

# External Audit Reports

The Audit & Compliance Committee Charter and Checklist, item number 13, requires the Committee to review any significant findings and recommendations of the State Auditor and any employed public accounting firm or outside expertise.

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UHS Endowment Fund, Independent Auditor's Report and Basic Financial Statements	FORVIS MAZARS, LLP	Shekita S. Rawls, CPA Director, Audit & Attest E: <a href="mailto:Shekita.Rawls@forvis.com">Shekita.Rawls@forvis.com</a> P: 713-499-4622 (in person)	186
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Houston Public Media (A Division of the University of Houston), Independent Auditor's Report and Financial Statements, August 31, 2025	FORVIS MAZARS, LLP	Shekita S. Rawls, CPA Director, Audit & Attest E: Shekita, <a href="mailto:Rawls@forvis.com">Rawls@forvis.com</a> P: 713-499-4622 (in person)	241

# ANNUAL FINANCIAL REPORT

The logo for the University of Houston Downtown (UHD) features the letters 'UHD' in a large, bold, white sans-serif font. A small 'TM' trademark symbol is positioned to the right of the 'D'. The logo is set against a dark blue background that is part of a larger collage of city scenes.

University of Houston  
**DOWNTOWN**

A collage of three aerial photographs of Houston, Texas, framed by white geometric shapes. The top-left photo shows a dense urban skyline with various skyscrapers. The bottom-left photo shows a large, multi-story brick building complex with a parking lot and surrounding greenery. The right-side photo shows a multi-lane highway with several cars driving on it, with buildings and trees in the background.

YEAR ENDED AUGUST 31, 2025



University of Houston-Downtown®

**Annual Financial Report and Independent Accountant's Review  
Report**

For the Year Ended August 31, 2025

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**University of Houston - Downtown  
Organizational Data**

**Board of Regents**

Durga D. Agrawal, Houston	Term Expires August 31, 2025
Alonzo Cantu, McAllen	Term Expires August 31, 2025
Beth Madison, Houston	Term Expires August 31, 2027
Ricky Raven, Sugarland	Term Expires August 31, 2027
Jack B. Moore, Houston	Term Expires August 31, 2029
Tammy D. Murphy, Victoria	Term Expires August 31, 2029
Gregory C. King, San Antonio	Term Expires August 31, 2029
Adrian Caraves (Student), Houston	Term Expires May 31, 2026

**Officers of the Board (Fiscal Year 2025):**

Tilman J. Fertitta	Chairman (Resigned 04/28/25)
John McCall Jr.	Vice Chairman (Resigned 06/03/25)
Gregory C. King	Secretary

**Officers of the Board (Fiscal Year 2026)**

Jack B. Moore	Chairman
Ricky Raven	Vice Chairman
Gregory C. King	Secretary

**Administrative Officers**

Renu Khator	Chancellor
Diane Z. Chase	Senior Vice Chancellor for Academic Affairs
Raymond S. Bartlett	Senior Vice Chancellor for Administration and Finance
Claudia Neuhauser	Vice Chancellor for Research
Dona H. Cornell	Vice Chancellor for Legal Affairs and General Counsel
Russell Dunlavy	Vice Chancellor for University Advancement
Paul R. Kittle	Vice Chancellor for Student Affairs
Jason Smith	Vice Chancellor for Government and Relations
Lisa K. Holdeman	Vice Chancellor for Marketing and Communications

**UHD Administrative Officers**

Loren J. Blanchard	President
Deborah E. Bordelon	Senior Vice President for Academic Affairs and Provost
Kimberly Thomas	Vice President for Administration and Finance
Daniel M. Maxwell	Vice President for Student Success and Student Life
Long Huynh	Vice President for Enrollment Management
Carole Clerie	Vice President for Human Resources
Javier Zambrano	Vice President for Advanced and University Relations

**University of Houston - Downtown  
Organizational Data (Continued)**

**UHD General Accounting**

Theresa Meneley  
Maria Cadena  
Tiffany Luong  
Tanisha Wilson

Assistant Vice President for Business Affairs  
Director, General Accounting and Financial Reporting  
Associate Director, Accounting  
Associate Director, Business Affairs

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Regents of  
University of Houston System  
Houston, TX

We have reviewed the accompanying financial statements of University of Houston Downtown (UHD), an agency of the State of Texas (the "State"), which comprise the Statement of Net Position as of August 31, 2025, and the related Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these 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.

***Accountant's Responsibility***

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of UHD and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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(Continued)

## **Emphasis of Matter**

While the results of our review are not modified with respect to this matter, the financial statements of UHD are intended to present the financial position and the changes in financial position and cash flows of only that portion of the business-type activities of the State that are attributable to the transactions of UHD, as discussed in Note 1. Transactions associated with bonds, pensions, and other postemployment benefits related to UHD's activities in the name of the University of Houston System (UHS) are reported by UHS and not UHD. The financial statements do not purport to, and do not, present fairly the financial position of the State or UHS as of August 31, 2025, or the changes in financial position, or, where applicable, cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

UHD's financial statements for the year ended August 31, 2024, previously issued by management, were not audited or reviewed by an independent accountant. As discussed in Note 14 to the financial statements, management subsequently identified errors in those financial statements related to disposal of an asset. UHD has restated those financial statements to correct capital assets as discussed in Note 14. Our conclusion is not modified with respect to this matter.

## **Other Matters**

### ***Prior Year Comparative Amounts***

UHD has elected to present prior year comparative amounts on its financial statements, but related disclosures are not included related to the prior year comparative amounts and, accordingly, the financial statements are not intended to be complete comparative financial statements. We were not engaged to review the financial statements for the year ended August 31, 2024 and, accordingly, take no responsibility for them. However, in performing our procedures, nothing came to our attention which would indicate that the comparative financial amounts were not fairly presented.

### ***Required Supplementary Information and Additional Supplementary Information.***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 to 13 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 an appropriate operational, economic, or historical context. The information is the responsibility of management. We did not perform a compilation, review, or audit on the required supplementary information and do not express an opinion or provide any assurance on the information.

The Organizational Data and the Matrix of Operating Expenses are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

**Crowe LLP**  
Crowe LLP

Houston, Texas  
January 9, 2026

# University of Houston-Downtown Management's Discussion and Analysis

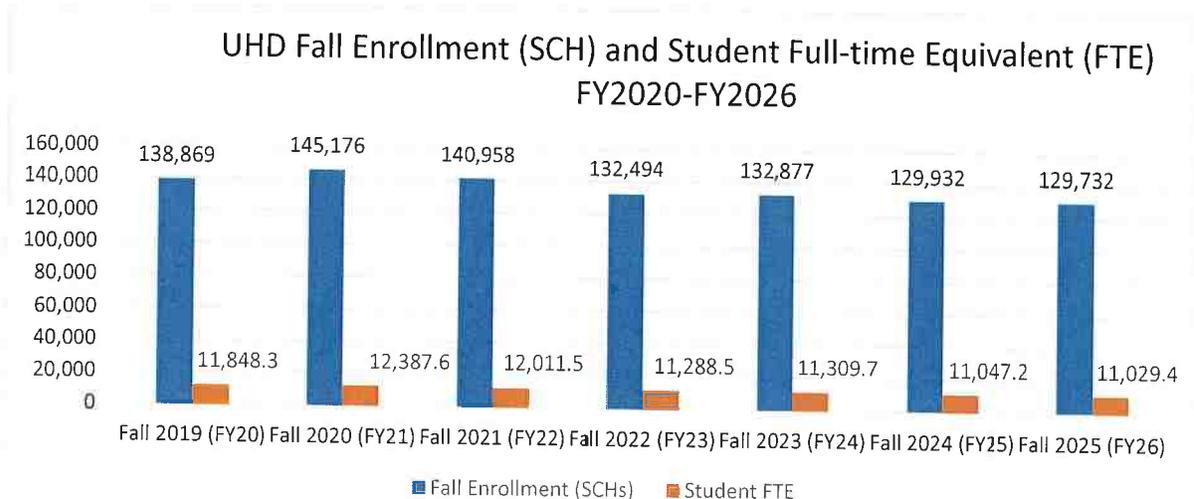
## Introduction

The following Management's Discussion and Analysis (MD&A) section of the University of Houston-Downtown's (UHD) annual financial report has been prepared to provide an overview of the activities and the financial performance of UHD for the fiscal year ended August 31, 2025. This presentation is intended to offer a summary of significant current year activities, resulting changes, and currently known economic conditions and facts. This analysis should be read in conjunction with UHD's basic financial statements and the notes to the statements.

## Background

The University of Houston-Downtown (UHD) began in 1974 when the University of Houston acquired the assets of South Texas Junior College and opened the University of Houston-Downtown College (UHDC) as a four-year institution. By the 1970s, the Texas Legislature had approved UHDC as one of the four universities in the University of Houston System. In the 1980s, "College" was dropped from the name, and by the 1990s, UHD was the third fastest growing university in the state.

UHD is an urban university located in Houston's central business district. The University draws students from throughout the Houston area, central Texas, and the nation. UHD is one of the most ethnically diverse liberal arts institutions in the southwest, and the student body accurately reflects our community's wealth of cultures, languages, and ethnicities. UHD's diversity is also reflected in the variety of backgrounds of our students including many first-generation college students. In Fall 2024, UHD had a total enrollment of 13,730 (12,622 undergraduates and 1,108 graduate students). Overall, 62.1% of UHD's students are female.



Source: Fall 2024 and Fall 2023 Certified Fact Sheets, Office of Data Analytics Institutional Research

Semester Credit Hours (SCH)

Student Full-time Equivalent (FTE)

## **Enrollment Trend**

In the years leading up to the COVID-19 pandemic, the University of Houston–Downtown (UHD) experienced steady enrollment and academic activity. In Fall 2019, UHD recorded 138,869 student credit hours (SCH) and a headcount of 11,843, reflecting strong demand for courses and a stable student population across its academic programs.

When the pandemic struck in 2020, UHD like many institutions nationwide faced significant operational and instructional challenges. Despite these disruptions, enrollment patterns at UHD initially moved in a surprising direction. In Fall 2020, the first full semester under pandemic conditions, UHD saw an increase to 145,175 SCH and 12,876 students, marking the highest levels in the period observed. This growth was consistent with national trends in which many students sought additional education or returned to school during economic uncertainty.

By Fall 2021, as the pandemic’s immediate shock began to settle and institutions transitioned gradually back to hybrid and in-person formats, UHD’s numbers began to recalibrate. SCH decreased slightly to 140,958, and headcount fell to 12,011 a decline from the 2020 peak but still above pre-pandemic levels, suggesting continued student persistence even as conditions changed.

The post-pandemic years, beginning in Fall 2022, show a more pronounced shift. UHD’s SCH dropped to 132,494, accompanied by a headcount decline to 11,288, falling below pre-pandemic levels. This trend continued into Fall 2023 with 132,877 SCH and 11,309 students, indicating stabilization but no return to earlier highs. By Fall 2024, SCH declined further to 129,932, and headcount dipped to 11,047, followed by a similar pattern in Fall 2025 with 129,732 SCH and 11,029 students.

Overall, UHD’s enrollment trajectory shows a clear arc: a stable pre-pandemic baseline, a temporary but significant enrollment surge during the pandemic, and a gradual decline in the years that followed. Post-pandemic enrollment levels have not yet returned to their earlier strength, reflecting broader demographic, economic, and behavioral shifts affecting higher education nationwide. The persistence of SCH and headcount figures that remain relatively close year-to-year after 2022 suggests a new period of stabilization in which UHD may build strategies for renewed growth.

## **Overview of the Financial Statements**

The financial statements for fiscal year 2025 have been prepared in accordance with accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB). Additionally, these statements conform to reporting requirements of the Texas Comptroller of Public Accounts and guidelines issued by the National Association of College and University Business Officers. The information contained in the financial statements of UHD is part of and included in the State of Texas Annual Comprehensive Financial Report.

The financial statements of UHD are presented for the fiscal year ended August 31, 2025, with financial data for the fiscal year ended August 31, 2024, provided for comparative purposes. Prior year totals have been

reclassified, when necessary, to reflect current year changes in reporting procedures and to enhance comparability of reported totals. The financial operations of UHD are considered a business-type activity because UHD charges a fee, in the form of tuition, to customers in order to pay for a significant percentage of the cost of the services provided. Under this classification, UHD's financial statements conform to the guidelines and presentation formats prescribed for proprietary funds; revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of when cash is exchanged.

### Statement of Net Position

The first schedule presented is the Statement of Net Position. This statement represents UHD's financial position as of the conclusion of the fiscal year. This is a point in time financial presentation and presents a snapshot view of the financial status as of August 31, 2025. Comparative data for the previous fiscal year has also been presented as of August 31, 2024. Assets and liabilities are presented as either current or non-current to provide an indication of their anticipated liquidation. Net position is equal to total assets less total liabilities. Net position is divided into three major categories. The first, invested in capital assets, net of related debt, provides UHD's equity in property, plant, and equipment owned by UHD. The restricted net position category is subdivided into non-expendable and expendable classifications. Restricted non-expendable net position consists solely of UHD's permanent endowment funds and is only available for investment purposes. Restricted expendable net position is available for expenditure by UHD but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final major category, unrestricted net position, is available to UHD for any lawful purpose.

