable to the Health System of approximately \$281,000 at September 30, 2014 and 2013, respectively.

In March 2014, the Hospital assumed operations of the outpatient clinics in The Kirklin Clinic and entered into an agreement with HSF to lease the land and the building known as The Kirklin Clinic. The initial term of the lease, which is cancellable by either party upon proper written notice and without penalty, is five years, with automatic one-year renewals thereafter.

VF's primary purpose is to provide a group medical practice for physicians who are faculty members in the UAB School of Medicine Huntsville program. It is governed by a 17-member board of directors, consisting of three nonvoting members and 14 voting members, of whom seven are affiliated with UAB. VF's total assets were approximately \$10,157,000 (unaudited) and \$9,357,000 (unaudited) and total liabilities were approximately \$1,427,000 (unaudited) and \$1,132,000 (unaudited) at September 30, 2014 and 2013, respectively.

The Hospital received premium revenue (capitation fees) of approximately \$61,862,000 and \$56,903,000 from Triton during the years ended September 30, 2014 and 2013.

The Hospital purchased \$155,786,000 and \$88,481,000 in management, administrative, and staffing services from the LLC during the years ended September 30, 2014 and 2013, respectively.

## (3) Cash and Cash Equivalents

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for UAB funds. Prior to approval, each proposed depository must provide evidence of its designation by the Ala-

bama state treasurer as a qualified public depository under the Security for Alabama Funds Enhancement Act (SAFE). From time to time, the Board may request that the depository provide evidence of its continuing designation as a qualified public depository. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the state treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

The System sponsors a short-term investment pool for the System entities to invest operating cash reserves. The Short-Term Fund is invested in a treasury obligation money market fund managed by Federated. As of September 30, 2014, the University, within the Short-Term Fund, had approximately \$138,200,000, all of which was invested in the money market fund. As of September 30, 2013, the University had approximately \$118,900,000 in the Short-Term Fund, all of which was invested in the money market fund. The assets held in the money market fund are presented in cash and cash equivalents and restricted cash and cash equivalents. As of September 30, 2014 and 2013, respectively, UAB had cash and cash equivalents totaling \$371,960,135 and \$339,152,287.

## (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 four distinct investment pools based primarily on the projected investment time-horizons for System funds. These investment pools are the Endowment Fund, Prime Fund, Intermediate Fund and the Short-Term Fund (collectively, the "System Pools"). Pursuant to Board investment policies, each System or related entity may include all or a portion of their investments within the System sponsored investment pools. These investment funds are considered 'internal' investment pools under GASB Statement No. 31, with the assets pooled on a market value basis. Separately managed funds that are resident with each entity are to be invested consistent with the asset mix of the corresponding System investment pool.

UAB applies the same investment policies for separately held investments as those of the System Pools.

The following disclosures relate to both the System Pools, which include the investments of other System entities and other affiliated entities, and the UAB-specific investment portfolio.

### **Endowment Fund**

The purpose of the Endowment Fund is to pool endowment and similar funds to support the System campuses, the Hospital and related entities in carrying out their respective missions over a perpetual time frame. Accordingly, the primary investment objectives of the Endowment Fund are to preserve the purchasing power of the principal and provide a stable source of perpetual financial support to the endowment beneficiaries. To satisfy the long-term rate of return objective, the Endowment Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation and natural income. Asset allocation targets are established to meet return objectives while providing adequate diversification in order to minimize investment volatility. As discussed in Note 1, certain investments within the Endowment Fund are valued at cost, unless impaired. UAB's portion of investments in the Endowment Fund which are measured at cost totaled approximately \$42,700,000 and \$40,600,000 at September 30, 2014 and 2013, respectively.

### **Prime Fund**

The Prime Fund is a longer-term fund used as an investment vehicle to manage operating reserves with a time horizon of seven to ten years. This fund has an investment objective of growth and income and is invested in a diversified asset mix of liquid and semi-liquid securities. This fund is not currently invested in long-term lockup funds with illiquid assets. As discussed in Note 1, certain investments in the Prime Fund are valued at cost, unless impaired. UAB's portion of investments which are measured at cost totaled approximately \$6,600,000 at September 30, 2014 and 2013, respectively.

### **Intermediate Fund**

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

### **Short-Term Fund**

The Short-Term Fund contains the short-term operating reserves of the various System entities. Because of the different income and disbursement requirements of each entity, consolidation of these funds reduces daily cash fluctuations and minimizes the amount of short-term cash reserves needed. Assets held in the Short-Term Fund are invested with the primary objective of stability of principal and liquidity. Such investments are restricted to high quality, liquid, money market funds and other fixed income obligations with a maturity of one year or less. Refer to Note 3 for additional information related to the Short-Term Fund.

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

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

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

<b>September 30, 2014</b>								
	<b>ENDOWMENT FUND</b>		<b>PRIME FUND</b>		<b>INTERMEDIATE FUND</b>		<b>SHORT TERM FUND</b>	
Receivables:								
Accrued Income Receivables	\$	1,003,301	\$	881,205	\$	3,704,124	\$	
<b>TOTAL RECEIVABLES</b>	<b>\$</b>	<b>1,003,301</b>	<b>\$</b>	<b>881,205</b>	<b>\$</b>	<b>3,704,124</b>	<b>\$</b>	
Cash Equivalents:								
Money Market Funds	\$	57,886,211	\$	40,085,105	\$	89,200,493	\$	176,466,706
<b>TOTAL CASH EQUIVALENTS</b>	<b>\$</b>	<b>57,886,211</b>	<b>\$</b>	<b>40,085,105</b>	<b>\$</b>	<b>89,200,493</b>	<b>\$</b>	<b>176,466,706</b>
Equities:								
U.S. Common Stock	\$	91,626,275	\$	64,167,500	\$		\$	
U.S. Preferred Stock		1,081,641		970,703				
Non-U.S. Stock		9,122,500		7,016,834				
<b>TOTAL EQUITIES</b>	<b>\$</b>	<b>101,830,416</b>	<b>\$</b>	<b>72,155,037</b>	<b>\$</b>		<b>\$</b>	
Fixed Income Securities:								
U.S. Government Obligations	\$	16,426,862	\$	14,060,742	\$	356,983,685	\$	
Mortgage Backed Securities						107,336,734		
Collateralized Mortgage Obligations						36,037,561		
Corporate Bonds		32,525,648		25,320,584		243,885,772		
Non-U.S. Bonds		4,717,740		3,586,194		86,740,041		
<b>TOTAL FIXED INCOME SECURITIES</b>	<b>\$</b>	<b>53,670,250</b>	<b>\$</b>	<b>42,967,520</b>	<b>\$</b>	<b>830,983,793</b>	<b>\$</b>	
Commingled Funds:								
U.S. Equity Funds	\$	70,497,226	\$	90,049,678	\$		\$	
Non-U.S. Equity Funds		299,154,328		277,766,811				
U.S. Bond Funds		59,672,727		44,754,545		88,967,993		
Non-U.S. Bond Funds		62,211,203		61,965,572				
Hedge Funds		237,682,807		196,514,795				
Private Equity Funds		67,605,100						
Real Estate Funds		136,647,983		90,219,359				
<b>TOTAL COMMINGLED FUNDS</b>	<b>\$</b>	<b>933,471,374</b>	<b>\$</b>	<b>761,270,760</b>	<b>\$</b>	<b>88,967,993</b>	<b>\$</b>	
<b>TOTAL FUND INVESTMENTS</b>	<b>\$</b>	<b>1,146,858,251</b>	<b>\$</b>	<b>916,478,422</b>	<b>\$</b>	<b>1,009,152,279</b>	<b>\$</b>	<b>176,466,706</b>
<b>TOTAL FUND ASSETS</b>	<b>\$</b>	<b>1,147,861,552</b>	<b>\$</b>	<b>917,359,627</b>	<b>\$</b>	<b>1,012,856,403</b>	<b>\$</b>	<b>176,466,706</b>
<b>TOTAL FUND LIABILITIES</b>	<b>\$</b>	<b>(254,559)</b>	<b>\$</b>	<b>(175,311)</b>	<b>\$</b>	<b>(566,898)</b>	<b>\$</b>	
<b>AFFILIATED ENTITY INVESTMENT IN FUNDS</b>	<b>\$</b>	<b>(147,147,272)</b>	<b>\$</b>	<b>(56,162,298)</b>	<b>\$</b>	<b>(106,232,340)</b>	<b>\$</b>	
<b>TOTAL NET ASSET VALUE</b>	<b>\$</b>	<b>1,000,459,721</b>	<b>\$</b>	<b>861,022,018</b>	<b>\$</b>	<b>906,057,165</b>	<b>\$</b>	<b>176,466,706</b>

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

## September 30, 2013

	ENDOWMENT FUND	PRIME FUND	INTERMEDIATE FUND	SHORT TERM FUND
Receivables:				
Accrued Income Receivables	\$ 1,096,967	\$ 651,549	\$ 4,056,788	\$
<b>TOTAL RECEIVABLES</b>	<b>\$ 1,096,967</b>	<b>\$ 651,549</b>	<b>\$ 4,056,788</b>	<b>\$</b>
Cash Equivalents:				
Certificates Of Deposit	\$	\$	\$ 8,094,239	\$
Commercial Paper			2,599,751	
Money Market Funds	56,519,604	50,827,901	69,728,143	201,099,030
<b>TOTAL CASH EQUIVALENTS</b>	<b>\$ 56,519,604</b>	<b>\$ 50,827,901</b>	<b>\$ 80,422,133</b>	<b>\$ 201,099,030</b>
Equities:				
U.S. Common Stock	\$ 74,460,258	\$ 53,886,837	\$	\$
U.S. Preferred Stock	1,238,188	1,125,625		
Non-U.S. Stock	10,624,062	6,771,037		
<b>TOTAL EQUITIES</b>	<b>\$ 86,322,508</b>	<b>\$ 61,783,499</b>	<b>\$</b>	<b>\$</b>
Fixed Income Securities:				
U.S. Government Obligations	\$ 21,850,510	\$ 11,213,984	\$ 317,145,894	\$
Municipal Government Obligations			217,383	
Mortgage Backed Securities			120,283,662	
Collateralized Mortgage Obligations			50,078,274	
Corporate Bonds	59,987,039	30,751,076	343,033,010	
Non-U.S. Bonds			1,046,990	
<b>TOTAL FIXED INCOME SECURITIES</b>	<b>\$ 81,837,549</b>	<b>\$ 41,965,060</b>	<b>\$ 831,805,213</b>	<b>\$</b>
Commingled Funds:				
U.S. Equity Funds	\$ 102,773,998	\$ 110,668,279	\$	\$
Non-U.S. Equity Funds	280,637,986	259,399,547		
U.S. Bond Funds	31,464,754	59,945,698	78,977,321	
Non-U.S. Bond Funds	61,765,298	56,698,721		
Hedge Funds	153,064,178	120,473,011		
Private Equity Funds	62,791,546			
Timberland Funds	16,960			
Real Estate Funds	131,161,560	104,551,847		
<b>TOTAL COMMINGLED FUNDS</b>	<b>\$ 823,676,280</b>	<b>\$ 711,737,103</b>	<b>\$ 78,977,321</b>	<b>\$</b>
<b>TOTAL FUND INVESTMENTS</b>	<b>\$ 1,048,355,941</b>	<b>\$ 866,313,563</b>	<b>\$ 991,204,667</b>	<b>\$ 201,099,030</b>
<b>TOTAL FUND ASSETS</b>	<b>\$ 1,049,452,908</b>	<b>\$ 866,965,112</b>	<b>\$ 995,261,455</b>	<b>\$ 201,099,030</b>
<b>TOTAL FUND LIABILITIES</b>	<b>\$ (122,926)</b>	<b>\$ (85,447)</b>	<b>\$ (584,144)</b>	<b>\$</b>
<b>AFFILIATED ENTITY INVESTMENT IN FUNDS</b>	<b>\$ (138,865,562)</b>	<b>\$ (53,288,957)</b>	<b>\$ (88,296,301)</b>	<b>\$</b>
<b>TOTAL NET ASSET VALUE</b>	<b>\$ 910,464,420</b>	<b>\$ 813,590,708</b>	<b>\$ 906,381,010</b>	<b>\$ 201,099,030</b>

The composition of investments, by investment type, of UAB's separately held investments, and UAB's interest in the System Pools, at September 30, 2014 and 2013 is as follows:

	2014	2013
Cash and cash equivalents:		
Commercial paper	\$ 100,000	\$ 100,000
Money market funds	1,017,428	1,064,724
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,117,428</b>	<b>\$ 1,164,724</b>
Equities:		
Common stock	\$ 39,389,694	\$ 1,042
Equity investment in partnerships	52,839,465	50,449,513
<b>TOTAL EQUITIES</b>	<b>\$ 92,229,159</b>	<b>\$ 50,450,555</b>
Fixed Income Securities:		
U.S. government obligations	\$ 48,026,721	\$ 71,317,706
Corporate bonds	15,607,631	13,831,683
<b>TOTAL FIXED INCOME SECURITIES</b>	<b>\$ 63,634,352</b>	<b>\$ 85,149,389</b>
Commingled Funds:		
U.S. equity funds	\$ 12,491,458	\$ 8,927,430
Non-U.S. equity funds	8,225,868	10,285,795
U.S. bond funds	3,988,420	3,938,397
Non-U.S. bond funds	1,307,721	1,339,360
Liquid alternatives	5,421,225	5,244,507
Private equity funds	1,790,980	2,517,501
Real estate funds	3,173,244	3,839,144
<b>TOTAL COMMINGLED FUNDS</b>	<b>\$ 36,398,916</b>	<b>\$ 36,092,134</b>
<b>REAL ESTATE</b>	<b>\$ 159,600</b>	<b>\$ 159,600</b>
Portion of System Pooled Investments:		
Endowment Fund	\$ 389,954,734	\$ 357,779,788
Prime Fund	592,982,140	561,617,285
Intermediate Fund	611,060,967	610,141,003
Short-Term Fund	138,238,607	118,864,217
<b>Total Portion of System Pooled Investments</b>	<b>\$ 1,732,236,448</b>	<b>\$ 1,648,402,293</b>
<b>Total Cash and Investments</b>	<b>\$ 1,925,775,903</b>	<b>\$ 1,821,418,695</b>
Less Short-Term Fund	\$ 138,238,607	\$ 118,864,217
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,787,537,296</b>	<b>\$ 1,702,554,478</b>

## Investment Risk Factors

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

### Credit Risk

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. Certain fixed

income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have significant credit risk.

A bond's credit quality is an assessment of the issuer's ability to pay interest on the bond, and ultimately, to pay the principal. Credit quality is evaluated by one of the independent bond-rating agencies, for example Moody's Investors Service (Moody's) or Standard and Poor's (S&P). The lower the rating, the greater the chance—in the rating agency's opinion—that the bond issuer will default, or fail to meet its payment obligations. Generally, the lower a bond's credit rating, the higher its yield should be to compensate for the additional risk.

Board policy recognizes that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk adjusted return over its benchmark. Credit risk in each investment pool is managed primarily by diversifying across issuers and



limiting the amount of portfolio assets that can be invested in non-investment grade securities. Fixed income holdings in a single entity (excluding obligations of the U.S. government and its agencies) may not exceed 5% of a manager's portfolio measured at market value. At least 95% of these fixed income investments must be in investment grade securities (securities with ratings of BBB- or Baa3) or higher. However, multi-strategy fixed income managers may have up to 20% of their investments in non-investment grade securities. Securities of foreign entities denominated in U.S. dollars are limited to 10% of a manager's portfolio. Securities denominated in currencies other than U.S. dollars are not permissible unless part of a multi-strategy fixed income account where the limitation is 20% of the manager's portfolio.

The investment policy recognizes that credit risk is appropriate in balanced investment pools such as the Endowment and Prime Funds, which are tracked against the Barclays Government Credit Index for U.S. investments and the Citigroup WGBI Index for international investments benchmarks for the fixed income portion of these pools. Fixed income investments within the Endowment and Prime Funds include corporate, mortgage backed, asset backed and U.S. treasury and/or agency bonds with a minimum BBB- rating and an average duration of four years. In addition, approximately \$1,512,000 and \$0 in the Endowment and Prime Funds, at September 30, 2014 and 2013, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds were approximately \$326,600,000 and \$317,200,000 in the Endowment

and Prime Funds, at September 30, 2014 and 2012, respectively.

The Intermediate Fund is benchmarked against the 1-3 Year Barclays Government Credit Index with funds invested with four separate fund managers. Fixed income investments include corporate, mortgage backed, asset backed, collateralized mortgage and U.S. treasury and/or agency bonds with an average minimum rating of BB or higher. For September 30, 2014 and 2013, approximately \$64,912,000 and \$135,800,000, respectively, was invested by the Intermediate Fund in unrated fixed income securities, excluding commingled bond funds, money market funds and commercial paper. Fixed income commingled funds and commercial paper totaled approximately \$178,200,000 and \$151,300,000 at September 30, 2014 and 2013, respectively. For September 30, 2014 and 2013, \$0 and \$8,100,000, respectively, was invested by the Intermediate Fund in certificates of deposit.

The Short-Term Fund is committed to immediate liquidity to meet the operating needs of the System campuses and the Hospital. The Short-Term Fund is invested in a money market fund, which in turn invests mostly in U.S. Treasury Securities and repurchase agreements that are collateralized by U.S. Treasury Securities. These funds are all commingled with funds of other investors. Refer to Note 3 for additional information related to the Short-Term Fund.

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

## September 30, 2014 and 2013

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND		SHORT TERM FUND	
	2014	2013	2014	2013	2014	2013	2014	2012
Fixed or Variable Income Securities								
U.S. Government Obligations	\$ 16,426,862	\$ 21,850,510	\$ 14,060,742	\$ 11,213,984	\$ 356,983,685	\$ 317,145,893	\$	
Municipal Government Obligations						217,383		
Other U.S. and Non-U.S. Denominated:								
AAA		1,254,938		642,291	48,981,389	18,861,309		
AA	6,632,713	11,441,938	5,082,925	5,792,481	83,143,881	85,433,796		
A	16,894,747	27,814,947	13,410,517	14,242,504	151,341,278	182,513,978		
BBB	12,850,553	19,475,216	9,766,791	10,073,800	84,810,054	78,670,892		
BB					29,352,911	6,740,499		
B					8,810,464	3,613,132		
C and < C					2,648,442	2,818,596		
Unrated	865,375		646,545		64,911,689	135,789,735		
Commingled Funds:								
U.S. Bond Funds: Unrated	59,672,727	31,464,754	44,754,545	59,945,698	88,967,993	78,977,321		
Non-U.S. Bond Funds: Unrated	62,211,203	61,765,298	61,965,572	56,698,721				
Money Market Funds: Unrated	57,886,211	56,519,604	40,085,105	50,827,901	89,200,493	69,728,143	176,466,706	201,099,030
Commercial Paper: Unrated						2,599,751		
Certificate of Deposits						8,094,239		
<b>TOTAL</b>	<b>\$ 233,440,391</b>	<b>\$ 231,587,205</b>	<b>\$ 189,772,742</b>	<b>\$ 209,437,380</b>	<b>\$ 1,009,152,279</b>	<b>\$ 991,204,667</b>	<b>\$ 176,466,706</b>	<b>\$ 201,099,030</b>

The credit risk for fixed and variable income securities of UAB's separately held investments at September 30, 2014 and 2013 is as follows:

## September 30, 2014 and 2013

	2014	2013
Fixed or Variable Income Securities		
U.S. Government Obligations	\$ 48,026,721	\$ 71,317,706
Other U.S. and Non U.S. Denominated:		
AAA	15,607,631	13,831,683
AA		
A		
BBB		
BB		
B		
CCC		
CC		
Unrated		
Commingled Funds:		
U.S. Bond Funds: Unrated	3,988,420	3,938,397
Non-U.S. Bond Funds: Unrated	1,307,721	1,339,360
Money Market Funds: Unrated	1,017,428	1,064,724
Commercial Paper: Unrated	100,000	100,000
<b>TOTAL</b>	<b>\$ 70,047,921</b>	<b>\$ 91,591,870</b>

### Custodial Credit Risk

Custodial credit risk is the risk that in the event of the corporate failure of the custodian, the investment securities may not be returned.

Investment securities in the System Pools and UAB's separately held investments are registered in the Board's name by the custodial bank as an agent for the System. Other types of investments (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 UAB's separately held portfolio is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. As of September 30, 2014 and 2013, there was no investment in a single issuer that represents 5% or more of

total investments held by any single investment manager of the System Pools or UAB's separately held investment portfolio except for investments issued by the U.S. government and money market investments held by the Short Term Fund.

### Interest Rate Risk

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

The information presented does not take into account the relative weighting of the portfolio components to the total portfolio. The effective durations for fixed or variable income securities, for the System Pools at September 30, 2014 and 2013 are as follows:

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2014	2013	2014	2013	2014	2013
U.S. Government Obligations	7.1	5.6	6.5	5.4	3.2	1.8
Corporate Bonds	3.8	4.2	3.8	4.2	1.9	1.5
Commingled Bond Funds	2.3	1.5	2.2	2.3	2.8	2.3
Non-U.S. Bonds					1.9	1.5
Municipal Government Obligations						0.2

There are no fixed or variable income securities in the Short-Term Fund at September 30, 2014 and 2013.