### Condensed Statement of Net Position

	2024	2025	Increase/ (Decrease)
<b>Assets</b>			
Current Assets	\$137,555,662.71	\$136,730,986.44	(824,676.27)
Non-Current Assets:			
Capital Assets, Net	225,304,986.12	222,567,387.97	(2,737,598.15)
Other Assets	96,353,105.11	94,557,135.14	(1,795,969.97)
<b>Total Assets</b>	<u>459,213,753.94</u>	<u>453,855,509.55</u>	<u>(5,358,244.39)</u>
<b>Liabilities</b>			
Current Liabilities	89,510,633.50	87,696,305.26	(1,814,328.24)
Non-Current Liabilities	146,355,364.62	135,651,865.28	(10,703,499.34)
<b>Total Liabilities</b>	<u>235,865,998.12</u>	<u>223,348,170.54</u>	<u>(12,517,827.58)</u>

**Condensed Statement of Net Position (Continued)**

	2024	2025	Increase/ (Decrease)
<b>Net Position</b>			
Invested in Capital Assets, Net of Related Debt	114,238,871.32	115,740,735.64	1,501,864.32
Restricted for Debt Retirement & Capital Projects	2,888.00	524,813.00	521,925.00
Restricted, Non-Expendable	36,051,660.48	38,730,804.73	2,679,144.25
Restricted, Expendable	2,799,561.32	1,426,119.44	(1,373,441.88)
Unrestricted	58,147,284.51	60,242,338.20	2,095,053.69
Other	12,107,490.19	13,842,528.00	1,735,037.81
<b>Total Net Position</b>	<u>223,347,755.82</u>	<u>230,507,339.01</u>	<u>7,159,583.19</u>

**University of Houston- Downtown  
Statement of Change**

	2024	2025
<b>Operating Revenue:</b>		
Tuition and Fees-Pledged- Including Discounts and Allowances	\$ 74,613,308.24	\$ 52,944,433.18
PR-OP Grants/Contributions	12,001,616.15	19,890,646.05
Other Sales of Goods and Services-Pledged-Including Discounts and Allowances	2,543,109.96	1,971,154.16
Auxiliary Enterprise-Pledged	1,625,911.39	2,121,427.07
Total Operating Revenue	<u>90,783,945.74</u>	<u>76,927,660.46</u>
<b>Total Operating Expenses</b>	<u>(198,537,259.21)</u>	<u>(186,736,511.08)</u>
Operating Loss	<u>(107,753,313.47)</u>	<u>(109,808,850.62)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Legislative Revenue (GR)	28,558,470.00	28,526,316.00
Additional Appropriations (GR)	8,023,697.63	8,008,493.49
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	45,106,470.24	50,315,789.47
Gifts (PR-OP Grants/Contributions)	1,104,565.76	4,763,595.79
Other Nonoperating Revenues	1,613,278.46	222,529.82
Interest and Investment Income (PR-Chgs for Services)	6,345,610.06	7,113,623.01
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	3,722,018.66	760,861.52
Interest Expense and Fiscal Charges	(5,431,995.90)	(5,004,834.73)
Total Non-Operating Revenue	<u>89,042,114.91</u>	<u>94,706,374.37</u>
(Loss) Before Capital Contributions, Additions to Endowments, Transfers, and Other Revenue	(18,711,198.56)	(15,102,476.25)

**University of Houston- Downtown  
Statement of Change (Continued)**

	2024	2025
Capital Contributions, Additions to Endowments, Transfers, and Other Revenue		
Capital Appropriation (HEAF)	11,155,034.00	11,155,034.00
Additions to Permanent and Term Endowments	1,086,339.09	1,047,557.77
Transfers In	9,900,951.91	10,198,695.14
Transfers Out	(429,404.67)	(464,953.67)
Legislative Transfers-In	428,765.00	421,416.00
<b>Increase in Net Position</b>	<u>3,430,486.77</u>	<u>7,255,272.99</u>
<b>Net Position, Beginning of Year</b>	219,917,269.05	223,347,755.82
<b>Restatements</b>	-	(95,689.80)
<b>Net Position, Beginning of Year, Restated</b>	<u>219,917,269.05</u>	<u>223,252,066.02</u>
<b>Net Position, End of Year</b>	<u><b>\$ 223,347,755.82</b></u>	<u><b>\$ 230,507,339.01</b></u>

See Independent Accountant's Review Report and Notes to Financial Statements.

**Unrestricted Net Position Exclusive of Plant (UNAEP)**

When evaluating Unrestricted Net Position analysis will often make certain adjustments to Unrestricted Net Position to determine operational resources available to carry out institutional goals. This benchmark is often described using a previous acronym UNAEP. Typically, adjustments include removing compensated absences (current and non-current), OPEB liabilities, and pension liabilities, if applicable. As indicated by the favorable pattern of UNAEP from 2019 to 2025, UHD has adequate unrestricted resources amounting to \$65,311,075 at August 31, 2025. Furthermore, the net change in UNAEP reveals that the changes in the compensated absences over the same period were not significant; and thereby had minimal impact to unrestricted resources.

Analysis will compare UNAEP to operating expenses to determine how the institution compares to an industry standard strong reserve benchmark of 25%. UHD monitors its UNAEP and its ratio to expenses is more than the 25% benchmark from 2020 to 2025, UHD continues to invest heavily in the development of UHD operations. UHD as part of the UH System and the State of Texas has additional resources to rely upon in an emergency but continues to maintain reserves in conjunction with its development plans.

Unrestricted Net Assets, Excluding Plant (UNAEP)						
	2020	2021	2022	2023	2024	2025
Unrestricted Net Position	\$41,577,620.55	\$69,051,053.19	\$72,199,719.80	\$60,064,055.49	\$58,147,284.51	\$60,242,338.20
(Add) Employees' Compensable Leave	4,193,698.93	4,503,556.56	4,176,206.73	4,318,296.75	4,502,601.84	5,068,737.11
<b>Unrestricted Net Assets, Excluding Plant (UNAEP)</b>	<b>45,771,319.48</b>	<b>73,554,609.75</b>	<b>76,375,926.53</b>	<b>64,382,352.24</b>	<b>62,649,886.35</b>	<b>65,311,075.31</b>
Operating Expenses	\$174,146,805.64	\$184,409,459.72	\$198,258,525.82	\$198,715,297.78	\$198,537,259.21	\$186,736,511.08
Ratio UNAEP to Operating Expenses	<b>26.28%</b>	<b>39.89%</b>	<b>38.52%</b>	<b>32.40%</b>	<b>31.56%</b>	<b>34.97%</b>

## **Statement of Revenues, Expenses, and Changes in Net Position**

The next statement comprising the primary financial statements is the Statement of Revenues, Expenses, and Changes in Net Position. This statement identifies operating and non-operating revenues received by UHD. Additionally, both the operating and non-operating expenses incurred by UHD during the fiscal year are displayed. Finally, any other gains and losses or other forms of revenue and expense are reported. Revenues and expenses are classified as either operating or nonoperating in the financial statements. Operating revenues are received and recognized as a result of providing services to UHD's customers. Tuition and fee revenues are reported net of any scholarship discounts and allowances. A scholarship allowance is the difference between the stated charge for services provided by UHD and the amount that is paid by the student or third parties making payments on behalf of the student. Funds received to satisfy student tuition and fee charges are reported as revenue only once. Institutional resources provided to students as financial aid are reported as scholarship allowances in amounts up to and equal to amounts owed by the students to UHD. Operating expenses are the costs necessary to provide services to customers and to fulfill the mission of UHD. Operating expenses are displayed in the statement using the natural method of classification. The natural method of presentation displays the operating expenses in a manner that categorizes the objects of expenditure within various cost centers. Non-operating revenues are those received for which no services are directly provided. State appropriations are classified as non-operating revenues because they are provided by the State Legislature to UHD without the State Legislature directly receiving goods or services for those revenues. Significant portions of UHD's recurring resources are classified as non-operating.

UHD's operating revenues decreased \$13.9 million largely due to the AR 2023-01. This new calculation methodology for tuition and fees discount estimation was adopted in fiscal 2025. The National Association of College and University Business Officers (NACUBO) issued this new guidance to highlight the capabilities of more modern student and financial systems and the ability of higher education institutions to execute more accurate methods of estimating tuition discounts. The new systems advancements have created the capacity for more accurate estimates using a methodology that reflects the financial aid process flow. The Discounts and Allowances and the Scholarships and Fellowships line items within the Statement of Revenues, Expenses, and Changes in Net Position are affected by the described change in methodology. There was also an increase in revenue from State Grant Pass Through Revenue. Operating expenses decreased \$11.8 million as a result AR 2023-01 change and an increase in the Professional Fees and Services expenditures. The operating expenses for the UHD Police Department, Mailroom, and Environmental Health and Safety department were reported in FY24 as Institutional Support. In FY25, these operating expenses were reported as Physical Plant.

## **Statement of Cash Flows**

The third primary statement included in the financial statements is the Statement of Cash Flows. This statement explains the change during the fiscal year in cash and cash equivalents, regardless of whether there are restrictions on their use. The Statement of Cash Flows should be used in conjunction with related disclosures and information in the other financial statements. The statement can provide relevant information about an entity, such as the ability to generate future net cash flows, the ability to meet obligations when due, or reasons for differences between operating income and associated cash receipts and payments. The statement is comprised of five sections. The first section recognizes the cash flows from operating activities as well as the net cash used by operating activities. The second section identifies the cash flows from noncapital financing activities. The third section reflects the cash flows from capital and related financing activities. The

next section details the cash flows from investing activities. The final section reconciles net cash provided or used to the operating loss or income reflected on the Statement of Revenues, Expenses, and Changes in Net Position. The cash and cash equivalents balance at the conclusion of the 2025 fiscal year totaled \$42.9 million, which reflected a net decrease in cash of \$13.3 million from the prior year due to a Direct Loan FY26 drawdown request in September (FY26).

## **Capital Assets**

As fundamental as instruction and research are to UHD, these endeavors cannot take place without the land, buildings, facilities, equipment, and information technology infrastructure needed to support them. Sustaining these assets requires a significant investment in renovations, improvements, and maintenance. The steady enrollment experienced by UHD over the past decade, along with the current state of enrollment, has created the need for steady expansion of its capital assets to retain and recruit students. The goal of expending resources for these investments is achieving a safe, modern, and efficient campus environment that is conducive to learning, teaching, research, and community service. UHD continues to implement its long-range capital plans.

At the end of the 2025 fiscal year, UHD had \$222.6 million of capital assets, net of accumulated depreciation and amortization, compared to \$225.3 million at the end of the 2024 fiscal year, a decrease of \$2.7 million. These assets included land, buildings, infrastructure and improvements, furniture and equipment, library books, computer systems software, and works of art. The cumulative investment in major capital construction projects in various stages of completion is reported as construction in progress. As required by GASB reporting standards, UHD reports accumulated depreciation and amortization on its capital assets. Additionally, UHD recognizes a current year charge for depreciation and amortization expense.

Building on its strategic planning process, UHD has developed a campus master planning framework to identify facility needs aligned with enrollment and research projections, and consistent with the University's mission and academic master plans. During fiscal year 2025, UHD launched a major capital construction initiative under its "Vision 2050" campus master plan with the first phase of the \$45 million Gator Expansion Project. This initial phase includes relocating and renovating former library space to create the new Testing Service Center and Academic Support Center. The enhanced space expands UHD's capacity to serve students, providing improved access to testing services, tutoring, and academic resources.

## **Debt Administration**

UHD engages in the prudent use of debt to finance capital projects, as a means of maximizing the management of financial and physical resources. A combination of variable and fixed rate debt, consistent with UHD's debt management policy, is maintained. UHD has sufficient debt capacity to finance planned capital improvements and facilities. Detailed information concerning UHD's long-term debt is found in the Notes to the Financial Statements. UHD is authorized by statute to issue long-term debt in the form of revenue bonds. Each series of revenue bonds issued is backed by a pledged revenue source specified in the bond resolution. Additionally, each issue is designed to be self-supporting from the primary revenue source. A portion of debt service is

funded by biennial state appropriations. At August 31, 2025, UHD had \$143 million of long-term bonded debt outstanding. No additional long-term debt was issued during the 2025 fiscal year.

### **Economic Outlook**

The University of Houston–Downtown (UHD) continues to be recognized for its commitment to providing high-quality, affordable, and accessible education. With more than 71,000 alumni, UHD graduates are making a positive impact across their professions, communities, and spheres of influence. As a public regional institution, UHD plays a pivotal role in preparing students to address the challenges facing Houston, Texas, and the broader global community.

Like many public regional universities across the nation, UHD faced significant pressures during and after the COVID-19 pandemic pressures that reshaped enrollment patterns, student needs, and institutional operations. The pandemic's disproportionate impact on working adults, first-generation students, and underrepresented communities intensified challenges related to enrollment volatility, student persistence, and financial stability. However, UHD's mission-centered focus, community partnerships, and flexible academic programs have positioned the institution to emerge resiliently from this period.

UHD's primary sources of revenue tuition and fees and state appropriations were directly affected by pandemic-era enrollment declines. In the years since, recent enrollment growth and program expansion have contributed to a strengthened financial outlook. This recovery is supported by robust state and regional economic conditions and by UHD's targeted efforts to reengage stopped-out students, expand online and hybrid learning options, and enhance student support infrastructure.

Texas maintains one of the most robust economies in the nation, with a rapidly expanding tax base that strengthens the state's capacity to invest in public higher education. Texas continues to lead the United States in population growth, adding more than 560,000 new residents in 2024 and pushing the state's population beyond 31 million. The Houston metropolitan area is experiencing similar momentum and is projected to become the third-largest city in the country after the next census.

UHD has benefited directly from these demographic trends. Enrollment has not only stabilized but has recovered since FY2023, returning to pre-pandemic levels. As Houston's population expands, UHD is well positioned to serve increasing numbers of college-aged and working-aged adults seeking to upskill in a competitive labor market reshaped in part by the pandemic's long-term effects on workforce expectations and economic mobility. The region's economic expansion fuels demand for degrees that enhance earnings and resilience. UHD's downtown location, affordability, and strong ties to the Houston community make it particularly attractive to commuter students, adult learners, transfer students, and first-generation students. With strengthened recruitment strategies and enhanced student retention efforts developed during the post-COVID period, UHD anticipates continued enrollment growth over the next five years.

State funding expectations are likewise favorable. Texas' strong and growing tax base has supported increases in annual appropriations. During the 89th Legislative Session, UHD secured meaningful gains, including exceptional item funding for a crime center and a \$2.8 million increase in base formula funding driven by enrollment growth. UHD is also positioned to benefit from emerging statewide priorities that emphasize investments in workforce-aligned programs and from a future funding model that shifts from enrollment-

based allocations toward performance-based funding tied to student success outcomes-an evolution accelerated by post-COVID policy conversations about equity and economic competitiveness.

In addition to state support, UHD continues to cultivate strong partnerships with national and local businesses and philanthropic organizations to secure resources for student success initiatives, scholarships, and workforce development programs. Many of these collaborations emerged or expanded during the pandemic to address heightened student needs and have since evolved into long-term strategic investments.

Overall, UHD's economic outlook is highly promising. The combination of a strong Texas economy, significant population growth, and rising regional demand for higher education creates a environment for growth and stability. By strategically leveraging these trends, UHD is poised to expand its enrollment, strengthen its revenue base, and deepen its role as a driver of social mobility, workforce development, and economic resilience across the Greater Houston region.

### **CONTACTING UHD'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of UHD's finances. General information regarding UHD can be found at <https://www.uhd.edu>. Questions concerning this report or requests for additional financial information should be directed to:

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**University of Houston- Downtown  
Statement of Net Position**

	2024	2025
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents		
Cash on Hand	\$ 20,450.00	\$ 20,100.00
Cash in Bank	13,062,222.41	250,406.50
Cash in Transit/Reimburse From Treasury	3,192,115.77	2,675,000.70
Cash in State Treasury	2,053,295.14	2,084,722.49
Cash Equivalents	38,281,118.41	37,326,601.08
Restricted:		
Cash In Bank	2,888.00	524,813.00
Legislative Appropriation	14,410,786.92	14,029,674.15
Receivables:		
Federal Receivables	5,757,512.60	3,617,945.47
UHS Intercampus Receivables	31,103,234.85	32,612,183.98
Accounts Receivable	12,715,948.40	14,379,664.77
Gifts	2,223,138.89	469,026.37
Other	0.00	14,115,851.38
Due From Other Agencies	553,628.67	264,282.73
Consumable Inventories	28,821.14	19,324.77
Prepaid Costs	6,410,047.71	5,833,854.89
Loans and Contracts	7,740,453.80	8,507,534.16
<b>Total Current Assets</b>	<b>137,555,662.71</b>	<b>136,730,986.44</b>
Non-Current Assets		
Restricted:		
Receivables	404,653.62	2,250,414.88
UHS Intercampus Receivables	85,149,751.26	81,010,870.20
Investments	149,965.20	195,414.13
UHS Intercampus Receivables	10,648,735.03	11,100,435.93
Capital Assets		
Non-Depreciable or Non-Amortizable	33,527,333.82	35,162,591.81
Depreciable or Amortizable, Net	190,245,995.92	186,067,008.03
Right to Use Assets - Amortizable, Net	1,191,964.85	501,410.45
Right to Use Subscriptions - Amortizable, Net	339,691.53	836,377.68
<b>Total Non-Current Assets</b>	<b>321,658,091.23</b>	<b>317,124,523.11</b>
<b>Total Assets</b>	<b>459,213,753.94</b>	<b>453,855,509.55</b>

**University of Houston- Downtown  
Statement of Net Position (Continued)**

	2024	2025
<b>LIABILITIES</b>		
Current Liabilities:		
Payables:		
Accounts Payable	12,759,496.72	3,120,430.91
Accrued Lease Interest Payable	4,566.57	362.88
Accrued Subscription Interest Payable	5,516.90	7,927.29
Federal Payable	84,370.59	9,394.56
Payroll Payable	9,961,458.77	9,393,861.20
UHS Intercampus Payable	1,862,362.97	2,860,211.59
Other Payable	267,710.19	249,295.40
Due to Other Agencies	202,670.25	114,690.48
Unearned Revenues	51,251,598.38	54,164,292.29
Revenue Bonds Payable	9,954,907.76	10,404,907.76
Claims and Judgments Payable	66,193.42	67,034.51
Employees' Compensable Leave	2,268,861.07	2,787,439.48
Right to Use Lease Obligations	704,361.21	525,618.07
Right to Use Subscription Obligations	116,558.70	137,604.25
Funds Held for Others	0.00	3,853,234.59
<b>Total Current Liabilities</b>	<b>89,510,633.50</b>	<b>87,696,305.26</b>
Non Current-Liabilities		
Revenue Bonds Payable	143,466,822.08	133,061,914.32
Employees' Compensable Leave	2,233,740.77	2,281,297.63
Right to Use Lease Obligations	525,618.13	0.46
Right to Use Subscription Obligations	129,183.64	308,652.87
<b>Total Non-Current Liabilities</b>	<b>146,355,364.62</b>	<b>135,651,865.28</b>
<b>Total Liabilities</b>	<b>235,865,998.12</b>	<b>223,348,170.54</b>
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	114,238,871.32	115,740,735.64
Restricted for:		
Debt Retirement		521,925.00
Capital Projects	2,888.00	2,888.00
Funds Held as Permanent Investments		
Non-Expendable		
True Endowments, Annuities	36,051,660.48	38,730,804.73
Expendable		
Funds Functioning as Endowments	2,799,561.32	1,426,119.44
Other	12,107,490.19	13,842,528.00
Unrestricted	58,147,284.51	60,242,338.20
<b>Total Net Position</b>	<b>\$223,347,755.82</b>	<b>\$230,507,339.01</b>

See Independent Accountant's Review Report and Notes to Financial Statements.

**University of Houston- Downtown**  
**Statement of Revenues, Expenses and Changes in Net Position**

	2024	2025
Operating Revenues		
Sales of Goods and Services (PR-Chgs for Services)		
Tuition and Fees-Pledged	\$ 111,685,755.44	\$111,910,849.58
Discounts and Allowances	(37,072,447.20)	(58,966,416.40)
Auxiliary Enterprise-Pledged	2,433,763.44	2,121,427.07
Discounts and Allowances	(807,852.05)	
Other Sales of Goods and Services-Pledged	2,543,109.96	1,971,154.16
Federal Revenue-Operating (PR-OP Grants/Contributions)	4,329,257.36	4,580,427.25
Federal Pass Through Revenue (PR-OP Grants/Contributions)	875,788.96	95,936.69
State Grant Revenue (PR-OP Grants/Contributions)	308,797.29	325,979.76
State Grant Pass Through Revenue (PR-OP Grants/Contributions)	10,090,046.72	14,340,101.40
Other Grants and Contracts-Operating (PR-OP Grants/Contributions)	(3,602,274.18)	548,200.95
<u>Total Operating Revenues</u>	<u>90,783,945.74</u>	<u>76,927,660.46</u>
Operating Expenses		
Instruction	57,756,839.89	57,940,010.76
Research	3,117,455.19	3,624,229.96
Public Service	3,068,147.47	3,077,493.68
Academic Support	30,238,825.08	31,201,369.99
Student Services	8,808,312.25	7,734,715.26
Institutional Support	32,695,843.41	26,838,394.56
Physical Plant	10,699,100.54	17,203,341.97
Scholarships & Fellowships	28,289,104.65	12,553,456.85
Auxiliary Enterprises	8,701,764.61	11,168,069.18
Depreciation and Amortization	15,161,866.12	15,395,428.87
<u>Total Operating Expenses</u>	<u>198,537,259.21</u>	<u>186,736,511.08</u>
<u>Operating Income (Loss)</u>	<u>(107,753,313.47)</u>	<u>(109,808,850.62)</u>
Non-Operating Revenues (Expenses)		
Legislative Revenue (GR)	28,558,470.00	28,526,316.00
Additional Appropriations (GR)	8,023,697.63	8,008,493.49
Federal Revenue Non-Operating (PR-OP Grants/Contributions)	45,106,470.24	50,315,789.47
Gifts (PR-OP Grants/Contributions)	1,104,565.76	4,763,595.79
Interest and Investment Income (PR-Chgs for Services)	6,345,610.06	7,113,623.01
Interest Expense and Fiscal Charges	(5,431,995.90)	(5,004,834.73)
Net Incr (Decr) in Fair Value of Investments (PR-OP Grants/Contrib)	3,722,018.66	760,861.52
Other Nonoperating Revenues	1,450,618.47	1,698,153.76
Other Nonoperating Expenses	162,659.99	(1,475,623.94)
<u>Total Nonoperating Revenues (Expenses)</u>	<u>89,042,114.91</u>	<u>94,706,374.37</u>
<u>Income (Loss) before Other Revenues, Expenses, Gains, Losses and Transfers</u>	<u>(18,711,198.56)</u>	<u>(15,102,476.25)</u>

**University of Houston- Downtown**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**(Continued)**

	2024	2025
Other Revenues, Expenses, Gains, Losses and Transfers		
Capital Appropriation (HEAF)	11,155,034.00	11,155,034.00
Additions to Permanent and Term Endowments	1,086,339.09	1,047,557.77
UHS Intercampus Transfers-In	9,859,791.91	10,156,460.14
UHS Intercampus Transfers-Out	(429,404.67)	(464,953.67)
Transfers-In	41,160.00	42,235.00
Legislative Transfers-In	428,765.00	421,416.00
<u>Total Other Rev, Exp, Gains, Losses and Transfers</u>	<u>22,141,685.33</u>	<u>22,357,749.24</u>
<u>Changes in Net Position</u>	<u>3,430,486.77</u>	<u>7,255,272.99</u>
Net Position Beginning	219,917,269.05	223,347,755.82
Restatements		(95,689.80)
Net Position Beginning, as Restated	219,917,269.05	223,252,066.02
<u>Net Position, Ending</u>	<u>\$ 223,347,755.82</u>	<u>\$230,507,339.01</u>

See Independent Accountant's Review Report and Notes to Financial Statements.

University of Houston - Downtown  
 Matrix of Operating Expenses  
 For the year ended August 31, 2025

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total
Salaries and Wages	44,451,371.45	1,533,200.20	1,214,555.56	18,705,253.98	4,578,298.68	12,192,416.28	5,947,806.49	118,043.32	5,307,783.63	-	94,048,729.59
Payroll Related Costs	11,615,801.41	375,390.64	328,139.00	5,427,774.02	1,445,451.34	3,545,513.49	2,385,120.86	0.00	1,598,171.50	-	26,721,362.26
Professional Fees and Services	485,887.44	946,508.95	696,160.60	2,067,263.04	750,163.62	5,159,963.03	5,056,562.04	-	2,428,734.39	-	17,591,243.11
State Pass Through Expenses	-	140,245.08	-	-	-	-	-	-	-	-	140,245.08
Travel	365,636.80	130,982.63	60,201.25	421,804.47	34,164.07	114,996.98	12,342.56	-	72,777.03	-	1,212,905.79
Materials and Supplies	408,888.42	265,981.25	225,679.64	1,569,557.31	109,568.35	1,113,128.88	568,630.83	814.05	239,604.36	-	4,501,852.79
Communication and Utilities	110,652.39	5,770.76	14,540.30	240,630.41	59,232.72	186,430.73	2,580,725.73	-	278,594.59	-	3,476,577.63
Repairs and Maintenance	2,716.88	1,945.94	14,440.60	46,255.06	10,891.86	689,684.03	577,030.66	-	118,034.46	-	1,460,999.29
Rentals and Leases	121,341.41	12,154.44	35,465.41	1,634,810.84	272,627.38	2,028,387.95	40,948.92	-	324,489.52	-	4,470,225.87
Printing and Reproduction	10,723.87	3,742.87	6,122.20	20,275.50	56,531.46	98,422.04	4,011.95	-	95,375.45	-	295,205.34
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	15,395,428.87	15,395,428.87
Interest	969.31	2,011.69	474.79	9,443.10	164.52	3,556.57	2,008.50	58.16	2,859.42	-	21,536.06
Scholarships	4,607.41	25,598.17	566.79	87,120.92	43,007.22	398,802.81	121.37	12,375,078.32	30,936.75	-	12,965,829.76
Claims and Judgments	-	-	-	-	-	62,304.65	-	-	12,250.00	-	74,554.65
Capital Expenditures	0.00	-	-	0.00	0.00	0.00	0.00	-	-	-	0.00
Other Operating Expenses	361,414.17	180,697.34	481,157.54	971,181.34	374,624.04	1,244,787.42	28,032.06	59,463.00	658,458.08	-	4,359,814.99
<b>Total Operating Expenses</b>	<b>\$57,940,010.76</b>	<b>\$3,624,229.96</b>	<b>\$3,077,493.68</b>	<b>\$31,201,369.99</b>	<b>\$7,734,715.26</b>	<b>\$26,838,394.56</b>	<b>\$17,203,341.97</b>	<b>\$12,653,456.85</b>	<b>\$11,168,069.18</b>	<b>\$15,395,428.87</b>	<b>\$186,736,511.08</b>

See Independent Accountant's Review Report and Notes to Financial Statements.

University of Houston - Downtown

Matrix of Operating Expenses (Continued)

Supplemental unreviewed information for the year ended August 31, 2024

Operating Expenses	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Operation and Maintenance of Plant	Scholarships and Fellowships	Auxiliary Enterprises	Depreciation and Amortization	Total
Cost of Goods	-	-	-	-	-	-	-	-	-	-	-
Sold	-	-	-	-	-	-	-	-	449.59	-	449.59
Salaries and Wages	44,554,106.08	1,533,822.13	1,223,898.23	19,644,792.26	5,390,621.83	14,901,785.38	2,586,169.86	103,512.09	4,067,232.33	-	94,005,940.19
Payroll Related Costs	11,401,964.76	379,418.68	327,249.74	5,811,774.87	1,878,938.07	4,905,895.72	1,099,250.75	0.00	1,027,840.24	-	26,802,332.83
Professional Fees and Services	344,179.79	426,973.03	745,322.56	663,040.08	192,834.65	6,035,154.53	3,897,925.41	-	2,130,159.15	-	14,435,589.20
State Pass Through Expenses	-	216,415.74	-	-	-	-	-	-	-	-	216,415.74
Travel	461,933.10	134,792.74	65,469.08	364,160.78	60,160.66	77,704.82	20,825.74	-	74,897.63	-	1,259,934.45
Materials and Supplies	382,306.72	241,835.01	212,438.38	1,220,073.99	116,731.52	1,016,854.82	765,255.84	0.00	285,179.27	-	4,240,675.55
Communication and Utilities	132,068.93	14,671.36	14,926.86	244,311.95	97,800.10	270,075.39	1,926,008.57	-	257,209.63	-	2,957,072.79
Repairs and Maintenance	28,347.44	9,870.98	14,946.52	111,930.24	20,328.62	425,857.53	356,072.72	-	83,554.82	-	1,050,908.87
Rentals and Leases	99,075.07	12,421.10	24,469.59	1,169,900.01	259,800.68	2,155,775.52	34,214.63	-	179,590.60	-	3,935,247.20
Printing and Reproduction	20,917.09	5,581.28	6,090.64	19,809.42	114,758.87	69,896.69	3,595.09	-	58,066.12	-	298,735.20
Depreciation and Amortization	-	-	-	-	-	-	-	-	-	15,161,866.12	15,161,866.12
Interest	1,018.44	2,208.93	198.36	1,455.86	647.98	7,217.04	3,233.44	15.97	957.10	-	16,953.12
Scholarships	4,492.93	91,047.96	23,044.68	254,992.65	91,034.51	984,454.22	1,819.00	28,129,002.59	69,776.62	-	29,649,665.16
Claims and Judgments	-	-	-	-	-	55,993.65	-	-	-	-	55,993.65
Capital Expenditures	0.00	0.00	-	0.00	0.00	0.00	0.00	-	0.00	-	0.00
Other Operating Expenses	326,429.54	48,396.25	410,102.83	732,662.97	584,654.76	1,789,178.10	34,729.49	56,574.00	466,831.61	-	4,449,479.55
<b>Total Operating Expenses</b>	<b>\$57,756,839.89</b>	<b>\$3,117,455.19</b>	<b>\$3,068,147.47</b>	<b>\$30,238,825.08</b>	<b>\$8,808,312.25</b>	<b>\$32,695,943.41</b>	<b>\$10,699,100.54</b>	<b>\$28,289,104.65</b>	<b>\$8,701,764.61</b>	<b>\$15,161,866.12</b>	<b>\$198,537,259.21</b>

**University of Houston-Downtown**  
**Statement of Cash Flows**

	2024	2025
Cash Flows From Operating Activities		
Receipts from Customers	\$ 2,940,071.92	\$ 1,366,549.66
Proceeds from Tuition and Fees	76,316,716.20	55,857,127.09
Proceeds from Research Grants and Contracts	28,006,322.85	20,668,079.18
Proceeds from Loan Programs	8,952,948.35	8,894,564.73
Proceeds from Auxiliaries	1,625,911.39	2,121,427.07
Payments to Suppliers for Goods and Services	(22,088,330.35)	(42,082,594.53)
Payments to Employees for Salaries	(94,529,751.29)	(94,197,274.04)
Payments to Employees for Benefits	(26,618,027.74)	(26,155,226.99)
Payments for Loans Provided	(8,712,607.19)	(23,731,465.09)
Payments for Other Expenses	(34,135,836.35)	(13,324,523.97)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(68,242,582.21)</b>	<b>(110,583,336.89)</b>
Cash Flows from Noncapital Financing Activities		
Proceeds from State Appropriations	47,217,951.18	48,492,372.26
Proceeds from Gifts	4,118,032.69	4,671,947.05
Proceeds from Endowments	1,086,339.09	1,047,557.77
Proceeds of Transfers from Other Funds	11,351,570.38	11,896,848.90
Proceeds from Grants	45,106,470.24	50,315,789.47
Payments for Transfers to Other Funds	(266,744.68)	(1,940,577.61)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>108,613,618.90</b>	<b>114,483,937.84</b>
Cash Flows from Capital and Related Financing Activities		
Proceeds from Other Financing Activities	107,312.92	22,608,588.21
Payments for Additions to Capital Assets	(10,360,669.73)	(12,753,520.52)
Payments of Principal on Debt Issuance	(8,370,000.00)	(8,790,000.00)
Payments for Leases/SBITA	(733,965.39)	(704,360.81)
Payments of Interest on Debt Issuance	(5,431,995.90)	(5,004,834.73)
Payments of Other Costs on Debt Issuance	568,702.51	(17,606,472.76)
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(24,220,615.59)</b>	<b>(22,250,600.61)</b>
Cash Flows From Investing Activities		
Proceeds from Sales of Investments	44,125.20	45,448.93
Proceeds from Interest and Investment Income	6,345,610.06	7,113,623.01
Payments to Acquire Investments	(3,614,219.47)	(2,539,518.24)
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>2,775,515.79</b>	<b>4,619,553.70</b>
Net Increase (Decrease) in Cash and Cash Equivalents	18,925,936.89	(13,730,445.96)
Cash and Cash Equivalents, September 1	37,686,152.84	56,612,089.73
Cash and Cash Equivalents, August 31	\$ 56,612,089.73	\$42,881,643.77