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

The effective durations for fixed or variable income securities for UAB's separately held investments at September 30, 2014 and 2013 are as follows:

	2014	2013
Commingled Bond Funds	3.1	3.0
U.S. Government Obligations	0.6	1.1

Investments may also include mortgage pass through securities and collateralized mortgage obligations that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. At September 30, 2014 and 2013, the fair market values of these investments in the System Pools are as follows:

	INTERMEDIATE FUND	
	2014	2013
Mortgage Backed Securities	\$ 107,336,734	\$ 120,283,662
Collateralized Mortgage Obligations	36,037,561	50,078,274
<b>TOTAL</b>	<b>\$ 143,374,295</b>	<b>\$ 170,361,936</b>

**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, 2014 and 2013, the effective durations for these securities held in the System Pools are as follows:

### September 30, 2014 and 2013

	INTERMEDIATE FUND	
	2014	2013
Mortgage backed securities	1.3	0.7
Collateralized mortgage obligations	1.0	1.0

There are no mortgage backed securities or CMOs in the Short Term Fund at September 30, 2014 and 2013.

There are no mortgage backed securities or CMOs in UAB's separately held investments at September 30, 2014 and 2013.

#### Foreign Currency Risk

The strategic asset allocation policy for the Endowment Fund, the Prime Fund, and UAB's separately held investments includes an allocation to non-United States equity and fixed income securities. Each international equity manager must hold a minimum of 30 individual stocks with equity holdings in a single company remaining below 8% of the investment manager's portfolio, measured at market value. Currency hedging of foreign bonds and stocks is allowed under System policy. As of September 30, 2014 and 2013, all foreign investments in the System Pools and UAB's separately held investments are denominated in U.S. dollars and are in international commingled funds, which in turn invest in equity securities and bonds of foreign issuers except for approximately \$86.7 million and \$1.0 million of foreign bonds denominated in U.S. dollars and held by the Intermediate Fund at September 30, 2014 and 2013, respectively.

#### Securities Lending

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

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

#### Joint Ventures

UAB accounts for its ownership of the PLTF as a joint venture, using the equity method in the amount of approximately \$52,840,000 and \$50,450,000 at September 30, 2014 and 2013, respectively. See Note 19 for further discussion of the PLTF.

## (5) Accounts Receivable

The composition of accounts receivable at September 30, 2014 and 2013 is summarized as follows:

	2014	2013
Patient care	\$ 317,171,578	\$ 316,232,867
Receivables from sponsoring agencies	59,548,780	59,222,421
Student accounts	25,414,127	21,573,744
Other	31,969,258	26,063,161
	<b>\$ 434,103,743</b>	<b>\$ 423,092,193</b>
Less: Provision for doubtful accounts from patient care	152,833,331	159,237,478
Less: Provision for doubtful accounts from student accounts	774,293	1,556,559
Less: Provision for doubtful accounts other	1,154,053	1,546,473
<b>Total accounts receivable</b>	<b>\$ 279,342,066</b>	<b>\$ 260,751,683</b>

## (6) Loans and Pledges Receivable

The composition of loans and pledges receivable at September 30, 2014 and 2013, is summarized in the following table.

The principal repayment and interest rate terms of federal and university loans vary considerably. The allowance for doubtful accounts only applies to University-funded notes and the University portion of

federal student loans, since the University is not obligated to fund the federal portion of uncollected student loans. Federal loan programs are funded principally with federal advances to UAB under the Perkins and various health professions loan programs.

Pledges for permanent endowments do not meet eligibility requirements, as defined by GASB Statement No. 33, 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.

<b>LOANS RECEIVABLE:</b>	<b>2014</b>	<b>2013</b>
Federal loan program	\$ 16,982,788	\$ 17,367,247
University loan funds	2,092,549	1,999,468
Other	1,226,687	992,312
Total loans receivable	\$ 20,302,024	\$ 20,359,027
Less allowance for doubtful accounts	2,884,344	2,460,058
Total loans receivable, net	\$ 17,417,680	\$ 17,898,969
Less: current portion	2,473,999	2,312,259
<b>Total loans receivable outstanding, noncurrent</b>	<b>\$ 14,943,681</b>	<b>\$ 15,586,710</b>
<b>GIFT PLEDGES OUTSTANDING:</b>		
Operations	\$ 25,981,904	\$ 12,344,563
Capital	7,684,584	7,308,139
Total gift pledges	\$ 33,666,488	\$ 19,652,702
Less: current portion	13,530,960	8,315,206
<b>Total gift pledges, noncurrent</b>	<b>\$ 20,135,528</b>	<b>\$ 11,337,496</b>

# (7) Capital Assets

Capital assets activity for the years ended September 30, 2014 and 2013 is summarized below:

Net interest costs capitalized for the University and Component Units in 2014 and 2013, respectively, were approximately \$4,266,000 and \$2,717,000 (net of \$577,000 and \$1,240,000 investment earnings in 2014 and 2013, respectively). There were no net interest costs capitalized in 2014 or 2013 for the Hospital.

## September 30, 2014

	BEGINNING BALANCE		ADDITIONS		SALES/RETIREMENTS/ TRANSFERS		ENDING BALANCE
<b>UNIVERSITY AND COMPONENT UNITS</b>							
Capital assets not being depreciated							
Land	\$ 75,091,788	\$	2,262,863	\$	291,691	\$	77,062,960
Construction in progress	21,458,729		38,500,258		23,062,127		36,896,860
	<b>\$ 96,550,517</b>	<b>\$</b>	<b>40,763,121</b>	<b>\$</b>	<b>23,353,818</b>	<b>\$</b>	<b>113,959,820</b>
Capital assets being depreciated							
Land Improvements	\$ 25,777,821	\$	771,078	\$		\$	26,548,899
Buildings	1,284,207,424		43,203,934		2,904,976		1,324,506,382
Fixed Equipment Systems	42,431,365		731,002				43,162,367
Equipment	391,120,810		22,133,056		13,292,534		399,961,332
Library Materials	96,740,340		3,500,393				100,240,733
	<b>\$ 1,840,277,760</b>	<b>\$</b>	<b>70,339,463</b>	<b>\$</b>	<b>16,197,510</b>	<b>\$</b>	<b>1,894,419,713</b>
Total Capital Assets	\$ 1,936,828,277	\$	111,102,584	\$	39,551,328	\$	2,008,379,533
Less: Accumulated Depreciation	1,031,910,019		68,011,875		13,239,577		1,086,682,317
<b>Total Net Capital Assets</b>	<b>\$ 904,918,258</b>	<b>\$</b>	<b>43,090,709</b>	<b>\$</b>	<b>26,311,751</b>	<b>\$</b>	<b>921,697,216</b>
<b>HOSPITAL</b>							
Capital assets not being depreciated							
Land	\$ 19,044,954	\$		\$		\$	19,044,954
Construction in progress	13,920,348		8,423,480		1,152,171		21,191,657
	<b>\$ 32,965,302</b>	<b>\$</b>	<b>8,423,480</b>	<b>\$</b>	<b>1,152,171</b>	<b>\$</b>	<b>40,236,611</b>
Capital assets being depreciated							
Land Improvements	\$ 624,729	\$	32,145	\$		\$	656,874
Buildings	842,900,609		10,450,629				853,351,238
Fixed Equipment Systems	10,002,839						10,002,839
Equipment	384,484,960		37,568,622		60,354,273		361,699,309
	<b>\$ 1,238,013,137</b>	<b>\$</b>	<b>48,051,396</b>	<b>\$</b>	<b>60,354,273</b>	<b>\$</b>	<b>1,225,710,260</b>
Total Capital Assets	\$ 1,270,978,439	\$	56,474,876	\$	61,506,444	\$	1,265,946,871
Less: Accumulated Depreciation	651,012,773		61,533,684		59,630,950		652,915,507
<b>Total Net Capital Assets</b>	<b>\$ 619,965,666</b>	<b>\$</b>	<b>(5,058,808)</b>	<b>\$</b>	<b>1,875,494</b>	<b>\$</b>	<b>613,031,364</b>
<b>TOTAL UAB</b>							
Capital assets not being depreciated							
Land	\$ 94,136,742	\$	2,262,863	\$	291,691	\$	96,107,914
Construction in progress	35,379,077		46,923,738		24,214,298		58,088,517
	<b>\$ 129,515,819</b>	<b>\$</b>	<b>49,186,601</b>	<b>\$</b>	<b>24,505,989</b>	<b>\$</b>	<b>154,196,431</b>
Capital assets being depreciated							
Land Improvements	\$ 26,402,550	\$	803,223	\$		\$	27,205,773
Buildings	2,127,108,033		53,654,563		2,904,976		2,177,857,620
Fixed Equipment Systems	52,434,204		731,002				53,165,206
Equipment	775,605,770		59,701,678		73,646,807		761,660,641
Library Materials	96,740,340		3,500,393				100,240,733
	<b>\$ 3,078,290,897</b>	<b>\$</b>	<b>118,390,859</b>	<b>\$</b>	<b>76,551,783</b>	<b>\$</b>	<b>3,120,129,973</b>
Total Capital Assets	\$ 3,207,806,716	\$	167,577,460	\$	101,057,772	\$	3,274,326,404
Less: Accumulated Depreciation	1,682,922,792		129,545,559		72,870,527		1,739,597,824
<b>Total Net Capital Assets</b>	<b>\$ 1,524,883,924</b>	<b>\$</b>	<b>38,031,901</b>	<b>\$</b>	<b>28,187,245</b>	<b>\$</b>	<b>1,534,728,580</b>