**University of Houston-Downtown**  
**Statement of Cash Flows (Continued)**

	2024	2025
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(107,753,313.47)	(109,808,850.62)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization Expense	15,161,866.12	15,395,428.87
Operating Income and Cash Flow Categories:		
Classification Differences	240,341.16	(767,080.36)
Changes in Assets and Liabilities:		
(Increase) Decrease In Receivables	16,321,706.95	(13,640,000.62)
(Increase) Decrease in Inventories	5,693.10	9,496.37
(Increase) Decrease in Prepaid Expenses	(1,503,760.74)	576,192.82
(Increase) Decrease in Other Assets	(553,628.67)	289,345.94
Increase (Decrease) in Payables	7,643,730.44	(9,732,456.63)
Increase (Decrease) in Deferred Income	1,703,407.96	2,912,693.91
Increase (Decrease) in Compensated Absences	184,305.09	566,135.27
Increase (Decrease) in Benefits Payable	(523,811.10)	(148,544.45)
Increase (Decrease) in Other Liabilities	830,880.95	3,764,302.61
<b>Total Adjustments</b>	<b>39,510,731.26</b>	<b>(774,486.27)</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(68,242,582.21)</b>	<b>(110,583,336.89)</b>
Non Cash Transactions		
Net Change in Fair Value of Investments	3,722,018.66	760,861.52
<b>Non Cash Transactions</b>	<b>\$ 3,722,018.66</b>	<b>\$ 760,861.52</b>

See Independent Accountant's Review Report and Notes to Financial Statements.

## UNIVERSITY OF HOUSTON-DOWNTOWN NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: Summary of Significant Accounting Policies

#### Entity

These financial statements are for the reporting entity University of Houston – Downtown (UHD), which is an academic institution of the University of Houston System (UH System). UH System is an agency of the State of Texas (the State) and is reported as one of the university systems and independent universities that are presented as a major enterprise fund in the State of Texas' Comprehensive Annual Financial Report.

The UH System is comprised of four academic institutions, which includes the University of Houston (UH), University of Houston-Clear Lake (UHCL), University of Houston–Victoria (UHV), and University of Houston-Downtown (UHD). The academic entities are under the direction, management, and control of the UH System Board of Regents (the Board), which acts separately and independently on all matters. The Board consists of ten members, nine of whom are appointed by the governor of the State and a student regent elected by the student body. In some instances, shared services and management are provided for the entities by the UH System Administration (UHSA).

UH System serves the State as the primary provider of educational and cultural opportunities, skilled employers and leaders, technical knowledge, and innovative research to the Houston metropolitan area and the Gulf Coast region. Houston and the upper Gulf Coast region represent approximately one fourth of the State's population and economy. UHD is an urban university located in the central business district in Houston, Texas.

UH System and UHD have elected to define UHD's reporting entity to include only activities in UHD's name. UHD's proportional share of liabilities in the name of UH System is reported by UH System. Transactions associated with pensions, and other postemployment benefits related to UHD's activities in the name of UH System are not reported by UHD. However, UHD has elected to make limited disclosures with respect to these matters in Notes 9 and 11. The associated financial activities related to these items and required disclosures are made within UH System's Annual Financial Report.

The accounting policies followed by UHD in maintaining accounts and in the preparation of the financial statements are in accordance with the Texas Comptroller of Public Accounts' Reporting Requirement for the Annual Financial Reports of State Agencies and Universities (Comptroller's AFR requirements) and with generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. The Comptroller's AFR Requirements are designed to assist the Texas Comptroller of Public Accounts in compiling and preparing a CAFR for the State and, accordingly, have some untraditional elements, such as the prohibition of rounding, unique ordering and specific numbering of footnotes, and the inclusion of footnote titles when the subject matter does not apply.

No entities have been identified meeting GASB's definition of component units, which are legally separate entities and, accordingly, none are included within the reporting entity. As previously noted, UHD is considered by the State as one of the academic entities that consist of the UH System, however, each entity is considered an agency of the State.

#### **GASB Statements Implemented in Fiscal Year 2025**

During the implementation of GASB 34/35, an allocation methodology was adopted to estimate the discount associated with student tuition and fees revenue. The allocation was based on pooled student refunds for the fiscal year. The use of refunds as the basis for the discount introduced non-discountable transactions into the calculation process, reducing the accuracy of estimates. Enterprise system advancements have created the capacity for more

## University of Houston –Downtown Notes to the Financial Statements

accurate estimates using a methodology that reflects the financial aid process flow. The new calculation methodology for tuition and fees discount estimation was adopted in FY25. The Discounts and Allowances, and the Scholarships and Fellowships line items within the Statement of Revenues, Expenses, and Changes in Net Position are affected by the described change in methodology.

GASB Statement No. 100, Accounting Changes and Error Corrections, implemented in FY25, is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The adoption of GASB 100 did not have a material effect on the System's financial statements.

GASB Statement No. 101, Compensated Absences, implemented in FY25, updates the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for:

- Unused vacation, personal time, or sick time that is attributable to services already rendered, accumulates, and is more likely than not to be used or paid.
- The liability includes salary-related payments (e.g., employer share of social security and Medicare taxes) that are directly and incrementally associated with compensated absences.
- The liability is measured using the employee's pay rate as of the financial statement date.

The adoption of GASB 101 did not have a material effect on the System's financial statements.

GASB Statement No. 102, Certain Risk Disclosures, implemented in FY25, requires disclosing risks due to certain concentrations or constraints. GASB 102 defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources. A constraint is a limitation that is imposed by an external party or by a formal action of an entity's highest level of decision-making authority. The System has evaluated the applicability of GASB 102 and determined that, as of the date of these financial statements, no concentrations or constraints exist that meet all three criteria for disclosure:

1. Known prior to issuance of the financial statements,
2. Create vulnerability to substantial impact, and
3. Have had or are more likely than not to have an associated event occur within 12 months of the issuance date.

Accordingly, no disclosures are required under GASB 102, and the implementation of this Statement has no impact on the financial statements.

### **Basis of Accounting**

For financial reporting purposes, institutions of higher education are considered proprietary funds. The basis of accounting determines when revenues and expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Proprietary funds use the flow of economic resources measurement focus (whether or not the entity is economically better off as a result of the events and transactions that occurred during the fiscal period reported) and the full accrual basis of accounting, meaning revenues are recognized when earned and expenses are recorded when an obligation has occurred.

The proprietary Statement of Revenues, Expenses, and Changes in Net Position is segregated into operating and non-operating sections. Generally, operating activities are those that directly related to the principal and usual activity of an enterprise.

### **Budget and Budgetary Accounting**

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act).

**University of Houston –Downtown**  
**Notes to the Financial Statements**

Additionally, UHD prepares an annual budget which represents anticipated sources of revenues and authorized uses. This budget is approved by the University of Houston-Downtown's Board of Regents.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

**Assets, Liabilities, Deferred Inflows and Outflows and Fund Balances/Net Position**

**ASSETS**

Current and Non-Current Assets

Current assets are those that are readily available to meet current operational requirements. Non-current assets are those that are not readily available to meet current operational requirements and, instead, are intended to support long-term institutional needs.

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Securities Lending Collateral

Investments are stated at fair value in all funds, except pension trust funds, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. For pension trust funds, investments are required to be reported at fair value using the accrual basis of accounting in accordance with GASB Statement 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

Legislative Appropriations

This item represents the balance of General Revenue funds at August 31 as calculated in the Texas State Comptroller's General Revenue Reconciliation.

Investments

Investments are generally stated at fair value with certain exceptions in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Fair value, which is determined based on quoted market prices, is the amount at which an investment could be exchanged in a current transaction between parties other than in a forced or liquidation sale. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the accompanying Comparative Statement of Revenues, Expenses, and Changes in Net Position.

Restricted Assets

Restricted assets include monies or other resources restricted by legal or contractual requirements. These assets include proceeds of enterprise fund general obligation and revenue bonds and

## University of Houston –Downtown

### Notes to the Financial Statements

revenues set aside for statutory or contractual requirements. Assets held in reserve for guaranteed student loan defaults are also included.

#### Inventories and Prepaid Items

Inventories include both merchandise inventories on hand for sale and consumable inventories. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental and proprietary fund types. The cost of these items is expensed when the items are consumed.

#### Capital Assets

Assets with an initial, individual cost of \$5,000 or more (prior to September 1, 2024) and \$10,000 or more (after September 1, 2024) and an estimated useful life in excess of one year are capitalized. Capitalization thresholds are also utilized for buildings and building improvements (\$100,000), infrastructure (\$500,000), and facilities and other improvements (\$100,000). These assets are capitalized at cost or, if purchased, at appraised fair value as of the date of acquisition. Purchases of assets by governmental funds are reported as expenditures. Right-of-Use (ROU) intangible assets are recognized at the lease commencement date and represent the System's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor at or before commencement and initial direct costs.

Inexhaustible assets such as works of art and historical treasures, are not depreciated. Depreciation is reported on all exhaustible assets. Capital assets are depreciated over the estimated useful life of the asset using the straight-line method. Depreciation is recorded as a periodic expense and accumulated as an offset to the asset book values. Depreciation expense is not allocated to functional categories for this Annual Financial Report. Amortization for ROU intangible assets is computed using the straight-line method over the shorter of the lease term or estimated useful lives of the assets; but if the underlying lease contains a purchase option determined to be reasonably certain of being exercised, the ROU intangible asset is amortized over the estimated useful life of the asset.

Intangible Right to Use (IRTU) capital assets are defined as assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. These assets are required to be reported if they are identifiable. Land use rights are capitalized if the cost meets or exceeds \$100,000. Purchased computer software is capitalized if the aggregate cost of the purchase meets or exceeds \$100,000. Internally generated computer software has a capitalization threshold of \$1,000,000, and other intangible capital assets must be capitalized if the cost meets or exceeds \$100,000. Intangible assets are amortized based on the estimated useful life of the asset using the straight-line method.

#### Current Receivables - Other

Other receivables include year-end revenue accruals. This account can appear in governmental and proprietary fund types.

#### Non-Current Receivables - Other

Receivable balances not expected to be collected within one year of fiscal year end.

### **LIABILITIES**

#### Accounts Payable

Accounts payable represent the liability for the value of assets or services received at the balance sheet date for which payment is pending.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

Current Payables - Other

Payables are the accrual at year-end of expenditure transactions. Payables may be included in either the governmental or proprietary fund types.

Unearned Revenues

Unearned revenues include amounts for tuition and fees, certain auxiliary activities, and amounts from grant and contract sponsors received prior to the end of the fiscal year but related to the subsequent accounting period.

Non-Current Payables - Other

Payable balances not expected to be paid within one year of fiscal year end.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes due upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the Statement of Net Position.

Lease Liabilities

Lease liability represents the amount recognized by a lessee on its financial statements regarding its leases. It is initially measured at the present value of lease payments and is remeasured whenever there is a change in lease payments or lease modification. Liabilities are reported separately as either current or noncurrent.

The Right to Use (RTU) lease/subscription gives the university the ability to control the use of an asset for a set time period. For contracts greater than 12 months in Texas, the Governmental Accounting Standards Board (GASB) requires the reporting of RTU lease/subscription obligations for the annual financial statements.

Bonds Payable - General Obligation Bonds

The unmatured principal of general obligations bonds is accounted for in the Long-term Liabilities column. Payables are reported separately as either current or non-current in the Statement of Net Position.

Bonds Payable are recorded at par. The bond proceeds are accounted for as an Other Financing Source in the governmental funds when received, and expenditures for payment of principal and interest are recorded in debt service funds when paid. These amounts are adjusted in the Long-Term Liabilities column.

Bonds Payable - Revenue Bonds

Revenue bonds are generally accounted for in the proprietary funds. The Bonds Payable are reported at par, less unamortized discount or plus unamortized premium. Interest expense is reported on the accrual basis with amortization of discount or premium. Payables are reported separately as either current or non-current in the Statement of Net Position.

**DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES**

The Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period, and have a positive effect on net position, similar to assets. Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period, and have a negative effect on net position, similar to liabilities. Additional details are provided in Note 28 - Deferred Outflows of Resources and Deferred Inflows of Resources.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**NET POSITION**

Invested In Capital Assets, Net Of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Position

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

Unrestricted net position consist of net position, which do not meet the definition of the two preceding categories. Unrestricted net position often have constraints on resources, which are imposed by management, but can be removed or modified.

**INTERFUND ACTIVITIES AND BALANCES**

UHD has the following types of transactions between funds:

Transfers

Legally required transfers that are reported when incurred as Transfers In by the recipient fund and as Transfers Out by the disbursing fund.

Reimbursements

Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

Interfund Receivables and Payables

Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, it is classified as Current. Repayment for two (or more) years is classified as Non-Current.

Interfund Sales and Purchases

Charges or collections for services rendered by one fund to another are recorded as revenues of the recipient fund and expenditures or expenses of the disbursing fund. The composition of the System's interfund activities and balances are presented in Note 12.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**NOTE 2: Capital Assets and Intangible Right to Use**

A summary of changes in Capital Assets and Intangible Right to Use is presented in Table 2.