## September 30, 2013

	BEGINNING BALANCE		ADDITIONS		SALES/RETIREMENTS/ TRANSFERS		ENDING BALANCE
<b>UNIVERSITY AND COMPONENT UNITS</b>							
Capital assets not being depreciated							
Land	\$	57,225,762	\$	17,866,026	\$		\$ 75,091,788
Construction in progress		91,610,079		15,266,892		85,418,242	21,458,729
	\$	<b>148,835,841</b>	\$	<b>33,132,918</b>	\$	<b>85,418,242</b>	<b>\$ 96,550,517</b>
Capital assets being depreciated							
Land Improvements	\$	24,183,330	\$	1,594,491	\$		\$ 25,777,821
Buildings		1,120,451,449		176,702,373		12,946,398	1,284,207,424
Fixed Equipment Systems		48,043,336		1,316,420		6,928,391	42,431,365
Equipment		375,058,133		17,370,182		1,307,505	391,120,810
Library Materials		93,442,514		3,297,826			96,740,340
	\$	<b>1,661,178,762</b>	\$	<b>200,281,292</b>	\$	<b>21,182,294</b>	<b>\$ 1,840,277,760</b>
Total Capital Assets	\$	1,810,014,603	\$	233,414,210	\$	106,600,536	\$ 1,936,828,277
Less: Accumulated Depreciation		1,007,432,609		40,459,249		15,981,839	1,031,910,019
<b>Total Net Capital Assets</b>	<b>\$</b>	<b>802,581,994</b>	<b>\$</b>	<b>192,954,961</b>	<b>\$</b>	<b>90,618,697</b>	<b>\$ 904,918,258</b>
<b>HOSPITAL</b>							
Capital assets not being depreciated							
Land	\$	19,044,954	\$		\$		\$ 19,044,954
Construction in progress		7,446,251		7,845,385		1,371,288	13,920,348
	\$	<b>26,491,205</b>	\$	<b>7,845,385</b>	\$	<b>1,371,288</b>	<b>\$ 32,965,302</b>
Capital assets being depreciated							
Land Improvements	\$	537,526	\$	87,203	\$		\$ 624,729
Buildings		835,208,553		7,692,056			842,900,609
Fixed Equipment Systems		10,002,839					10,002,839
Equipment		354,745,244		32,508,036		2,768,320	384,484,960
	\$	<b>1,200,494,162</b>	\$	<b>40,287,295</b>	\$	<b>2,768,320</b>	<b>\$ 1,238,013,137</b>
Total Capital Assets	\$	1,226,985,367	\$	48,132,680	\$	4,139,608	\$ 1,270,978,439
Less: Accumulated Depreciation		595,885,983		57,843,816		2,717,026	651,012,773
<b>Total Net Capital Assets</b>	<b>\$</b>	<b>631,099,384</b>	<b>\$</b>	<b>(9,711,136)</b>	<b>\$</b>	<b>1,422,582</b>	<b>\$ 619,965,666</b>
<b>TOTAL UAB</b>							
Capital assets not being depreciated							
Land	\$	76,270,716	\$	17,866,026	\$		\$ 94,136,742
Construction in progress		99,056,330		23,112,277		86,789,530	35,379,077
	\$	<b>175,327,046</b>	\$	<b>40,978,303</b>	\$	<b>86,789,530</b>	<b>\$ 129,515,819</b>
Capital assets being depreciated							
Land Improvements	\$	24,720,856	\$	1,681,694	\$		\$ 26,402,550
Buildings		1,955,660,002		184,394,429		12,946,398	2,127,108,033
Fixed Equipment Systems		58,046,175		1,316,420		6,928,391	52,434,204
Equipment		729,803,377		49,878,218		4,075,825	775,605,770
Library Materials		93,442,514		3,297,826			96,740,340
	\$	<b>2,861,672,924</b>	\$	<b>240,568,587</b>	\$	<b>23,950,614</b>	<b>\$ 3,078,290,897</b>
Total Capital Assets	\$	3,036,999,970	\$	281,546,890	\$	110,740,144	\$ 3,207,806,716
Less: Accumulated Depreciation		1,603,318,592		98,303,065		18,698,865	1,682,922,792
<b>Total Net Capital Assets</b>	<b>\$</b>	<b>1,433,681,378</b>	<b>\$</b>	<b>183,243,825</b>	<b>\$</b>	<b>92,041,279</b>	<b>\$ 1,524,883,924</b>

# (8) Long-Term Debt

Long-term debt activity for the years ended September 30, 2014 and 2013 is summarized as follows:

A portion of UAB's long term debt has been issued with variable interest rates. The interest rates are determined in accordance with the individual related indenture of the related outstanding debt. UAB's bonds are collateralized by pledged revenues as defined in the applicable indentures.

## September 30, 2014

	BEGINNING BALANCE	NEW DEBT	PRINCIPAL REPAYMENT	ENDING BALANCE
<b>UNIVERSITY</b>				
Lease Payable, 3.19% due annually through 2019	\$	\$ 374,299	\$	\$ 374,299
Birmingham General Revenue Bonds Series 1993B, variable rate interest(0.2% at September 30, 2013), due annually through 2014	1,100,000		1,100,000	
Birmingham General Revenue Bonds Series 2002, 3.0% to 3.8%, due annually through 2014	1,205,000		1,205,000	
Birmingham General Revenue Bonds Series 2003A, 3.4% to 4.5% due annually through 2030	2,760,000		2,760,000	
Birmingham General Revenue Bonds Series 2005A, 4.0% to 5.0% due annually from 2007 through 2021	30,870,000		4,920,000	25,950,000
Birmingham General Revenue Bonds Series 2005B, 4.0% to 4.5% due annually through 2028	42,255,000		2,350,000	39,905,000
Birmingham General Revenue Bonds Series 2010A, 2.0% to 4.5% due annually through 2041	53,270,000		675,000	52,595,000
Birmingham General Revenue Bonds Series 2010B, 1.0% to 5.8% due annually through 2041	52,605,000		180,000	52,425,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2028	27,303,164		2,820,935	24,482,229
Birmingham General Revenue Bonds Series 2013A-1, 1.1.% due annually through 2021	19,195,000			19,195,000
Birmingham General Revenue Bonds Series 2013A-2, 2.25% to 5.0% due annually through 2044	72,595,000			72,595,000
Birmingham General Revenue Bonds Series 2013B, 1.99% due annually through 2030	45,190,000			45,190,000
Birmingham General Revenue Bonds Series 2013C, 1.0% to 1.45% due annually through 2020	3,095,000			3,095,000
Birmingham General Revenue Bonds Series 2013D-1, 1.97% due annually through 2024	20,425,000			20,425,000
Birmingham General Revenue Bonds Series 2013D-2, 4.0% to 5.0% due annually through 2044	78,325,000			78,325,000
	\$ 450,193,164	\$ 374,299	\$ 16,010,935	\$ 434,556,528
Less (Plus): unamortized bond discount (premium)				(1,983,334)
<b>TOTAL UNIVERSITY DEBT</b>				<b>\$ 436,539,862</b>
Less: current portion				19,361,454
<b>TOTAL UNIVERSITY DEBT, NONCURRENT</b>				<b>\$ 417,178,408</b>
<b>HOSPITAL</b>				
Lease Payable, 3.75% due monthly through 2020	\$ 3,163,342	\$ 11,977,740	\$ 2,847,283	\$ 12,293,799
Birmingham Hospital Revenue Bonds Series 2004A, 5.0% due annually through 2014	5,200,000		5,200,000	
Birmingham Hospital Revenue Bonds Series 2006A, 4.0% due annually through 2041	241,180,000		805,000	240,375,000
Birmingham Hospital Revenue Bonds Series 2008A, 4.0% to 5.75% due annually through 2025	99,125,000		2,155,000	96,970,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2018	1,201,836		224,065	977,771
Birmingham Hospital Revenue Bonds Series 2012A, 2.57% due annually through 2027	19,448,000		1,162,000	18,286,000
Birmingham Hospital Revenue Bonds Series 2012B, variable interest rate (0.04% at September 30, 2014), due annually through 2042	65,000,000			65,000,000
Birmingham Hospital Revenue Bonds Series 2012C, variable interest rate (0.04% at September 30, 2014), due annually through 2042	65,000,000			65,000,000
	\$ 499,318,178	\$ 11,977,740	\$ 12,393,348	\$ 498,902,570
Less (Plus): unamortized bond discount (premium)				(4,000,229)
<b>TOTAL HOSPITAL DEBT</b>				<b>\$ 502,902,799</b>
Less: current portion				12,615,034
<b>TOTAL HOSPITAL DEBT, NONCURRENT</b>				<b>\$ 490,287,765</b>
<b>TOTAL UAB</b>				
	\$ 949,511,342	\$ 12,352,039	\$ 28,404,283	\$ 933,459,098
Less (Plus): unamortized bond discount (premium)				(5,983,563)
<b>TOTAL UAB DEBT</b>				<b>\$ 939,442,661</b>
Less: current portion				31,976,488
<b>TOTAL UAB DEBT, NONCURRENT</b>				<b>\$ 907,466,173</b>

## September 30, 2013

	BEGINNING BALANCE	NEW DEBT	PRINCIPAL REPAYMENT	ENDING BALANCE
<b>UNIVERSITY</b>				
Leases Payable for purchase of equipment, 4.55% to 5.04%, due various dates through 2013	\$ 41,805	\$	\$ 41,805	\$
Birmingham General Revenue Bonds Series 1993B, variable rate interest(0.2% at September 30, 2013), due annually through 2014	2,200,000		1,100,000	1,100,000
Birmingham General Revenue Bonds Series 2002, 3.0% to 3.8%, due annually through 2014	2,370,000		1,165,000	1,205,000
Birmingham General Revenue Bonds Series 2003A, 3.4% to 4.5% due annually through 2030	52,600,000		49,840,000	2,760,000
Birmingham General Revenue Bonds Series 2005A, 4.0% to 5.0% due annually from 2007 through 2021	35,555,000		4,685,000	30,870,000
Birmingham General Revenue Bonds Series 2005B, 4.0% to 4.5% due annually through 2028	44,505,000		2,250,000	42,255,000
Birmingham General Revenue Bonds Series 2010A, 2.0% to 4.5% due annually through 2041	53,930,000		660,000	53,270,000
Birmingham General Revenue Bonds Series 2010B, 1.0% to 5.8% due annually through 2041	52,785,000		180,000	52,605,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2028	30,068,209		2,765,045	27,303,164
Birmingham General Revenue Bonds Series 2013A-1, 1.1% due annually through 2021		19,195,000		19,195,000
Birmingham General Revenue Bonds Series 2013A-2, 2.25% to 5.0% due annually through 2044		72,595,000		72,595,000
Birmingham General Revenue Bonds Series 2013B, 1.99% due annually through 2030		45,190,000		45,190,000
Birmingham General Revenue Bonds Series 2013C, 1.0% to 1.45% due annually through 2020		3,095,000		3,095,000
Birmingham General Revenue Bonds Series 2013D-1, 1.97% due annually through 2024		20,425,000		20,425,000
Birmingham General Revenue Bonds Series 2013D-2, 4.0% to 5.0% due annually through 2044		78,325,000		78,325,000
	<b>\$ 274,055,014</b>	<b>\$ 238,825,000</b>	<b>\$ 62,686,850</b>	<b>\$ 450,193,164</b>
Less (Plus): unamortized bond discount (premium)				(2,390,311)
<b>TOTAL UNIVERSITY DEBT</b>				<b>\$ 452,583,475</b>
Less: current portion				16,010,937
<b>TOTAL UNIVERSITY DEBT, NONCURRENT</b>				<b>\$ 436,572,538</b>
<b>HOSPITAL</b>				
Lease Payable, 3.75% due monthly through 2020	\$ 3,754,143	\$	\$ 590,801	\$ 3,163,342
Birmingham Hospital Revenue Bonds Series 2004A, 5.0% due annually through 2014	10,155,000		4,955,000	5,200,000
Birmingham Hospital Revenue Bonds Series 2006A, 4.0% due annually through 2041	242,045,000		865,000	241,180,000
Birmingham Hospital Revenue Bonds Series 2008A, 4.0% to 5.75% due annually through 2025	101,080,000		1,955,000	99,125,000
Birmingham General Revenue Bonds Series 2010C, 2.0% to 4.0% due annually through 2018	1,421,791		219,955	1,201,836
Birmingham Hospital Revenue Bonds Series 2012A, 2.57% due annually through 2027	20,580,000		1,132,000	19,448,000
Birmingham Hospital Revenue Bonds Series 2012B, variable interest rate (0.06% at September 30, 2013), due annually through 2042	65,000,000			65,000,000
Birmingham Hospital Revenue Bonds Series 2012C, variable interest rate (0.07% at September 30, 2013), due annually through 2042	65,000,000			65,000,000
	<b>\$ 509,035,934</b>	<b>\$</b>	<b>\$ 9,717,756</b>	<b>\$ 499,318,178</b>
Less (Plus): unamortized bond discount (premium)				(4,203,746)
<b>TOTAL HOSPITAL DEBT</b>				<b>\$ 503,521,924</b>
Less: current portion				10,147,512
<b>TOTAL HOSPITAL DEBT, NONCURRENT</b>				<b>\$ 493,374,412</b>
<b>TOTAL UAB</b>				
	<b>\$ 783,090,948</b>	<b>\$ 238,825,000</b>	<b>\$ 72,404,606</b>	<b>\$ 949,511,342</b>
Less (Plus): unamortized bond discount (premium)				(6,594,057)
<b>TOTAL UAB DEBT</b>				<b>\$ 956,105,399</b>
Less: current portion				26,158,449
<b>TOTAL UAB DEBT, NONCURRENT</b>				<b>\$ 929,946,950</b>



Maturities and interest on notes, leases, and bonds payable for the next five years and in the subsequent five-year incremental periods are presented in the

table below. Future interest payments for variable rate debt are computed by applying the rate in effect at September 30, 2014.