Table 2 - Capital Assets

Business-Type Activities:	University of Houston - Downtown					Balance 8/31/2025
	Balance 9/1/2024	Adjustments	Completed CIP	Additions	Deletions	
<b>Non-Depreciable/Non-Amortizable Assets</b>						
Land & Land Improvements	\$ 23,722,567.02	\$ -	\$ -	\$ -	\$ -	\$ 23,722,567.02
Construction in Progress	8,775,355.76	-	(5,183,309.07)	6,818,567.06	-	10,410,613.75
Other Tangible Capital Assets	1,029,411.04	-	-	-	-	1,029,411.04
<b>Total Non-Depreciable and Non-Amortizable Assets</b>	<b>33,527,333.82</b>	<b>-</b>	<b>(5,183,309.07)</b>	<b>6,818,567.06</b>	<b>-</b>	<b>35,162,591.81</b>
<b>Depreciable Assets</b>						
Buildings & Buildings Improvements	330,131,138.41	-	3,921,633.37	2,535,804.85	-	336,588,576.63
Infrastructure	0.00	-	951,440.30	-	-	951,440.30
Facilities & Other Improvements	1,607,048.52	-	310,235.40	21,850.00	-	1,939,133.92
Furniture & Equipment	20,145,523.32	-	-	422,977.26	(1,227,934.61)	19,340,565.97
Vehicle, Boats & Aircraft	889,884.64	-	-	11,567.80	-	901,452.44
Other Capital Assets	34,059,921.14	-	-	2,254,683.36	(1,347.33)	36,313,257.17
<b>Total Depreciable Assets</b>	<b>386,833,516.03</b>	<b>-</b>	<b>5,183,309.07</b>	<b>5,246,883.27</b>	<b>(1,229,281.94)</b>	<b>396,034,426.43</b>
<b>Less Accumulated Depreciation For:</b>						
Buildings & Buildings Improvements	(164,017,714.85)	-	-	(10,356,741.67)	-	(174,374,456.52)
Facilities & Other Improvements	(1,350,582.03)	-	-	(37,129.36)	-	(1,387,711.39)
Furniture & Equipment	(15,085,330.00)	-	-	(1,651,244.89)	1,227,934.61	(15,508,640.28)
Vehicle, Boats & Aircraft	(656,922.65)	-	-	(69,831.58)	-	(726,754.23)
Other Capital Assets	(15,840,456.51)	-	-	(2,154,057.77)	89.82	(17,994,424.46)
<b>Total Accumulated Depreciation</b>	<b>(196,951,006.04)</b>	<b>-</b>	<b>-</b>	<b>(14,269,005.27)</b>	<b>1,228,024.43</b>	<b>(209,991,986.88)</b>
<b>Depreciable Assets, Net</b>	<b>189,882,509.99</b>	<b>-</b>	<b>5,183,309.07</b>	<b>(9,022,122.00)</b>	<b>(1,257.51)</b>	<b>186,042,439.55</b>
<b>Amortizable Assets- Intangible, Net</b>	<b>363,485.93</b>	<b>(95,689.80)</b>	<b>-</b>	<b>(243,227.65)</b>	<b>-</b>	<b>24,568.48</b>
<b>Total Business-Type Activities - Capital Assets, Net</b>	<b>\$ 223,773,329.74</b>	<b>\$ (95,689.80)</b>	<b>\$ -</b>	<b>\$ (2,446,782.59)</b>	<b>\$ (1,257.51)</b>	<b>\$ 221,229,599.84</b>

**University of Houston –Downtown  
Notes to the Financial Statements**

**NOTE 2: Capital Assets and Intangible Right to Use Assets**

In accordance with the implementation of GASB 87, leased assets are presented separately in Note 2.

A summary of changes in Intangible Right to Use Assets (IRTU) is presented below.

**Table for Intangible RTU Assets:**

University of Houston - Downtown					
	Balance 09/01/2024	Adjustments	Additions	Deletions	Balance 08/31/2025
<b>Amortizable Assets-IRTU:</b>					
Buildings & Building Improvements	\$ 3,085,902.06	-	-	-	\$ 3,085,902.06
Subscriptions	578,094.34	-	689,327.70	-	1,267,422.04
<b>Total Amortizable RTU Assets</b>	<b>3,663,996.40</b>	<b>-</b>	<b>689,327.70</b>	<b>-</b>	<b>4,353,324.10</b>
<b>Less Accumulated Amortization For:</b>					
Buildings & Building Improvements	(1,893,937.21)	-	(690,554.40)	-	(2,584,491.61)
Subscriptions	(238,402.81)	-	(192,641.55)	-	(431,044.36)
<b>Total Accumulated Amortization</b>	<b>(2,132,340.02)</b>	<b>-</b>	<b>(883,195.95)</b>	<b>-</b>	<b>(3,015,535.97)</b>
<b>Business-Type Activities-RTU Assets, Net</b>	<b>\$ 1,531,656.38</b>	<b>-</b>	<b>\$ (193,868.25)</b>	<b>-</b>	<b>\$ 1,337,788.13</b>

**NOTE 3: Deposits, Investments, & Repurchase Agreements**

UHD is authorized by statute to make investments following the “prudent person rule”. There were no significant violations of legal provisions during the period.

**Deposits of Cash in Bank**

As of August 31, 2025, the carrying amount of deposits was \$ 775,219.50 as presented below:

Governmental and Business-Type Activities	
Cash in Bank-Carrying Amount	\$ 775,219.50
Total Cash in Bank per Annual Financial Report	<u>\$ 775,219.50</u>
Reconciliation of Cash per Annual Financial Report	
Proprietary Funds, Current Assets, Cash in Bank	250,406.50
Proprietary Funds, Current Assets, Restricted Cash in Bank	\$ 524,813.00
Cash in Bank per Annual Financial Report	<u>\$ 775,219.50</u>

These amounts consist of all cash in local banks. These amounts are included on the Statement of Net Position as part of the “Cash and Cash Equivalents” accounts.

As of August 31, 2025, the total bank balance was as follows:

Governmental and Business-Type Activities	\$ 0.00
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**University of Houston –Downtown**  
**Notes to the Financial Statements**

**Custodial Credit Risk** – UHD has no deposits that are at risk of recovery due to the failure of a depository financial institution.

**Foreign Currency Risk** – UHD maintains no foreign bank accounts.

**Investments**

Investments are reported at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between two market participants at the measurement date. GAAP provides a hierarchy that prioritizes the inputs of fair value measurements based on the extent to which inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that reflect verifiable information obtained from independent sources, and a lower priority to unobservable inputs that would reflect management’s assumptions about how market participants would value an asset or liability based on the best information available. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the hierarchy of inputs used to measure fair value are as follows:

- Level 1 – inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – inputs are inputs (other than quoted prices included within Level 1) are observable for an asset or liability, either directly (quoted market prices for similar assets or liabilities) or indirectly (corroborated from observable market information).
- Level 3 – inputs are unobservable inputs for an asset or liability.

Beyond these three levels, net asset value may be used to categorize investments without a readily determinable fair value. As of August 31, 2025, fair value of investments were categorized as follows:

	<b>Fair Value Hierarchy</b>		
	Level 1 Inputs	Net Position Value	Fair Value
Governmental and Business- Type Activities			
Fixed Income Money Market & Bond Mutual Funds	\$ 37,326,601.08	-	\$ 37,326,601.08
Other Commingled Funds	-	195,414.13	195,414.13
<b>Total Investments</b>	<u>\$ 37,326,601.08</u>	<u>195,414.13</u>	<u>\$ 37,522,015.21</u>
Reconciliation of Investments per Annual Financial Statements			
Proprietary Funds, Current Assets, Cash Equivalents	\$ 37,326,601.08		
Proprietary Funds, Non-Current Assets, Investments	195,414.13		
<b>Investments per Annual Financial Statements</b>	<u>\$ 37,522,015.21</u>		

**Custodial Credit Risk (Investments)** – UHD has no direct investments held by its custodians that are not covered by insurance.

**Foreign Currency Risk (Investments)** – UHD has no direct investments subject to foreign currency risk, nor any denominated in a foreign currency.

**Credit Risk (Investments)** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The general investment policy of UHD limits investments in debt securities that are not in the top three investment grade ratings issued by nationally recognized statistical rating organizations to 5% of

**University of Houston –Downtown**  
**Notes to the Financial Statements**

total investments. As of August 31, 2025, UHD had no direct investment in securities with credit risk exposure that exceeded its policy limit. As of August 31, 2025, UHD had no investment which required disclosure of investment ratings.

**Concentration of credit risk** is the risk of loss attributable to the magnitude of investment in a single issuer. As of August 31, 2025, the University of Houston-Downtown’s concentration of credit risk in any single issuer did not exceed 5% of total investment assets as reported on the Statement of Net Position.

**Reverse Repurchase Agreements**

UHD has no investments in reverse repurchase agreements.

**Securities Lending**

UHD does not participate in a security-lending program.

**NOTE 4: Short-Term Debt**

UHD does not have Commercial paper. In the prior fiscal year, the System issued commercial paper (Consolidated Revenue Commercial Paper Program, Series A) to provide interim financing for renovation and construction projects, and no additional commercial paper was issued during fiscal year 2025.

**NOTE 5: Long-Term Liabilities**

**Changes in Long-Term Liabilities**

During the year ended August 31, 2025, the following changes, presented in Table 5.1, occurred in liabilities:

**Table 5.1 – Long-Term Liabilities**

Business-Type Activities	Balance 9/1/24	Additions	Reductions	Other Changes	Balance 8/31/25	Due Within 1 Year	Due Thereafter
Claims and Judgments	\$ 66,193.42	\$ 75,395.74	\$ 74,554.65	\$ 0.00	\$ 67,034.51	\$ 67,034.51	\$ 0.00
Right to Use Lease Obligations	1,229,979.34	0.00	704,360.81	0.00	525,618.53	525,618.07	0.46
Right to Use Subscription Obligations	245,742.34	689,327.70	488,812.92	0.00	446,257.12	137,604.25	308,652.87
Employees' Compensable Leave	4,502,601.84	2,453,017.48	1,886,882.21	0.00	5,068,737.11	2,787,439.48	2,281,297.63
Revenue Bonds Payable	153,421,729.84	0.00	8,790,000.00	(1,164,907.76)	143,466,822.08	10,404,907.76	133,061,914.32
<b>Total</b>	<b>\$ 159,466,246.78</b>	<b>\$ 2,651,605.65</b>	<b>\$ 12,510,745.86</b>	<b>\$ (1,164,907.76)</b>	<b>\$ 149,574,469.35</b>	<b>\$ 13,922,604.07</b>	<b>\$ 135,651,865.28</b>

**Claims and Judgments**

At August 31, 2025, various lawsuits and claims involving UHD were pending. While the ultimate liability, if any, with respect to litigation and other claims asserted against UHD cannot be reasonably estimated at this time, such liability, to the extent not provided for by insurance or otherwise, is not expected to have a material effect on UHD accounts.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**Right to Use Lease Obligations**

UHD is a lessee for various noncancelable leases of buildings and equipment. For leases with a maximum possible term of 12 months or more UHD recognizes a lease liability and an intangible right to use lease asset. At the commencement of a lease UHD initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Additional information on UHD's right to use lease obligations is provided in Note 8. Right to use lease asset detail is provided in Note 2.

**Right to Use Subscription Obligations**

UHD has various non-cancellable subscription obligations of information technology. For subscriptions with a maximum possible term of 12 months or more UHD recognizes a lease liability and an intangible right to use subscription obligation. At the commencement of the subscription, UHD initially measures the lease liability at the present value of payments expected to be made during the obligation term. Subsequently, the lease liability is reduced by the principal portion of obligation payments made. Additional information on UHD's right to use subscription obligations is provided in Note 2 and Note 8.

**Notes and Loans Payable**

As of August 31, 2025, UHD had no notes and loans payable.

**Employees' Compensable Leave**

Under the provisions of GASB Statement No. 101, a liability is recognized for compensated absences when (1) leave is attributable to services already rendered, (2) leave accumulates, and (3) the leave is more likely than not to be used for time off or paid/settled. Additionally, leave that has been used but not yet paid is recognized as a liability.

The liability is measured using pay rates in effect as of the financial statement date and includes applicable salary-related payments. At August 31, 2025, the compensated absences liability was \$ 5,068,737.11, of which \$2,787,439.48 is expected to be paid within one year.

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Position. An expense and liability for proprietary fund types are recorded in the proprietary funds as the benefits accrue to employees.

Full-time state employees earn annual leave from eight to twenty-one hours per month depending on the respective employees' years of State employment. The State's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 532 for those employees with 35 or more years of state service. Accrued leave in excess of the normal maximum was converted to sick leave at the conclusion of fiscal year 2025. Employees with at least six months of State service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed.

Sick leave entitlement shall be earned at the rate of eight hours for each month or fraction of a month employment, proportionate to the FTE percentage established for the position(s) in which employed. GASB 101 now requires that the current portion of sick leave liability be recorded as a current liability, and represented in the Employees' Compensable Leave line.

Non-debt liability obligations are usually paid from the same funding source from which the employee's salary or wage compensation was paid.

Lump sum payments made to employees, who separated from state service during the 2025 fiscal year, for accrued vacation and compensatory leave totaled \$ 354,991.52.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**Revenue Bonds Payable**

See Note 6 for required Revenue Bond disclosures.

**NOTE 6: Bonded Indebtedness**

Principal and interest payable on long term debit through maturity is as follows:

Summary	Year	Principal	Interest	Total
All Bonds Issues, All Series	2026	\$ 9,240,000.00	\$ 5,718,850.00	\$ 14,958,850.00
	2027	7,105,000.00	5,310,225.00	12,415,225.00
	2028	7,465,000.00	4,945,975.00	12,410,975.00
	2029	7,845,000.00	4,563,225.00	12,408,225.00
	2030	8,230,000.00	4,177,150.00	12,407,150.00
	2031 - 2035	46,475,000.00	14,700,125.00	61,175,125.00
	2036 - 2040	35,345,000.00	4,433,500.00	39,778,500.00
	2041 - 2045	5,925,000.00	299,875.00	6,224,875.00
Total as shown above		<u>\$ 127,630,000.00</u>	<u>\$ 44,148,925.00</u>	<u>\$ 171,778,925.00</u>

Principal and Premium Liability

UHD Bonds Data for SACSCOC Audit FY25

	Principal	Interest	Total
Consolidated Revenue Refunding Bonds Series 2014	2,485,000.00	62,125.00	2,547,125.00
Consolidated Revenue & Refunding Bonds Series 2017-A	60,500,000.00	19,941,000.00	80,441,000.00
Consolidated Revenue & Refunding Bonds Series 2020-A	25,915,000.00	6,541,425.00	32,456,425.00
Consolidated Revenue & Refunding Bonds Series 2022-A	38,730,000.00	17,604,375.00	56,334,375.00
Total	<u>\$ 127,630,000.00</u>	<u>\$ 44,148,925.00</u>	<u>\$ 171,778,925.00</u>

UHD Bonds Data for SACSCOC Audit FY25

	Unamortized Premium
Consolidated Revenue & Refunding Bonds Series 2017-A	7,541,567.35
Consolidated Revenue & Refunding Bonds Series 2020-A	2,575,085.64
Consolidated Revenue Refunding Bonds Series 2014	227,141.89
Consolidated Revenue & Refunding Bonds Series 2022-A	5,493,027.20
Total	<u>\$ 15,836,822.08</u>

Principal Liability Total	\$ 127,630,000.00
Unamortized Premium Total	15,836,822.08
Total Revenue Bonds Payable	<u>\$ 143,466,822.08</u>

**Bonds Payable**

The following is information related to UH System bonds which UH-Downtown has a proportional share of the outstanding obligation. *Information presented is for the total UH System bond with the exception of the UHD proportion of the bond outstanding.*

**Refunding Bonds**

- **Consolidated Revenue Refunding Bonds, Series 2014**
  - To refund \$18,385,000 of Consolidated Revenue Bonds, Series 2006; and \$32,715,000 of Consolidated Revenue and Refunding Bonds, Series 2006.
  - Issued 11-18-2014.
  - \$47,915,000; all bonds authorized have been issued (UH – \$29,525,000, UHD – \$17,765,000, and UHV – \$625,000).
  - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2025 partially from Legislative Appropriation-Tuition Revenue Bonds.)
  - Average interest rate of bonds refunded - 4.67%.
  - Net proceeds from refunding series - \$52,309,205.77, after receipt of bond premium of \$5,037,241.05 and payment of \$643,035.28 in underwriting fees, insurance, and other issuance costs.