<b>UNIVERSITY</b>				
<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	
2015	\$ 19,361,454	\$ 15,899,509	\$	35,260,963
2016	20,219,928	15,221,353		35,441,281
2017	20,410,447	14,533,236		34,943,683
2018	21,115,069	13,847,556		34,962,625
2019	19,844,630	13,183,459		33,028,089
2020-2024	94,300,000	56,591,846		150,891,846
2025-2029	80,280,000	41,270,189		121,550,189
2030-2034	62,325,000	27,847,279		90,172,279
2035-2039	52,965,000	15,820,658		68,785,658
2040-2044	43,735,000	4,112,913		47,847,913
<b>TOTAL UNIVER-SITY</b>	<b>\$ 434,556,528</b>	<b>\$ 218,327,998</b>	<b>\$</b>	<b>652,884,526</b>
<b>HOSPITAL</b>				
<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	
2015	\$ 12,615,034	\$ 18,041,281	\$	30,656,315
2016	13,119,728	17,515,928		30,635,656
2017	13,675,129	16,971,503		30,646,632
2018	14,268,160	16,381,051		30,649,211
2019	13,115,814	15,791,012		28,906,826
2020-2024	70,206,705	68,670,345		138,877,050
2025-2029	78,482,000	56,279,689		134,761,689
2030-2034	89,225,000	52,705,944		141,930,944
2035-2039	112,470,000	30,789,440		143,259,440
2040-2044	81,725,000	4,059,715		85,784,715
<b>TOTAL HOSPITAL</b>	<b>\$ 498,902,570</b>	<b>\$ 297,205,908</b>	<b>\$</b>	<b>796,108,478</b>
<b>TOTAL UAB</b>				
<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL</b>	
2015	\$ 31,976,488	\$ 33,940,790	\$	65,917,278
2016	33,339,656	32,737,281		66,076,937
2017	34,085,576	31,504,739		65,590,315
2018	35,383,229	30,228,607		65,611,836
2019	32,960,444	28,974,471		61,934,915
2020-2024	164,506,705	125,262,191		289,768,896
2025-2029	158,762,000	97,549,878		256,311,878
2030-2034	151,550,000	80,553,223		232,103,223
2035-2039	165,435,000	46,610,098		212,045,098
2040-2044	125,460,000	8,172,628		133,632,628
<b>TOTAL UAB</b>	<b>\$ 933,459,098</b>	<b>\$ 515,533,906</b>	<b>\$</b>	<b>1,448,993,004</b>

See Note 10 for information regarding the pledged revenues, associated with certain outstanding debt.

The University defeased certain indebtedness during fiscal year 2013 by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Under the trust agreements, all funds deposited in the trust accounts are invested in obligations of the U.S. government. Neither the assets of the trust accounts nor the defeased indebtedness are included in the accompanying statement of net assets as of September 30, 2014 and 2013. There was no principal outstanding on the defeased indebtedness at September 30, 2014. The principal outstanding on the defeased indebtedness at September 30, 2013, was approximately \$49,840,000, which all related to the University.

The Hospital Revenue Bonds Series 2012B and 2012C bonds include a demand obligation feature that allows the bondholder to tender the bonds back to the Hospital at any date. The Hospital has obtained letters of credit ("LOC") for each of the Series 2012B and 2012C bonds to repay any tendered amounts in the event the remarketing agent is unable to resell the bonds in the allotted time (7 days from the notice of intent to tender). The LOC for the 2012B bond expires on October 30, 2015 and the LOC for the 2012C bond expires on July 30, 2017. Under the terms of the 2012B LOC, no principal amounts are due during the remarketing period, which is 367 days following the date of any draw on the LOC. Thereafter, any amount drawn is payable in quarterly installments over a two-year period. Under the terms of the 2012C LOC, no principal amounts

are due for one year subsequent to the date of any draw on the LOC. Thereafter, any amount drawn converts to a term loan that is payable in quarterly installments over a two-year period.

In March 2013, the University issued \$19,195,000 in Series 2013A-1 General Revenue Bonds. The bonds pay interest at a rate of 1.1% with principal due annually through October 1, 2020. The proceeds of this offering are being used for the purposes of constructing facilities, additions, and improvements at UAB; funding capitalized interest on a portion of the Series 2013A-1 Bonds through October 1, 2015; and paying costs and expenses associated with this issue. In March 2013, the University issued \$72,595,000 in Series 2013A-2 General Revenue Bonds. The bonds pay interest at varying rates of 2.25% to 5.0% with principal due annually through October 1, 2043. The proceeds of this offering are being used for the purposes of constructing facilities, additions, and improvements at UAB; funding capitalized interest on a portion of the Series 2013A-2 Bonds through October 1, 2015; and paying costs and expenses associated with this issue. In March 2013, the University issued \$45,190,000 in Series 2013B General Revenue Bonds. The bonds pay interest at a rate of 1.99% with principal due annually through October 1, 2029. The proceeds of this offering are being used for the purposes of advance refunding Series 2003A General Revenue Bonds; and paying costs and expenses associated with this issue. In March 2013, the University issued \$3,095,000 in Series 2013C General Revenue Bonds. The bonds pay interest at varying rates of 1.0% to 1.45% with principal due annually through October 1, 2019. The proceeds

of this offering are being used for the purposes of advance refunding Series 2003A General Revenue Bonds; and paying costs and expenses associated with this issue. These bonds were issued at a premium of \$2,104,514 resulting in total cash received of \$142,179,514.

In August 2013, the University issued \$20,425,000 in Series 2013D-1 General Revenue Bonds. The bonds pay interest at a rate of 1.97% with principal due annually through October 1, 2023. The proceeds of this offering are being used for the purposes of constructing housing facilities, as well as purchasing two existing housing facilities; funding capitalized interest on a portion of the Series 2013D-1 Bonds through October 1, 2015; and paying costs and expenses associated with this issue. In August 2013, the University issued \$78,325,000 in Series 2013D-2 General Revenue Bonds. The bonds pay interest at varying rates of 4.0% to 5.0% with principal due annually through October 1, 2043. The proceeds of this offering are being used for the purposes of constructing housing facilities, as well as purchasing two existing housing facilities; funding capitalized interest on a portion of the Series 2013D-2 Bonds through October 1, 2015; and paying costs and expenses associated with this issue. These bonds were issued at a premium of \$1,141,688 resulting in total cash received of \$99,891,688.

UAB's general revenue bonds and the Hospital Series 2004A, 2006A, 2008A, 2012A, 2012B, and 2012C Revenue Trust Indentures contain certain restrictive financial covenants. UAB was in compliance with these covenants at September 30, 2014 and 2013.

## (9) Other Noncurrent Liabilities

The activity with respect to other noncurrent liabilities for the year ended September 30, 2014 and 2013, is as follows for UAB:

### September 30, 2014

	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
Advances federal loans	\$ 14,727,477	\$ 200,863	\$ (369,216)	\$ 14,559,124
Unearned revenue	14,120,932		(228,422)	13,892,510
Other noncurrent liabilities	2,301,951	109	(246,101)	2,055,959
<b>Total advances federal loans and other noncurrent liabilities</b>	<b>\$ 31,150,360</b>	<b>\$ 200,972</b>	<b>\$ (843,739)</b>	<b>\$ 30,507,593</b>

### September 30, 2013

	BEGINNING BALANCE	ADDITIONS	DEDUCTIONS	ENDING BALANCE
Advances federal loans	\$ 14,925,390	\$ 161,028	\$ (358,941)	\$ 14,727,477
Unearned revenue	14,349,359		(228,427)	14,120,932
Other noncurrent liabilities	1,473	2,301,066	(588)	2,301,951
<b>Total advances federal loans and other noncurrent liabilities</b>	<b>\$ 29,276,222</b>	<b>\$ 2,462,094</b>	<b>\$ (587,956)</b>	<b>\$ 31,150,360</b>

## (10) Pledged Revenues

Pledged revenues for 2014 and 2013, as defined by the Series 2006A, 2008A, 2012A, 2012B and 2012C Hospital Revenue Trust Indentures, are as follows:

HOSPITAL BONDS	2014	2013
Total pledged revenues	\$ 1,398,810,758	\$ 1,295,916,857

Pledged revenues for 2014 and 2013, as defined by the Series 2005A, 2005B, 2010A, 2010B, 2010C, 2013A, 2013B, 2013C and 2013D General Revenue Trust Indentures, are as follows:

UNIVERSITY BONDS	2014	2013
Tuition fees	\$ 213,508,162	\$ 193,958,793
Indirect cost recovery	75,033,940	76,305,429
Sales and service of educational activities	59,147,027	58,133,856
Auxiliary sales and service	31,380,641	23,792,255
Endowment and investment income	33,292,859	29,808,601
Other sources	50,607,828	35,458,475
<b>TOTAL PLEDGED REVENUES</b>	<b>\$ 462,970,457</b>	<b>\$ 417,457,409</b>

# (11) Employee Benefits

## Retirement and Pension Plans

Most employees of the University, the Hospital, and UABRF participate in the Teachers' Retirement System of Alabama (TRS), a cost-sharing, multiple-employer public retirement system. Certain employees also participate in an optional 403(b) plan (403(b) Plan). TRS is a defined benefit plan and the 403(b) Plan is a defined contribution plan. The TRS was established as of September 15, 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control.