**University of Houston –Downtown**  
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- Sufficient funds were deposited with an escrow agent to provide for full payment of all outstanding obligations related to the 2006 series bonds, after they were called for early redemption on 02-15-2015.
  - The advance refunded 2006 series bonds maturing subsequent to 02-15-2015 are considered fully defeased and the obligation for those bonds has been removed from the reported liabilities of the System.
  - Refunding of the 2006 series bonds reduced the System's debt service payments over the life of the bond issues by approximately \$9,051,334.58.
  - Economic gain - \$7,400,593.85; the difference between the net present value of the old and new debt service payments.
  - Accounting gain (deferred inflow of resources) - \$445,456.16; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2017-A**
    - To (a) advance refund and defease \$38,400,000 of Consolidated Revenue Refunding Bonds, Series 2008; \$50,325,000 of Consolidated Revenue and Refunding Bonds, Series 2009; and \$12,840,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System; and (c) to defease certain outstanding commercial paper notes of the System.
    - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston – System Administration, University of Houston, University of Houston – Clear Lake, University of Houston – Downtown, and University of Houston – Victoria.
    - Issued 2-16-2018.
    - \$379,450,000; all bonds authorized have been issued; (a) \$93,460,000 refunding bonds: Series 2008: UHSA – \$265,000, UH – \$35,300,000, and UHV – \$95,000; Series 2009: UH – \$41,990,000, and UHCL – \$4,165,000; and Series 2009A: UH - \$11,645,000; and (b) \$285,990,000 new money revenue bonds: UHSA – \$40,920,000, UH – \$47,180,000, UHCL – \$53,830,000, UHD – \$84,750,000 and UHV – \$59,310,000.
    - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2025 partially from Legislative Appropriation-Tuition Revenue Bonds.)
    - Average interest rate of bonds refunded - 4.971035%.
    - Net proceeds from refunding series - \$108,438,040.58, after receipt of \$93,460,000 par value, plus receipt of the bond premium of \$15,956,653, and payment of \$978,612.42 in underwriting fees, insurance, and other issuance costs.
    - Refunding of the 2008, 2009, and 2009A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$14,322,761.90.
    - Economic gain - \$10,020,739.63; the difference between the net present value of the old and new debt service payments.
    - Accounting loss (deferred outflow of resources) - \$2,300,255.73; the accounting loss (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
  - **Consolidated Revenue and Refunding Bonds, Series 2020-A**
    - To (a) advance refund and defease \$13,230,000 of Consolidated Revenue Refunding Bonds, Series 2008; \$1,950,000 of Consolidated Revenue and Refunding Bonds, Series 2009A; and \$63,275,000 of Consolidated Revenue and Refunding Bonds, Series 2010B; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System; and (c) to defease certain outstanding commercial paper notes of the System.
    - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston, University of Houston – Downtown, and University of Houston – Victoria.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

- Issued 2-19-2020.
  - \$320,635,000; all bonds authorized have been issued; (a) \$68,255,000 refunding bonds: Series 2008: UHSA – \$375,000, UH – \$11,070,000, and UHV – \$135,000; Series 2009A: UH – \$1,640,000; and Series 2010B: UH - \$51,500,000 and UHV – \$3,535,000; and (b) \$252,380,000 new money revenue bonds: UH – \$210,615,000, UHD – \$31,545,000, and UHV – \$10,220,000.
  - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2025 partially from Legislative Appropriation-Tuition Revenue Bonds.)
  - Average interest rate of bonds refunded – 3.968953%.
  - Net proceeds from refunding series - \$78,788,387.21, after receipt of \$68,255,000 par value, plus receipt of the bond premium of \$10,758,186.25, and payment of \$224,799.04 in underwriting fees, insurance, and other issuance costs.
  - Refunding of the 2008, 2009A, and 2010B series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$15,204,230.00.
  - Economic gain - \$12,862,320.00; the difference between the net present value of the old and new debt service payments.
  - Accounting gain (deferred inflow of resources) - \$434,718.51; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.
- **Consolidated Revenue and Refunding Bonds, Series 2022-A**
    - To (a) advance refund and defease \$18,160,000 of Consolidated Revenue and Refunding Bonds, Series 2013A; (b) finance the acquisition, purchase, construction, improvement, enlargement, and equipping of property, buildings, structures, activities, services, operation and other facilities, roads, or related infrastructure for or on behalf of the System, including individual campuses of the System; and (c) to refund and defease certain outstanding commercial paper notes and bonds of the System.
    - In addition to the defeasement of the notes and bonds noted above, the proceeds were used to finance the acquisition, construction, or renovation of various properties, buildings, and facilities at the University of Houston – System Administration, University of Houston, University of Houston – Clear Lake, and University of Houston – Victoria.
    - Issued 6-29-2022.
    - \$385,680,000; all bonds authorized have been issued; (a) \$16,690,000 refunding bonds: Series 2013A: UH – \$10,715,000, UHD – \$3,600,000, and UHV – \$2,375,000; and (b) \$368,990,000 new money revenue bonds: UHSA – \$52,535,000, UH - \$198,250,000, UHD – \$39,405,000, UHCL – \$39,400,000, and UHV – \$39,400,000.
    - Source of revenue for debt service – Tuition and various other fees and revenues and balances that may be legally available for payment of debt obligations. (Funding for fiscal year 2025 partially from Legislative Appropriation-Tuition Revenue Bonds.)
    - Average interest rate of bonds refunded – 5.000000%.
    - Net proceeds from refunding series - \$18,496,372.22, after receipt of \$16,690,000 par value, plus receipt of the bond premium of \$1,875,958.80, and payment of \$69,586.58 in underwriting fees, insurance, and other issuance costs.
    - Refunding of the 2013A series' bonds reduced the System's debt service payments over the life of the bond issues by approximately \$1,453,207.02.
    - Economic gain - \$1,334,975.36; the difference between the net present value of the old and new debt service payments.
    - Accounting gain (deferred inflow of resources) - \$647,097.54; the accounting gain (the difference between the reacquisition price and the net carrying value of the refunded bonds) resulted from the advance refunding.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**Pledged Future Revenues**

The following table provides the pledged future revenue information for UHD’s revenue bonds:

	Government Activities	Business-Type Activities	Component Units
Pledged revenue required for future principal and interest on existing revenue bonds	\$ NA	\$ 171,778,925.00	\$ NA
Term of commitment year ending 08/31	NA	2056	NA
Percentage of revenue pledged	NA	100%	NA
Current year pledged revenue	\$ NA	\$ 128,649,705.90	\$ NA
Current year principal and interest paid	\$ NA	\$ 14,959,600	\$ NA

Pledged revenue sources:

Governmental activities – None.

Business-type activities – Operating income from tuition and fees, and sales and service revenue from auxiliary and non-auxiliary activities including parking, rental of facilities, continuing education, royalties, publications, clinics, bookstores, and vending commissions.

Component Units – None.

**NOTE 7: Derivative Instruments**

Derivatives are financial instruments the value of which is derived, in whole or part, from the value of any one or more underlying assets or index of asset values. Derivatives include swap contracts, futures contracts, options, options on futures contracts, and forward contracts. As of August 31, 2025, UHD had no investments in Derivative Instruments.

**NOTE 8: Leases/SBITAs**

**Lease Liability**

UHD is a lessee for various non-cancellable leases of buildings and equipment. A summary of UHD's right to use lease asset activity during the year is disclosed separately in Note 2. Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under lease liability:

Fund Type	Amount
Proprietary Fund	\$ 1,160,739.09

**Future Lease Payments**

August 31, 2025

Primary Government – Business-Type Activities			
Year	Principal	Interest	Total Future Minimum Lease Payments
2026	\$ 525,618.07	\$ 2,028.33	\$ 527,646.40
2027	0.46	0.00	0.46
Total	\$ 525,618.53	\$ 2,028.33	\$ 527,646.86

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**Lease Income**

UHD is not a lessor for any material non-cancellable leases of buildings, land, office space and equipment to outside parties.

**Subscription Liability**

UHD has various non-cancellable subscriptions of information technology. Included in the expenditures reported in the financial statements are the following amounts of subscription fees paid under subscription liability:

Fund Type	Amount
Proprietary Fund	\$ 3,211,702.22

**Future Subscription Payments**

August 31, 2025

Primary Government – Business-Type Activities			
Year	Principal	Interest	Total Future Minimum Subscription Payments
2026	\$ 137,604.25	\$ 19,005.81	\$ 156,610.06
2027	143,403.83	13,206.23	156,610.06
2028	80,862.21	7,181.98	88,044.19
2029	84,386.83	3,657.36	88,044.19
2030	0	0	0
Total	<u>\$ 446,257.12</u>	<u>\$ 43,051.38</u>	<u>\$ 489,308.50</u>

**NOTE 9: Defined Benefit Pension Plans and Defined Contribution Plan**

As discussed in Note 1, UHD’s proportionate share of pension liabilities in the name of UH System are reported by UH System and not UHD. UHD has elected to make limited disclosures with respect to this matter.

The State has joint contributory retirement plans for substantially all its employees. UHD participates in the plans administered by the Teachers Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The Retirement System does not account for each State agency separately. Annual financial reports prepared by the Retirement System include audited financial statements and actuarial assumptions and conclusions.

The state has also established an Optional Retirement Program for institutions of higher education. Participation in the Optional Retirement Program is available to certain eligible employees and is in lieu of participation in the Teacher Retirement System. Since contributions are invested in individual annuity contracts, neither the State nor UHD have any additional or unfunded liability for this program.

The contributions made by plan members and employers for the fiscal year ended August 31, 2025 are:

	TRS Participants	ORP Participants	Total Contributions
Member Contributions	\$ 5,274,074.15	\$ 1,591,944.00	\$ 6,866,018.15
Employer Contributions	<u>5,402,119.25</u>	<u>1,637,519.00</u>	<u>7,039,638.25</u>
Total	<u>\$ 10,676,193.40</u>	<u>\$ 3,229,463.00</u>	<u>\$ 13,905,656.40</u>

## University of Houston –Downtown

### Notes to the Financial Statements

The state of Texas has three retirement systems in its financial reporting entity – Employees Retirement System (ERS), Teacher Retirement System (TRS), and Texas Emergency Services Retirement System (TESRS). These three retirement systems administer the following six defined benefit pension plans:

- ERS – the Employees Retirement System of Texas Plan (ERS), the Law Enforcement and Custodial Officer Supplemental Retirement Plan (LECOS), the Judicial Retirement System of Texas Plan One (JRS1) and Judicial Retirement System of Texas Plan Two (JRS2).
- TRS – the Teacher Retirement System of Texas (TRS) plan.
- TESRS – the Texas Emergency Services Retirement System (TESRS) plan.

ERS, LECOS, JRS2, TRS, and TESRS plans are administered through trust; JRS1 plan is on a pay-as-you-go basis.

#### TRS Plan

The Teacher Retirement System (TRS) is the administrator of the TRS plan, a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation. The TRS Plan is one of three retirement systems reported in the state of Texas Annual Comprehensive Financial Report (ACFR).

The employers of the TRS Plan include the state of Texas, TRS, the state's public schools, education service centers, charter schools, and community and junior colleges. All employees of public, state-supported education institutions in Texas who are employed for one-half or more of the standard work load and not exempted from membership under *Texas Government Code (TGC), Title 8, Section 822.002* are covered by the system. Employees of TRS and state of Texas colleges, universities and medical schools are members of the TRS plan. Detailed information about the TRS Plan's fiduciary net position is available in a separately issued ACFR that includes financial statements and required supplementary information, located at [www.trs.texas.gov](http://www.trs.texas.gov) and then searching for financial and actuarial highlights.

#### *Benefits Provided*

The TRS Plan provides retirement, disability annuities and death and survivor benefits. The benefit and contribution provisions of the TRS Plan are authorized by state law and may be amended by the Legislature. The pension benefit formulas are based on members' average annual compensation and years of service credit. The standard annuity is 2.3 percent of the average of the five highest annual salaries multiplied by years of service credit. For grandfathered members who were hired on or before August 31, 2005 and meet certain criteria, the standard annuity is based on the average of the three highest annual salaries. The plan does not provide automatic cost of living adjustments (COLAs).

State law requires the plan to be actuarially sound in order for the legislature to consider a benefit enhancement, such as a supplemental payment to retirees. The pension became actuarially sound in May 2019 when the 86<sup>th</sup> Texas legislature approved the TRS Pension Reform Bill (SB12) that provided gradual contribution increases from the state, participating employers, and active employees for the fiscal years 2019 through 2024. In addition, the 2023 Texas Legislature passed Senate Bill (SB) 10 and House Joint Resolution (HJR) 2 to provide eligible retirees with a one-time stipend and an ad hoc COLA.

The stipend was paid in September 2023 to annuitants who met the qualifying age requirement on or before August 31, 2023:

- One-time stipend of \$7,500 to eligible annuitants 75 years of age or older
- One-time stipend of \$2,400 to eligible annuitants age 70 to 74

The COLA, which needed (and received) voter approval, was applied to eligible annuitant payments beginning with the January 2024 payment. The COLA was based on retirement date:

- 2% COLA for eligible retirees who retired between September 1, 2013 through August 31, 2020
- 4% COLA for eligible retirees who retired between September 1, 2001 through August 31, 2013
- 6% COLA for eligible retirees who retired on or before August 31, 2001

**University of Houston –Downtown  
Notes to the Financial Statements**

Otherwise, there have been no changes to the benefit provisions of the plan since the prior measurement date.

*Contributions*

Contribution requirements are established or amended pursuant to *Article 16, Section 67 of the Texas Constitution*, which requires the Legislature to establish a member contribution rate of not less than 6.00% of the member’s annual compensation and a state contribution rate of not less than 6.00% and not more than 10.00% of the aggregate annual compensation paid to members of the System during the year. *TGC Section 821.006* prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS’ unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

During the measurement period of 2024 for fiscal 2025 reporting, the amount of the University of Houston-Downtown’s contributions recognized by the plan was \$4,450,445.00. The contribution rates are based on a percentage of the monthly gross compensation for each member. The contribution requirements for the state and the members in the measurement period are presented in the table below:

**Required Contribution Rates**

Contribution Rates	TRS Plan
Employer	8.25%
Employees	8.25%

*Actuarial Methods and Assumptions*

The total pension liability is determined by an annual actuarial valuation. The table below presents the actuarial methods and assumptions used to measure the total pension liability as of the August 31, 2024 measurement date.

**Actuarial Methods and Assumptions\***

Actuarial Methods:	TRS Plan
Actuarial Valuation Date	August 31, 2023 rolled forward to August 31, 2024
Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level Percentage of Payroll, Floating
Asset Valuation Method	Fair Value
<b>Actuarial Assumptions:</b>	
Discount Rate	7.00%
Long-term Expected Rate of Return	7.00%
Municipal Bond Rate as of August 2023	3.87% *
Inflation	2.30%
Salary Increase	2.95% to 8.95% including inflation
<b>Mortality:</b>	
Active	PUB (2010) Mortality Tables for males and females with full generational mortality.
Post-Retirement	2021 TRS Healthy Pensioner Mortality Tables with full generation projection using Scale U-MP.
Ad Hoc Post-Employment Benefit Changes	None

**Notes:**

\* “Source for the rate is the Bond Buyers 20 Index, which represents the estimated yield of a portfolio of 20 general obligation bonds maturing in 20 years based on a survey of municipal bond traders. The rate used is as of August 30, 2024 the rate closest to but not later than the Measurement Date.”

**University of Houston –Downtown**  
**Notes to the Financial Statements**

*Roll Forward*

The actuarial valuation was performed as of August 31, 2023. Update procedures were used to roll forward the total pension liability to August 31, 2024. The actuarial assumptions used in the determination of the total pension liability were primarily based on the result of an actuarial experience study for the four-year period ending Aug. 31, 2021 and adopted in July 2022.

*Changes of Assumptions Since the Prior Measurement Date*

The actuarial assumptions and methods are the same as used in the determination of the prior year's Net Pension Liability.

*Changes in Benefit Provisions Since the Prior Measurement Date*

Due to the timing of the previously mentioned one-time stipend and ad hoc COLA, the legislation and payments were not reflected in the August 31, 2023 actuarial valuation. Under the roll forward method, an adjustment was made to reflect the legislation in the rolled forward liabilities for the current measurement year, August 31, 2024. SB 10 and House Joint Resolution 2 (HJR 2) of the 88th Regular Legislative Session appropriated payments of \$1.645 billion for one-time stipends and \$3.355 billion for COLAs. This appropriation is treated as a supplemental contribution and included in other additions. Since the Legislature appropriated funds for this one-time stipend and COLA, there was no impact on the Net Pension Liability of TRS.

*Discount Rate*

The discount rate of 7.00% was applied to measure the total pension liability. The discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projected cash flows into and out of the pension plan assumed that active members, employers, and non-employer contributing entity make their contributions at the statutorily required rates. It is assumed that future employer and state contributions will be 9.54% of payroll in fiscal year 2025 and thereafter. This includes a factor for all employer and state contributions for active and rehired retirees. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments of current plan members. As a result, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments to determine the total pension liability.

The long-term expected rate of return on plan investments was developed using a building-block method in which best estimate ranges of expected future real rates of return (net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class for the plan's investment portfolio are presented below:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
<b>Global Equity</b>		
U.S.A.	18.00%	4.40%
Non-U.S. Developed	13.00%	4.20%
Emerging Markets	9.00%	5.20%
Private Equity	14.00%	6.70%
<b>Stable Value</b>		
Government Bonds	16.00%	1.90%

**University of Houston –Downtown  
Notes to the Financial Statements**

Absolute Return *	0.00%	4.00%
Stable Value Hedge Funds	5.00%	3.00%
<b>Real Return</b>		
Real Estate	15.00%	6.60%
Energy, Natural Resources and Infrastructure	6.00%	5.60%
Commodities	0.00%	2.50%
<b>Risk Parity</b>		
Risk Parity	8.00%	4.00%
<b>Asset Allocation Leverage</b>		
Cash	2.00%	1.00%
Asset Allocation Leverage	(6.00)%	1.30%
<b>Total</b>	<b>100.00%</b>	

**Notes:**

\* Absolute Return includes Credit Sensitive Investments

Target Allocations are based on fiscal year 2024 policy model

Capital Market assumptions come from 2024 SAA Study CAM Survey (as of 12/31/2023)

*Sensitivity of the University of Houston-Downtown’s Proportionate Share of the Net Pension Liability to the Single Discount Rate Assumption*

Sensitivity analysis was performed on the impact of changes in the discount rate on the proportionate share of the University of Houston-Downtown’s net pension liability. The result of the analysis is presented in the table below:

<b>Sensitivity of the University of Houston-Downtown’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate</b>		
<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
<b>\$ 77,052,153</b>	<b>\$ 38,964,741</b>	<b>\$ 24,367,827</b>

*Pension Liabilities*

The pension plan’s fiduciary net position is determined using economic resources measurement focus and accrual basis of accounting, which is the same basis used by TRS. Benefits and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Fair value is a market-based measurement, not an entity-specific measurement. TRS utilizes one or more of the following valuation techniques in order to measure fair value: the market approach, the cost approach, and the income approach. More detailed information on the plan’s investment policy, assets, and fiduciary net position, may be obtained from TRS’ fiscal 2024 ACFR.

UHD’s proportionate share of pension liabilities in the name of UH System are reported by UH System, therefore, not present in UHD’s annual financial report. At August 31, 2025, the University of Houston System reported a liability of \$38,964,741 for UHD’s proportionate share of the collective net pension liability. The collective net pension liability was measured as of August 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. University of Houston-Downtown’s proportion at August 31, 2025 was 0.0789737% percent which was a increase from the 0.0753124% percent measured at the prior measurement date. University of Houston-Downtown’s proportion of the collective net pension liability was based on its contributions to the pension plan relative to the contributions of all the employers and non-employer contributing entity to the plan for the period September 1, 2023 through August 31, 2024.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

*Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ending August 31, 2025, the University of Houston-Downtown recognized pension expense of \$5,442,133. for UHD's calculated portion of pension expense. At August 31, 2025, the University of Houston-Downtown reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,658,945	\$ 376,638
Changes of assumptions	2,490,756	333,925
Net difference between projected and actual investment return	11,582,872	11,289,635
Change in proportion and contribution difference	1,823,052	5,735,249
Contributions subsequent to the measurement date	4,366,810	0.00
<b>Total</b>	<b>\$ 22,922,435</b>	<b>\$ 17,735,447</b>

The \$4,366,810 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a reduction in the net pension liability for the year ending August 31, 2026. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense in the following years:

<u>Year Ending August 31,</u>	<u>Amount</u>
2026	\$ (1,814,184)
2027	3,750,966
2028	(416,884)
2029	(1,069,291)
2030	369,571
Thereafter	0.00

**NOTE 10: Deferred Compensation (Administering Agencies Only)**

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the Texas Government Code Annotated, Section 609.001. Multiple plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

The State's 457 plan complies with the Internal Revenue Code Section 457. The State also administers another plan; "TexaSaver" created in accordance with Internal Revenue Code Sec. 401(k). The assets of this plan do not belong to the state. The state has no liability related to this plan.

The tax deferred investment program permits benefits-eligible employees of UHD to purchase qualified tax deferred investments with a portion of their salaries. Participation in the program is voluntary and is a supplement to the Teacher Retirement System or the Optional Retirement Program. It is however, separate and apart from either.

**NOTE 11: Postemployment Benefits Other Than Pensions**

As discussed in Note 1, UHD's proportionate share of post-employment benefits other than pension liabilities in the name of UH System are reported by UH System and not UHD. University of Houston-Downtown has elected to make limited disclosures with respect to this matter.

In addition to providing pension benefits, the State contributes to a plan that provides health care and life insurance benefits for retired employees of UHD, their spouses, and beneficiaries. These other postemployment benefits

**University of Houston –Downtown**  
**Notes to the Financial Statements**

(OPEB), authorized by statute and contributions, are established by the General Appropriations Act. ERS administers a program that provides postemployment health care, life, and dental insurance benefits to retirees through the Texas Employees Group Benefits Program as authorized by Texas Insurance Code, Chapter 1551. ERS implemented GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, in fiscal year 2017. Complete disclosure of the State's OPEB can be found in the State's Annual Comprehensive Financial Report.

**NOTE 12: Interfund Activity and Transactions**

UHD experienced routine transfers with other state agencies that were consistent with the activities of the fund making the transfer. UHD had no interfund activity to report.

**NOTE 13: Continuance Subject to Review**

UHD is not subject to the provisions of the Texas Sunset Act (Chapter 325, Texas Government Code Annotated). The Act provides for the regular assessment of the continuing need for state agencies to exist. Certain agencies, such as institutions of higher education and courts, are not subject to the Sunset Act.

**NOTE 14: Adjustments to Beginning Net Position or Fund Net Position**

During fiscal year 2025, an accounting adjustment, due to the disposal of an asset, was made that required the restatement of net position. The restatement is presented below:

8/31/2024 Previously Reported	Correction	8/31/2024 Restated
\$223,347,755.82	\$(95,689.80)	\$223,252,066.02

**NOTE 15: Contingencies and Commitments**

**Unpaid Claims and Lawsuits**

As mentioned in Note 5, various lawsuits and claims involving UHD were pending. While the ultimate liability, if any, remains uncertain, management does not expect any possible adverse ruling to have a material effect on the UHD accounts.

**Federal Assistance**

UHD has received several federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to a request for reimbursements to grantor agencies for expenditures disallowed under the terms of the grant. Based on prior experience, management believes such disallowances, if any, will be immaterial.

**Arbitrage**

Rebatable arbitrage is defined by Internal Revenue Code, Section 148, as earnings on investments purchased with the gross proceeds of a bond issue in excess of the amount that would have been earned if the investment were invested at a yield equal to the yield on the bond issue. The rebatable arbitrage must be paid to the federal government.

UHD monitors its investments to restrict earnings to a yield less than the bond issue and, therefore, limit any arbitrage liability. UHD estimates that rebatable arbitrage liability, if any, will be immaterial to its overall financial condition.

**Construction Commitments**

The System has several contractual agreements with various external construction entities to construct, and/or renovate UHD facilities. Under certain circumstances, the System may have contingent liabilities to these entities. Based on prior experience, previous years' liabilities have been immaterial, and management believes no such liabilities currently exist. Additional information is provided in Note 19.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**NOTE 16: Subsequent Events**

Not applicable to UHD.

**NOTE 17: Risk Management**

UHD is exposed to a variety of civil claims resulting from the performance of its duties. It is UHD policy to periodically assess the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed.

UHD assumes substantially all risks associated with tort and liability claims due to the performance of its duties. Currently, some commercial insurance is purchased, and UHD is not involved in any risk pools with other government entities.

The UHD’s liabilities are reported when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred, but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience, and economic factors. There were no significant reductions in insurance coverage in the past year and losses did not exceed funding arrangements during the past three years. Changes in the balances of the agency’s claims liabilities during fiscal years 2024 and 2025 were:

**Table 17.1 – Balance of Claims Activity**

	Beginning Balance	Increase	Decrease	Ending Balance
2025	\$ 66,193.42	\$ 75,395.74	\$ 74,554.65	\$ 67,034.51

Liabilities include an amount for estimated future workers’ compensation and unemployment claims that have been incurred as of the fiscal year end, but that have not been reported. 2025 decreases include payments for worker’s compensation claims of \$74,554.65.

**NOTE 18: Management’s Discussion and Analysis (MD&A)**

See Management’s Discussion and Analysis Section.

**NOTE 19: The Financial Reporting Entity**

See Financial Reporting Entity in Note 1.

**NOTE 20: Stewardship, Compliance, and Accountability**

These statements are prepared in compliance with the guidelines provided by the Texas Comptroller of Public Accounts. There were no material violations of finance related legal or contractual provisions, no deficit net position, no changes in reporting of loans, and no changes in accounting principles.

**NOTE 21: N/A**

Note 21 is not applicable to the Annual Financial Reporting requirements process.

**NOTE 22: Donor Restricted Endowments**

Expenditure of endowed funds is not permitted without the express consent of the donor. The majority of the University of Houston-Downtown’s endowments are held in perpetuity. In many cases, endowment earnings are expendable for student financial assistance or other purposes as specified by the donor. In other cases, endowment earnings are reinvested.

The Regents of UHD have established an endowment policy which attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable,

**University of Houston –Downtown**  
**Notes to the Financial Statements**

and sustainable level of income to support current needs. Payout is derived from interest, dividends, and realized gains net of portfolio management fees. The historical rate of payout has been 4 to 5 percent, with any change to this range to be approved by the Board.

The net appreciation (cumulative and unexpended) on donor-restricted endowments, presented below in Table 22.1, is available for authorization and expenditure by UHD:

**Table 22.1 – Net Appreciation of Endowments**

Donor-Restricted Endowments	Amount of Net Appreciation/(Depreciation)	Reported in Net Position
True Endowments	\$ 16,106,188.68	Restricted Expendable
Total	<u>\$ 16,106,188.68</u>	

Variances from prior year-end for expendable and nonexpendable balances are shown in Table 22.2:

**Table 22.2 - Changes from Prior Year Balances:**

Endowment Funds	Increase/(Decrease)	Reason for Change
<b>Expendable Balances</b>		
True Endowments	3,401,136.97	Fair value increase in portfolio
True Endowments	(1,630,995.00)	Spending distribution from endowment
Term Endowments	0.00	Fair value increase in portfolio
Term Endowments	0.00	Spending distribution from endowment
<b>Non-Expendable Balances</b>		
True Endowments	0.00	
Term Endowments	0.00	

**NOTE 23: Extraordinary and Special Items**

No items have been identified which should have been presented in the financial statements.

**NOTE 24: Disaggregation of Receivable & Payable Balances**

Balances of receivables and payables reported on the Statement of Net Position may be aggregations of different components. GASB Statement 38, *Certain Financial Statement Note Disclosures*, requires that UHD provide details in the notes to the financial statements when significant components have been obscured by aggregation. The Statement of Net Position is presented in the classified format, and therefore, the current and non-current portions of receivables and payables are separately disclosed. Significant balances in various classifications of receivables and payables are disclosed below:

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**Receivables Current:**

	<b>Gross</b>	<b>Allowance</b>	<b>Net</b>
Federal	\$3,617,945.47	\$ -	\$3,617,945.47
Intercampus	32,612,183.98	-	32,612,183.98
Accounts	19,133,844.18	4,754,179.41	14,379,664.77
Gifts	469,026.37	-	469,026.37
Other	14,115,851.38	-	14,115,851.38
	<u>69,948,851.38</u>	<u>4,754,179.41</u>	<u>65,194,671.97</u>

**Receivables Non-Current:**

	<b>Gross</b>	<b>Allowance</b>	<b>Net</b>
Intercampus	92,111,306.13	-	92,111,306.13
Pledges	2,303,964.88	53,550.00	2,250,414.88
	<u>94,415,271.01</u>	<u>53,550.00</u>	<u>94,361,721.01</u>

**Payables Current:**

	<b>Gross</b>	<b>Allowance</b>	<b>Net</b>
Federal	9,394.56	-	9,394.56
Intercampus	2,860,211.59	-	2,860,211.59
Accounts	3,120,430.91	-	3,120,430.91
Payroll	9,393,861.20	-	9,393,861.20
Accrued Subscription Interest	7,927.29	-	7,927.29
Accrued Lease Interest	362.88	-	362.88
Other	249,295.40	-	249,295.40
	<u>\$15,641,483.83</u>	<u>\$ -</u>	<u>\$15,641,483.83</u>

**NOTE 25: Termination Benefits**

UHD has no retiring members of the Employees Retirement System of Texas (ERS) eligible for a temporary retirement incentive payment. UHD does not offer terminated employees any non-health care benefits such as severance packages, one-time incentive bonuses, or other benefits. COBRA, handled directly by ERS, is the only benefit offered to retiring or terminated employees.