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

During 2013, TRS created a Tier 2 Defined Benefit plan for all participants hired on or after January 1, 2013. New participants pay lower contribution rates, but will not be able to draw a retirement benefit until they reach age 62.

Covered employees are required by statute to contribute to TRS. UAB, as the employer, contributes to TRS. The contribution requirements for fiscal years 2014, 2013, and 2012, respectively, were approximately \$147,975,000, \$138,146,000, and \$137,065,000, which consisted of \$90,532,000, \$79,253,000, and \$79,548,000 from UAB and \$57,443,000, \$58,893,000, and \$57,607,000 from employees. UAB's contribution rate for the years ended September 30, 2014 and 2013 was 11.71%

and 10.08% for Tier 1 covered employees, respectively, and 11.08% and 9.44% for Tier 2 employees, respectively. UAB's contribution was 10% of salaries and wages for covered employees in 2012. Tier 1 covered employees (except for law enforcement employees) were required by statute to contribute 7.5% in both 2014 and 2013, and 7.25% in 2012 of earned compensation to TRS. The contribution by Tier 1 law enforcement employees was 8.5% in both 2014 and 2013, and 8.25% in 2012 of earned compensation. Tier 2 covered employees (except for law enforcement employees) were required by statute to contribute 6.0% of earned compensation to TRS in 2014 and 2013. The contribution by Tier 2 law enforcement employees was 7.0% of earned compensation in 2014 and 2013. All regular employees of UAB are members of TRS, with the exception of temporary employees who, by definition, are those employees hired for a predetermined period of employment of less than one year and employees working less than one half of a regular schedule.

The actuarial accrued liability ("AAL"), which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The actuarial value of assets, which is the actuarial present value of assets, is a standardized disclosure measure of the present value of accumulated assets, adjusted for projected investment performance and contributions. TRS does not make separate measurements of assets and the AAL for individual employers. The AAL and the actuarial valuation of assets at September 30, 2013 (the most recent valuation date) for TRS as a whole, determined through actuarial valuations performed as of that date, were \$29.7 billion and \$19.7 billion, respectively, resulting in an underfunded AAL of \$10.0 billion. Complete financial presentation and disclosure of the financial position and activities of the TRS are presented in the September 30, 2013, annual financial report of TRS. That report is publicly available and may be obtained by contacting TRS.

As previously noted, some employees participate in the optional 403(b) Plan, which is a defined contribution plan. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All full-time regular monthly employees are eligible to participate from the date of employment. UAB contributes a matching amount of up to 5% of total salaries for participating employees. UAB's contribution is funded as it accrues and, along with that of the employee, is immediately and fully vested. The

contributions for 2014 and 2013, respectively, excluding employee amounts not eligible for matching, were approximately \$37,935,000 and \$34,307,000 which included approximately \$18,967,000 and \$17,154,000 each from UAB and its employees.

The University, the Hospital, LLC and UABRF total salaries and wages for fiscal years 2014 and 2013, respectively, were approximately \$1,016,856,000 and \$967,667,000. Total salaries and wages during fiscal years 2014 and 2013 for covered employees participating in TRS were approximately \$773,118,000 and \$786,243,000, respectively. Total salaries and wages during fiscal years 2014 and 2013 for covered employees participating in the 403(b) Plan were approximately \$398,918,000 and \$360,771,000, respectively.

Triton sponsors a 401(k) plan covering substantially all employees who have completed at least six months of service. Information regarding this benefit is presented in Triton's annual report.

The LLC sponsors a voluntary 403(b) retirement plan for eligible employees. The 403(b) plan is a voluntary, defined-contribution, tax-deferred as well as Roth after tax plan governed by Internal Revenue Code 403(b). Eligible employees can choose between both TIAA and VALIC for investments. Employees are vested after 3 years of employment. Eligibility for matching is for all full-time and part-time regular, twelve-hour shift, and weekend staff employees.

### **Compensated Absences**

Certain UAB employees accumulate vacation and sick leave at varying rates depending upon their years of continuous service and their payroll classification, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rate of pay up to a designated maximum number of days. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the financial statements include accruals of approximately \$77,372,000 and \$74,064,000 as of September 30, 2014 and 2013, respectively, for accrued vacation pay and salary-related payments associated with vacation pay. There is no such accrual recognized for sick leave benefits because there is no terminal cash benefit available to employees for accumulated sick leave.

## **(12) Other Postemployment Benefits**

UAB offers other postemployment health care benefits (OPEB) to all employees who officially retire from UAB. Health care benefits are offered through the Alabama Retired Education Employees Health Core Trust Plan (PEEHIP) with TRS or certain retired employees may elect to continue to participate in UAB's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. Retired employees age 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB's health care plan becomes the secondary insurer. Despite the availability of the UAB plan, most retirees elect to participate in the PEEHIP with TRS, in which case the retirees pay a portion of the PEEHIP premium, with UAB paying an allocation towards the cost of retiree coverage.

Certain retirees may also elect to continue their basic term life insurance coverage and accidental death and dismemberment insurance up to certain maximum amounts. The retirees pay the full amount of the premiums in such cases. Retirees are not eligible for tuition assistance benefits themselves. However, their unmarried dependent children may qualify in some cases.

PEEHIP is a cost-sharing multiple-employer defined benefit OPEB plan administered by the Public Education Employee Health Insurance Board. PEEHIP offers a basic hospital/medical plan that provides basic medical coverage for up to 365 days of care during each hospital confinement. The basic hospital/medical plan also provides for physicians' benefits, outpatient care, prescription drugs, and mental health benefits. Major medical benefits under the basic hospital/medical plan are subject to a lifetime contract maximum of \$1,000,000 for each covered individual. The financial report for PEEHIP can be obtained by contacting TRS. The Code of Alabama 1975, Section 16-25-A-8 provides authority to set the contribution requirements for retirees and employers. The required contribution rates of retirees are as follows as of September 30, 2014 and 2013, respectively:

### **Retired Member Rates**

- Individual Coverage/Non-Medicare Eligible - \$151
- Family Coverage/Non-Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$391

- Family Coverage/Non-Medicare Eligible Retired Member and Dependent Medicare Eligible - \$250
- Individual Coverage/Medicare Eligible Retired Member - \$10
- Family Coverage/Medicare Eligible Retired Member and Non-Medicare Eligible Dependent(s) - \$250
- Family Coverage/Medicare Eligible Retired Member and Dependent Medicare Eligible - \$109

The required contribution rates of the employer were \$356 and \$336 per employee per month in the years ended September 30, 2014 and 2013, respectively. 100% of 2014 and 2013 contributions were paid in 2014 and 2013, respectively. UAB contributed \$18,081,000 and \$16,071,600 to PEEHIP in 2014 and 2013, respectively. The required contribution rate is determined by PEEHIP in accordance with State statute.

The UAB Plan is considered a single-employer plan and consists of hospital benefits, major medical benefits, a prescription drug program and a basic term life insurance up to an established maximum policy limit. The health care benefits cover medi-

cal and hospitalization costs for retirees and their dependents. The portion of the UAB plan related to health care may be amended by the approval of the President of UAB upon recommendation from the Benefits Committee. The portion of the UAB plan related to the life insurance may be amended by the System.

Employees included in the actuarial valuation include active employees, retirees and disabled employees enrolled in the medical plan and retirees not enrolled in the medical plan with retiree life insurance. Expenditures for postretirement health care benefits are paid monthly on a pay-as-you-go basis.

In accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, UAB accrued an additional \$3,065,896 and \$4,288,767 in retiree healthcare and benefit expense during the years ended September 30, 2014 and 2013, respectively.

The UAB Plan does not issue a stand-alone financial report.

UAB's annual retiree health and life insurance benefit expense and related information for the years ended September 30, 2014 and 2013 is as follows:

	2014	2013	2012
Annual required contributions	\$ 6,800,515	\$ 9,194,860	\$ 10,342,567
Interest on obligations for retiree benefits	1,427,882	1,127,669	728,677
Adjustment to annual required contribution	(1,087,980)	(859,231)	(555,218)
Annual retiree benefit costs	7,140,417	9,463,298	10,516,026
UAB Contributions	(4,074,521)	(5,174,531)	(3,373,676)
Increase in obligations for retiree benefits	3,065,896	4,288,767	7,142,350
Obligations for retiree benefits, beginning of year	20,398,316	16,109,549	8,967,199
<b>Total obligations for retiree benefits, end of year</b>	<b>\$ 23,464,212</b>	<b>\$ 20,398,316</b>	<b>\$ 16,109,549</b>

The annual retiree benefit cost, percentage of the annual retiree benefit cost contributed to the retiree benefit plan and the net obligation for retiree ben-

efits for UAB for year ended September 30, 2014 and 2013 are as follows:

	2014	2013	2012
Annual retiree benefit cost	\$ 7,140,417	\$ 9,463,298	\$ 10,516,026
Percentage of annual cost contributed	57.06%	54.68%	32.08%
Net obligation to the retiree benefit plan	\$ 23,464,212	\$ 20,398,316	\$ 16,109,549

## Funded Status

Actuarial valuations represent a long-perspective and involve estimates of the value of report amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, investment return and health care cost trends. Actuarially determined amounts are subject to peri-

odic revisions as actual rates are compared with past expectations and new estimates are made about the future.

The funded status of the plan as of October 1, 2013, 2012 and 2011 was as follows:

	2014	2013	2012
Actuarial accrued liability	\$ 47,438,259	\$ 46,446,404	\$ 44,358,077
Actuarial value of plan assets			
Unfunded actuarial accrued liability	\$ 47,438,259	\$ 46,446,404	\$ 44,358,077
Funding ratio	Zero	Zero	Zero
Covered payroll	\$ 889,980,309	\$ 967,667,454	\$ 921,253,387
Unfunded actuarial accrued liability as a percentage of covered payroll	5.33%	4.80%	4.81%

## Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based upon the plan as understood by UAB and plan members, and include types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between UAB and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were:

- actuarial valuation date, October 1, 2013
- actuarial cost method-projected unit cost method;
- assumed return on investment of 7% per year, based on the estimated return on UAB's assets expected to be used to finance benefits;
- health care cost trend rate 7.5% and 9.5% for the years ended September 30, 2014 and September 30, 2013, respectively, reduced by increments to an ultimate rate of 5.0% over years through 2019;
- amortization of the initial unfunded actuarial liability over 30 years on a level percent of pay method with payroll growth rate of 3.25%

## (13) Federal Direct Student Loan Program

The Federal Direct Student Loan Program (FDSLPL) was established under the Higher Education Act of

1965, as amended in the Student Loan Reform Act of 1993. The FDSLPL enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the university rather than through private lenders. UAB began participation in the FDSLPL on July 1, 1994. As a university qualified to originate loans, UAB is responsible for handling the complete loan process, including funds management, as well as promissory note functions. UAB is not responsible for collection of these loans. During the years ended September 30, 2014 and 2013, respectively, UAB disbursed approximately \$132,820,000 and \$130,081,000 under the FDSLPL.

## (14) Grants and Contracts

At September 30, 2014 and 2013, UAB had been awarded approximately \$392,433,000 (unaudited) and \$371,572,000 (unaudited) 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.

In addition, during fiscal year 2009, the University began receiving and expending federal funding under the American Recovery and Reinvestment Act (ARRA), primarily in the form of sponsored research grants and State Fiscal Stabilization Funds. At September 30, 2014 and 2013, UAB had been awarded approximately \$226,000 (unaudited) and \$7,153,000 (unaudited) in ARRA funding which had not been expended. These awards have not been reflected in the financial statements.

## (15) Net Patient Service Revenue

The Hospital has agreements with governmental and other third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between the Hospital's billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

**Medicare**—Substantially all acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, the Hospital is reimbursed for both its direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. The Hospital generally is reimbursed for certain retroactively settled items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary. The Hospital's cost reports have been audited and settled for all fiscal years through 2009. Revenue from the Medicare program accounted for approximately 26% of the Hospital's net patient service revenue for the years ended September 30, 2014 and 2013.

Section 302 of the Tax Relief and Health Care Act of 2006 authorized a permanent program involving the use of third-party recovery audit contractors ("RACs") to identify Medicare overpayments and underpayments made to providers. As of September 30, 2014, the Hospital reported claims in various stages of review based on the requests received by the RACs during the fiscal year. Payment recoveries resulting from RAC reviews are appealable through administrative and judicial processes, and the Hospital intends to pursue the reversal of adverse determinations, where appropriate. The Hospital cannot predict with certainty the impact of the Medicare RAC program on our future results of operations or cash flows.

**Blue Cross**—Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined

per diem rate. Outpatient services are reimbursed at a prospectively determined rate or under a cost reimbursement methodology. The method of reimbursement is determined by the procedures that are performed. For outpatient services reimbursed under a cost reimbursement methodology, the Hospital is reimbursed at a tentative rate with a final settlement determined after submission of annual cost reports by the Hospital and audits thereof by Blue Cross. The Hospital's Blue Cross cost reports have been audited and settled for all fiscal years through 2013. Revenue from the Blue Cross program accounted for approximately 32% and 30% of the Hospital's net patient service revenue for each of the years ended September 30, 2014 and 2013, respectively.

**Medicaid**—Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule. The Hospital is designated as a Disproportionate Share Hospital (DSH) and receives payments under the Medicaid DSH program. The Hospital participates in the Alabama Medicaid Plan and therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. The net benefit associated with the Hospital's essential provider designation, totaling approximately \$60,581,000 and \$66,864,000 in 2014 and 2013, respectively, is included in net patient service revenue in the accompanying statements of revenues, expenses, and changes in net position. There can be no assurance that the Hospital will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Revenue from the Medicaid program accounted for approximately 15% and 16% of the Hospital's net patient service revenue for the years ended September 30, 2014 and 2013, respectively.

**Other**—The Hospital has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payments to the Hospital under these agreements include discounts from established charges, capitation, and prospectively determined daily and case rates.

The composition of Hospital operating revenue follows:

	2014	2013
Gross Patient Service Revenue	\$ 5,175,425,934	\$ 4,595,650,176
Less Provision for Contractual and Other Adjustments	(3,720,591,599)	(3,206,091,880)
Less Provision Bad Debts	(247,495,640)	(251,725,723)
Net Patient Service Revenue	\$ 1,207,338,695	\$ 1,137,832,573
Capitation Revenue	61,861,843	56,902,605
Other Operating Revenue	119,206,925	91,832,795
<b>TOTAL HOSPITAL SALES REVENUE</b>	<b>\$ 1,388,407,463</b>	<b>\$ 1,286,567,973</b>



## (16) Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for

services and supplies furnished under its charity care policy, the estimated cost of those services, and supplies and equivalent service statistics. The following information measures the level of charity care provided during the years ended September 30, 2014 and 2013:

	2014	2013
Approximate charges forgone, based on established rates	\$ 267,860,000	\$ 256,380,000
Percentage of charity charges to total charges	5.2%	5.6%

## (17) Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are

insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2014 and 2013 follows:

	2014	2013
Other	43%	45%
Medicare	19	19
Blue Cross	31	27
Medicaid	7	9
	<b>100%</b>	<b>100%</b>

## (18) Construction Commitments and Financing

UAB has contracted for the construction and renovation of several facilities. At September 30, 2014 and 2013, the estimated remaining cost to complete the construction and renovation of these facilities was approximately \$164,339,000 (unaudited) and \$191,823,000 (unaudited), respectively, which is expected to be financed from private gifts, grants, bond proceeds, and UAB reserves.

## (19) Risk Management and Self-Insurance

UAB manages risks related to medical malpractice, general liability, and employee health care through a combination of self-insurance, risk pooling arrangements, and commercial insurance coverage.

UAB's medical malpractice liability is managed by PLTF, a professional liability trust fund. PLTF functions as a risk-sharing vehicle for UAB and more than ten nongovernmental organizations. PLTF covers liabilities of the covered parties, including UAB, arising from reported claims, claims that are incurred but not reported, and future costs of handling these claims. The liabilities are generally based on present value actuarial valuations discounted using interest rates from 2% to 5%. The discount rate used in both 2014 and 2013 was 2%. The associated risks of claims are subject to aggregate limits, with excess

liability coverage provided by independent insurers to protect participants against losses should a claim arise that exceeds PLTF coverage limits. Although UAB is the sponsor of PLTF, it is not the predominant participant in the fund.

The PLTF's policy committee establishes the premium rate of participants based on recommendations from consulting actuaries and considering the assumption of risk from the PLTF's date of inception. Premiums paid to the PLTF are provided by UAB, HSF, and other participants. In addition, certain legal and administrative services are provided to the PLTF by the University of Alabama System.

The PLTF agreement requires 10% of all PLTF assets to be held in liquid assets. At September 30, 2014 and 2013, the liquid assets of the PLTF, as defined by the agreement, were in compliance with the agreement.

As discussed in Note 4, UAB accounts for its ownership of the PLTF as a joint venture and it is not included in the table below.

General liability is subject to various claims and aggregate limits, with excess liability coverage provided by an independent insurer. General liability and employee health care claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The general liability liabilities are generally based on actuarial valuations and are reported at present value. The discount rate used for the general liability was 2% in both 2014 and 2013.

Changes in the total self-insured liabilities for the years ended September 30, 2014 and 2013 are presented as follows for UAB:

<b>SELF INSURED LIABILITIES</b>	<b>2014</b>		<b>2013</b>	
Balance, beginning of year	\$	12,678,140	\$	14,531,084
Claims incurred and changes in estimates		68,801,814		72,076,282
Claim payments		(70,719,872)		(73,929,226)
<b>BALANCE, END OF YEAR</b>	<b>\$</b>	<b>10,760,082</b>	<b>\$</b>	<b>12,678,140</b>

## (20) Commitments and Contingencies

UAB has sovereign immunity and is, therefore, in the opinion of UAB counsel, immune to ordinary tort actions including those based on medical malpractice or general injury to patients. Consequently, while UAB is sometimes named as defendant in malpractice actions and other actions for injuries arising in the Hospital, it has consistently been dismissed from those lawsuits on the basis of the sovereign immunity doctrine. That doctrine also protects UAB from vicarious liability arising from the negligence of its employees. To the extent that UAB employees are sued in their individual capacity for action related to their official duties within the line and scope of their employment, UAB has defended those actions and paid for any resulting costs through its self-insured trust fund. While UAB is not aware of any impending threat to this doctrine, UAB is a named insured under the terms of the PLTF and GLTF and excess insurance purchased from commercial companies (Note 19). There are some exceptions to the sovereign immunity doctrine, most notably federal court cases arising under the federal constitution or federal statutes.

UAB is engaged in various legal actions in the ordinary course of business. Management does not

believe the ultimate outcome of these 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 UAB. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although UAB expects any such amounts to be immaterial.

# (21) Operating Expenses by Function

Total operating expenses by functional classification for the years ended September 30, 2014 and 2013 are as follows for UAB:

<b>September 30, 2014</b>	<b>SALARIES, WAGES, AND BENEFITS</b>	<b>SUPPLIES AND SERVICES</b>	<b>DEPRECIATION AND AMORTIZATION</b>	<b>SCHOLARSHIPS AND FELLOWSHIPS</b>	<b>TOTAL</b>
Instruction	\$ 233,956,542	\$ 27,633,957			\$ 261,590,499
Research	151,644,912	83,629,509			235,274,421
Public service	74,533,051	33,547,414			108,080,465
Academic support	134,006,011	32,803,526			166,809,537
Student services	17,969,305	13,063,610			31,032,915
Institutional support	82,624,333	48,314,229			130,938,562
Operations and maintenance of plant	26,477,886	37,678,533			64,156,419
Scholarships and fellowships				\$ 21,013,152	21,013,152
Hospital	614,939,849	581,718,276			1,196,658,125
Auxiliary	44,217,318	429,982,896			474,200,214
Depreciation			\$ 129,547,649		129,547,649
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,380,369,207</b>	<b>\$ 1,288,371,950</b>	<b>\$ 129,547,649</b>	<b>\$ 21,013,152</b>	<b>\$ 2,819,301,958</b>

<b>September 30, 2013</b>	<b>SALARIES, WAGES, AND BENEFITS</b>	<b>SUPPLIES AND SERVICES</b>	<b>DEPRECIATION AND AMORTIZATION</b>	<b>SCHOLARSHIPS AND FELLOWSHIPS</b>	<b>TOTAL</b>
Instruction	\$ 232,225,126	\$ 23,821,286			\$ 256,046,412
Research	158,835,071	85,187,000			244,022,071
Public service	56,566,590	27,450,568			84,017,158
Academic support	136,911,290	31,743,457			168,654,747
Student services	17,266,826	11,776,975			29,043,801
Institutional support	71,568,449	32,984,637			104,553,086
Operations and maintenance of plant	27,178,633	35,760,442			62,939,075
Scholarships and fellowships				\$ 20,999,390	20,999,390
Hospital	588,944,375	536,428,907			1,125,373,282
Auxiliary	38,421,311	442,181,428			480,602,739
Depreciation			\$ 98,303,065		98,303,065
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 1,327,917,671</b>	<b>\$ 1,227,334,700</b>	<b>\$ 98,303,065</b>	<b>\$ 20,999,390</b>	<b>\$ 2,674,554,826</b>

## (22) Segment Reporting

As discussed in Note 1, UAB's two significant identifiable activities that have bonds outstanding where revenue is pledged in support of the bonds are the University and the Hospital.

Condensed financial statement information related to the University and Hospital for the years ended September 30, 2014 and 2013 is as follows:

<b>UNIVERSITY</b>	<b>2014</b>	<b>2013</b>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Current assets	\$ 519,658,171	\$ 458,495,626
Capital assets, net	915,828,035	903,768,432
Other assets	741,663,379	740,312,860
<b>TOTAL ASSETS</b>	<b>\$ 2,177,149,585</b>	<b>\$ 2,102,576,918</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Current liabilities	\$ 260,555,985	\$ 228,914,407
Long-term debt	417,178,408	436,572,538
Other noncurrent liabilities	14,559,124	14,727,477
<b>TOTAL LIABILITIES</b>	<b>\$ 692,293,517</b>	<b>\$ 680,214,422</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Invested in capital	\$ 568,042,231	\$ 567,327,757
Restricted nonexpendable	297,072,049	273,422,983
Restricted expendable	207,707,232	182,971,009
Unrestricted	413,039,393	399,923,206
<b>TOTAL NET POSITION</b>	<b>\$ 1,485,860,905</b>	<b>\$ 1,423,644,955</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Tuition and fees, net	\$ 161,726,991	\$ 146,183,606
Grant and contract revenue	371,578,206	373,172,028
Sales and services, auxiliary	59,147,027	58,133,856
Other operating revenues	81,988,468	59,250,730
Salaries, wages, and benefits	(740,643,936)	(716,942,278)
Supplies and services	(298,043,044)	(266,134,359)
Depreciation expense	(67,433,531)	(40,045,346)
Scholarships and fellowships	(20,996,700)	(20,999,390)
<b>OPERATING LOSS</b>	<b>\$ (452,676,519)</b>	<b>\$ (407,381,153)</b>
State appropriations	\$ 231,434,224	\$ 226,249,827
Investment income	46,022,323	48,260,826
Interest expense	(9,692,564)	(10,799,714)
Gifts	43,908,566	31,956,966
Other nonoperating revenues	24,860,074	23,943,896
<b>(LOSS) BEFORE OTHER CHANGES IN NET POSITION</b>	<b>\$ (116,143,896)</b>	<b>\$ (87,769,352)</b>
Capital gifts	\$ 7,632,715	\$ 4,419,032
Endowment gifts	17,026,885	9,568,250
Other	31,407,988	8,740,788
Intergovernmental transfers	122,292,258	99,489,321
<b>INCREASE IN NET POSITION</b>	<b>\$ 62,215,950</b>	<b>\$ 34,448,039</b>
Net position, beginning of year	\$ 1,423,644,955	\$ 1,389,196,916
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,485,860,905</b>	<b>\$ 1,423,644,955</b>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net cash provided by (used in):		
Operating activities	\$ (366,658,346)	\$ (343,769,182)
Noncapital financing activities	434,921,003	393,747,014
Capital and related financing activities	(69,203,819)	34,778,378
Investing activities	31,224,786	(70,476,217)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 30,283,624</b>	<b>\$ 14,279,993</b>
Cash and cash equivalents, beginning of year	\$ 125,380,462	\$ 111,100,469
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 155,664,086</b>	<b>\$ 125,380,462</b>

<b>HOSPITAL</b>	<b>2014</b>	<b>2013</b>
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Current assets	\$ 443,931,810	\$ 392,201,450
Capital assets, net	613,031,364	619,965,666
Other assets	585,006,921	568,598,392
<b>TOTAL ASSETS</b>	<b>\$ 1,641,970,095</b>	<b>\$ 1,580,765,508</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Current liabilities	\$ 95,716,250	\$ 95,142,916
Long-term debt	490,287,765	493,374,412
Other noncurrent liabilities	13,892,510	14,120,932
<b>TOTAL LIABILITIES</b>	<b>\$ 599,896,525</b>	<b>\$ 602,638,260</b>
<b>DEFERRED INFLOW OF RESOURCES</b>		
Invested in capital	\$ 120,852,379	\$ 127,846,054
Restricted nonexpendable	128,099	128,099
Restricted expendable	30,863,407	29,511,285
Unrestricted	900,953,500	832,044,122
<b>TOTAL NET POSITION</b>	<b>\$ 1,052,797,385</b>	<b>\$ 989,529,560</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		
Operating revenues	\$ 1,379,690,168	\$ 1,278,463,833
Operating expenses	(1,196,774,573)	(1,125,473,278)
Depreciation expense	(61,533,684)	(57,843,816)
<b>OPERATING INCOME</b>	<b>\$ 121,381,911</b>	<b>\$ 95,146,739</b>
State appropriations	\$ 32,638,497	\$ 32,180,013
Investment income	38,068,249	38,659,513
Interest expense	(19,758,706)	(20,096,054)
Gifts	72,852	111,010
Other nonoperating revenues	(719,068)	24,198,705
<b>INCOME BEFORE OTHER CHANGES IN NET POSITION</b>	<b>\$ 171,683,735</b>	<b>\$ 170,199,926</b>
Capital gifts	\$ 7,427	\$ 28,329
Intergovernmental transfers	(108,423,337)	(82,299,774)
<b>INCREASE IN NET POSITION</b>	<b>\$ 63,267,825</b>	<b>\$ 87,928,481</b>
Net position, beginning of year	\$ 989,529,560	\$ 901,601,079
<b>NET POSITION, END OF YEAR</b>	<b>\$ 1,052,797,385</b>	<b>\$ 989,529,560</b>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net cash provided by (used in):		
Operating activities	\$ 164,858,250	\$ 133,794,448
Noncapital financing activities	(75,711,988)	(50,008,751)
Capital and related financing activities	(74,069,763)	(50,126,792)
Investing activities	8,052,154	(41,616,452)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 23,128,653</b>	<b>\$ (7,957,547)</b>
Cash and cash equivalents, beginning of year	30,192,250	38,149,797
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 53,320,903</b>	<b>\$ 30,192,250</b>

## (23) Major Component Unit Reporting

As discussed in Note 1, Triton is included in UAB's financial statements as a blended component unit. Triton financial information for the years ended December 31, 2013 and 2012 is included in UAB's financial statements and presented as follows:

<b>TRITON HEALTH SYSTEMS, LLC</b>	<b>2014</b>	<b>2013</b>
<b>CONDENSED STATEMENT OF NET ASSETS</b>		
Current assets	\$ 211,227,778	\$ 196,647,562
Capital assets, net	5,271,542	552,186
Other assets	16,270,397	14,833,106
<b>TOTAL ASSETS</b>	<b>\$ 232,769,717</b>	<b>\$ 212,032,854</b>
Current liabilities	\$ 64,815,520	\$ 58,642,408
Other noncurrent liabilities	2,054,965	2,301,066
<b>TOTAL LIABILITIES</b>	<b>\$ 66,870,485</b>	<b>\$ 60,943,474</b>
Invested in capital net of related debt	\$ 5,271,542	\$ 552,186
Restricted nonexpendable	100,000	100,000
Unrestricted	160,527,690	150,437,194
<b>TOTAL NET ASSETS</b>	<b>\$ 165,899,232</b>	<b>\$ 151,089,380</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>		
Operating revenues	\$ 561,946,151	\$ 571,244,193
Operating expenses	(519,672,094)	(526,806,239)
Depreciation and amortization expense	(580,434)	(413,902)
<b>OPERATING INCOME</b>	<b>\$ 41,693,623</b>	<b>\$ 44,024,052</b>
Investment income	(395,064)	603,110
Income tax expense	(7,262,547)	(6,919,898)
<b>INCOME BEFORE OTHER CHANGES IN NET ASSETS</b>	<b>\$ 34,036,012</b>	<b>\$ 37,707,264</b>
Distributions to members	\$ (19,226,160)	\$ (16,737,241)
<b>INCREASE IN NET ASSETS</b>	<b>\$ 14,809,852</b>	<b>\$ 20,970,023</b>
Net assets, beginning of year	151,089,380	130,119,357
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 165,899,232</b>	<b>\$ 151,089,380</b>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net cash provided by (used in):		
Operating activities	\$ 37,597,745	\$ 26,453,289
Noncapital financing activities	(19,226,160)	(16,737,241)
Capital and related financing activities	(1,908,060)	(196,197)
Investing activities	(41,934,274)	51,239,832
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (25,470,749)</b>	<b>\$ 60,759,683</b>
Cash and cash equivalents, beginning of year	\$ 175,634,134	\$ 114,874,451
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 150,163,385</b>	<b>\$ 175,634,134</b>

## (24) Recently Issued Pronouncements

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

The GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25* (GASB 67), in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. The adoption of this statement had no material impact on UAB's financial statements.

The GASB issued Statement No. 68, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 27* (GASB 68), in June 2012. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014. The University is currently evaluating the impact that GASB 68 will have on its financial statements, but notes that the adoption of this standard will likely result in a material reduction of UAB's unrestricted net assets.

The GASB issued Statement No. 69, *Government combinations and Disposals of Government Operations* ("GASB 69"), in January 2013. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement is effective for fiscal years beginning after December 15, 2013. UAB is currently evaluat-

ing the impact, if any, that GASB 69 will have on its financial statements.

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

The GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* ("GASB 71"), in November 2013. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68. UAB is currently evaluating the impact, if any, that GASB 71 will have on its financial statements.



# The University of Alabama at Birmingham

## Required Supplementary Information

### September 30, 2014 and 2013

#### Required Supplementary Information

The following required supplementary information relates to UAB's single-employer other postemployment benefit plan (OPEB).

#### Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based up the plan as understood by UAB and plan members, and include types of benefits provided at the time of each valuation and the historical cost pattern of sharing of benefit costs between UAB and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial methods and assumptions used in the valuation were :

- actuarial valuation date, October 1, 2013
- actuarial cost method-projected unit cost method;
- assumed return on investment of 7% per year, based on the estimated return on UAB's assets expected to be used to finance benefits;
- health care cost trend rate 7.5% and 9.5% for the years ended September 30, 2014 and 2013, respectively, reduced by increments to an ultimate rate of 5.0% over years through 2019;
- amortization of the initial unfunded actuarial liability over 30 years on a level percent of pay method with payroll growth rate of 3.25%;

#### Schedule of Funding Progress

RETIREE HEALTH AND LIFE INSURANCE PLAN						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	(Deficit)	Funded Ratio	Annual Covered Payroll	(Deficit)/Covered Payroll
October 1, 2013	None	\$ 47,438,259	\$ (47,438,259)	Zero	\$ 889,980,309	-5.3%
October 1, 2012	None	\$ 46,446,404	\$ (46,446,404)	Zero	\$ 967,667,454	-4.8%
October 1, 2011	None	\$ 44,358,077	\$ (44,358,077)	Zero	\$ 921,253,387	-4.8%
October 1, 2010	None	\$ 52,061,639	\$ (52,061,639)	Zero	\$ 887,356,263	-5.9%
October 1, 2009	None	\$ 51,649,871	\$ (51,649,871)	Zero	\$ 838,331,004	-6.2%
October 1, 2008	None	\$ 53,920,021	\$ (53,920,021)	Zero	\$ 838,658,508	-6.4%



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As of September 30, 2014



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