**NOTE 26: Segment Information**

UHD has no segment activity that requires separate disclosure in the notes to the financial statements. A segment is an identifiable activity, or group of activities, reported as or within an enterprise fund or another stand-alone entity that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately.

**University of Houston –Downtown**  
**Notes to the Financial Statements**

**NOTE 27: Public-Private and Public-Public Partnerships**

As of August 31, 2025, UHD has no agreements that are qualified as Public-Private and Public-Public Partnerships and Availability Payment Arrangements.

**NOTE 28: Deferred Outflows of Resources and Deferred Inflows of Resources**

In fiscal year 2025, UHD reported no deferred outflows of resources nor deferred inflows of resources in connection with the TRS pension plan, other post-employment benefits, GASB 87 and 96 Leases and GASB 94 public-public partnerships.

**NOTE 29: Troubled Debt Restructuring**

As of August 31, 2025, no debts have been identified that fall under the troubled debt restructuring guidelines of GASB 62, *Codification Accounting and Reporting*.

**NOTE 30: Non-Exchange Financial Guarantees**

As of August 31, 2025, UHD has no non-exchange financial guarantees; therefore, there are no balances to be reported.

**NOTE 31: Tax Abatements**

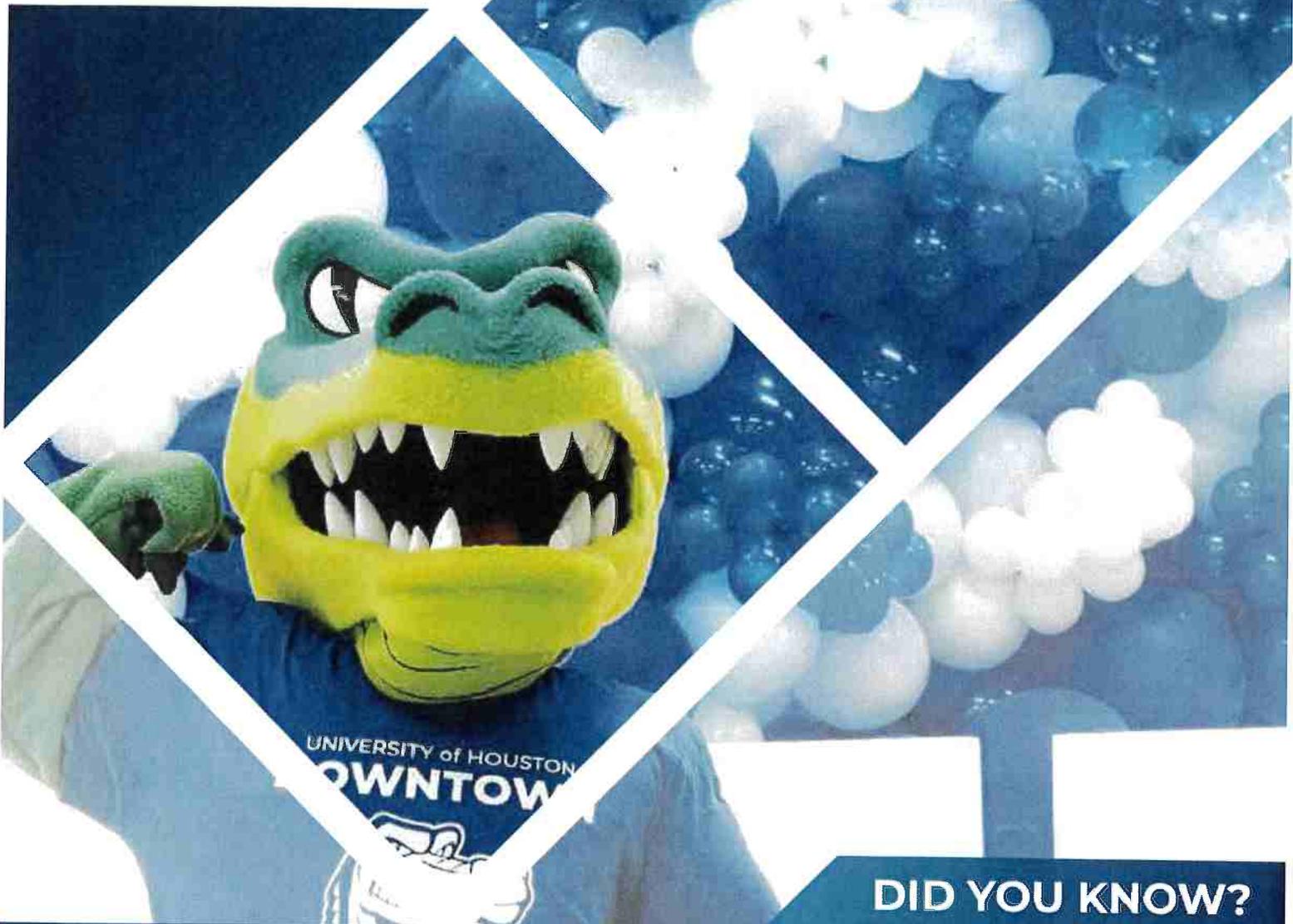
As of August 31, 2025, UHD has no tax abatement agreements entered into to reduce the reporting revenues nor agreements with other governments that reduce the tax revenues.

**NOTE 32: Governmental Fund Balances**

As of August 31, 2025, UHD does not have any fund balance reporting of obligations or requirements as established by GASB 54, *Fund Balance*, because the University of Houston-Downtown's fund balances are reported as proprietary funds and not governmental funds.



University of Houston  
**DOWNTOWN**



**DID YOU KNOW?**

**47**

**BACHELOR DEGREES**

Internal Audit 3/12/26

**70K+**

**ALUMNI**

**26**

**AVERAGE CLASS SIZE**

**PROGRAM-SPECIFIC AUDIT  
STUDENT FINANCIAL ASSISTANCE  
CLUSTER (TITLE IV)**

**UNIVERSITY OF HOUSTON - DOWNTOWN**  
(an agency of the State of Texas)  
Houston, Texas

**For the Fiscal Year Ended**  
August 31, 2025

Houston, Texas

SINGLE AUDIT REPORTS  
UNDER UNIFORM GUIDANCE  
August 31, 2025

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FEDERAL AWARDS ISSUED IN A PROGRAM-SPECIFIC AUDIT OF STUDENT FINANCIAL  
ASSISTANCE CLUSTER (TITLE IV)**

To the Board of Regents of the  
University of Houston System

**Report on the Audit of the Schedule of Expenditures of Federal Awards**

***Opinion***

We have audited the schedule of expenditures of federal awards for the Student Financial Assistance Cluster ("Title IV") of the University of Houston – Downtown (the "University"), an agency of the State of Texas (the "State"), for the year ended August 31, 2025, and the related notes (the "Schedule").

In our opinion, the accompanying schedule of expenditures of federal awards presents fairly, in all material respects, the expenditures of federal awards for Title IV of the University for the year ended August 31, 2025, in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Schedule***

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

### ***Auditor's Responsibilities for the Audit of the Schedule***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

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

Crowe LLP  
Crowe LLP

Houston, Texas  
January 13, 2026

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Regents of the  
University of Houston System

We have audited, in accordance with the 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 schedule of expenditures of federal awards for the Student Financial Assistance Cluster ("Title IV") and the related notes (the "Schedule") of the University of Houston – Downtown (the "University"), an agency of the State of Texas (the "State") as of and for the year ended August 31, 2025, and have issued our report thereon dated January 13, 2026.

**Report on Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's Schedule 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 or significant deficiencies may exist that have not been identified.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's Schedule is 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 Schedule. 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP  
Crowe LLP

Houston, Texas  
January 13, 2026

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Regents of the  
University of Houston System

### **Report on Compliance for Student Financial Assistance Cluster (Title IV)**

#### ***Opinion on Compliance for Student Financial Assistance Cluster (Title IV)***

We have audited the University of Houston – Downtown's (the "University"), an agency of the State of Texas (the "State"), compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on its Student Financial Assistance Cluster ("Title IV") for the year ended August 31, 2025.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Title IV for the year ended August 31, 2025.

#### ***Basis for Opinion on Student Financial Assistance Cluster (Title IV)***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for Title IV. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Title IV.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-002. Our opinion on Student Financial Assistance Cluster (Title IV) is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

(Continued)

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP  
Crowe LLP

Houston, Texas  
January 13, 2026

**U. S. Department of Education:**

Direct Award -

Student Financial Assistance Cluster:

Federal Pell Grant Program	84.063	\$ 48,797,136	\$ -
Federal Supplemental Education Opportunity Grant Program	84.007	922,598	-
Federal Work Study Program	84.033	557,826	-
Federal Direct Loan Program	84.268	43,314,383	-
Teacher Education Assistance for College and Higher Education Grants	84.379	<u>38,230</u>	<u>-</u>
Total Student Financial Assistance Cluster		<u>93,630,173</u>	<u>-</u>

**Total U.S. Department of Education**

**\$ 93,630,173      \$ -**

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The University of Houston – Downtown (the “University”) is part of the University of Houston System (the “System”) and is an agency of the State of Texas (the “State”). The Schedule of Expenditures of Federal Award (the “Schedule”) – Student Financial Assistance Cluster (“Title IV”) represents only the activity of Title IV and does not include any other awards received by the University or any award received by the System or the State.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The University has elected not to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.

**NOTE 2 – RELATIONSHIP TO FEDERAL AND STATE REPORTS**

Differences between amounts reflected in the financial reports filed with grantor agencies for the programs and in the Schedule are due to different program year ends and accruals that will be reflected in the next report filed with the grantor agencies.

**NOTE 3 – SUBSEQUENT EVENTS**

The University evaluated subsequent events and, as of the date of the independent auditors’ report, none were noted.

**Section I – Summary of Auditor’s Results**

**Financial Statement**

Type of auditors’ report issued	Unmodified		
Internal control over financial reporting: Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified not considered to be material weaknesses?	_____ Yes	_____ X	None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

**Compliance**

Internal control over major program: Material weakness(es) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	_____ X	_____ Yes	None Reported
Type of auditors’ report issued on compliance for major program	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	_____ X	_____ Yes	No

Programs included in the program-specific audit of Title IV consisted of:

**Assistance Listing Numbers**

**Name of Federal Program or Cluster Number**

84.063	Student Financial Assistance Cluster, consisting of: Federal Pell Grant Program Federal Supplemental Education Opportunity Grant Program Federal Work Study Program Teacher Education Assistance for College and Higher Education Grants Federal Direct Loan Program
84.007	
84.033	
84.379	
84.268	

**Section II – Financial Statement Findings**

None

(Continued)

## **Section III – Federal Award Findings and Questioned Costs**

### **Finding 2025-001:**

#### **Information on the federal program:**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: N/A – Direct Award  
Federal Program: Student Financial Assistance Cluster  
Assistance Listing Number(s): 84.063, 84.007, 84.033, 84.379, 84.268  
Compliance Requirement: Special Tests and Provisions – Return of Title IV Funds (R2T4)  
Audit Findings: Significant Deficiency

#### **Criteria:**

Federal regulations require institutions participating in Title IV programs to establish and maintain effective internal control over compliance with federal program requirements. Proper internal controls include documented supervisory review to ensure accuracy and compliance with Return of Title IV (R2T4) calculations (34 CFR §668.22; 2 CFR §200.303).

#### **Condition:**

During testing of R2T4 calculations, 22 instances out of a total sample size of 60 were noted in which individual R2T4 calculations lacked evidence of formal review and approval. While management indicated that calculations are subject to informal review, no documented sign-off or other evidence of review was maintained.

#### **Cause:**

The institution has not established or enforced a formal policy or procedure requiring documented supervisory review and approval of R2T4 calculations.

#### **Effect:**

Without documented evidence of review, there is an increased risk that errors in R2T4 calculations may not be detected or corrected timely. This condition increases the risk of noncompliance with Title IV requirements, which could result in improper return of funds or potential regulatory scrutiny.

#### **Questioned Costs:**

None identified.

#### **Context:**

The University participates in Title IV federal student financial assistance programs and is required to perform Return of Title IV (R2T4) calculations when a student withdraws prior to completing the payment period. As part of the Single Audit, Crowe tested compliance with R2T4 requirements by reviewing a sample of student withdrawals, including supporting documentation and evidence of supervisory review.

#### **Identification as a repeat finding:**

No, not a repeat finding.

#### **Recommendation:**

We recommend that management implement a formal review process for R2T4 calculations, including documented supervisory approval, to strengthen internal controls and ensure compliance with federal requirements.

#### **View of Responsible Officials:**

Management acknowledges the finding. See management's corrective action plan attached to this report.

**Finding 2025-002:**

**Information on the federal program:**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: N/A – Direct Award  
Federal Program: Student Financial Assistance Cluster  
Assistance Listing Number(s): 84.063, 84.007, 84.033, 84.379, 84.268  
Compliance Requirement: Special Tests and Provisions – Enrollment Reporting  
Audit Findings: Significant Deficiency, Noncompliance

**Criteria:**

Federal regulations require institutions participating in Title IV programs to report changes in student enrollment status to NSLDS in a timely manner. Specifically, institutions must report enrollment status changes within 60 days of the date the institution becomes aware of the change (34 CFR §685.309(b); 34 CFR §674.16(j)). In addition, 2 CFR §200.303 requires institutions to establish and maintain effective internal control over compliance with federal program requirements.

**Condition:**

During enrollment reporting testing, Crowe identified 11 instances, from a sample of 25 students, in which changes in student status were not reported to NSLDS within the required 60-day timeframe. In all identified instances, the students had graduated; however, the corresponding status updates were reported after the 60-day reporting deadline.

**Cause:**

The institution did not have effective procedures in place to ensure that changes in student status due to graduation were identified, processed, and reported to NSLDS within the required timeframe.

**Effect:**

Untimely reporting of enrollment status changes increases the risk that borrowers may be placed in an incorrect loan status, which could delay loan repayment, deferment, or grace period processing. Additionally, failure to report changes timely constitutes noncompliance with Title IV requirements and increases the risk of regulatory scrutiny.

**Questioned Costs:**

None identified.

**Context:**

The institution is required to report changes in student enrollment status to the National Student Loan Data System (NSLDS) to ensure accurate loan servicing and borrower status. As part of the Single Audit, compliance with enrollment reporting requirements was tested by reviewing a sample of student records and evaluating the timeliness of reported status changes.

**Identification as a repeat finding:** No, not a repeat finding.

**Recommendation:**

We recommend that management strengthen controls over enrollment reporting by implementing procedures to ensure that all changes in student status are reported to NSLDS within the required 60-day timeframe. This may include enhanced coordination between academic and financial aid offices, periodic reconciliations, and documented supervisory review.

**View of Responsible Officials:**

Management acknowledges the finding. See management's corrective action plan attached to this report.



CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS  
August 31, 2025

**Finding 2025-001:**

**Information on the federal program:**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: N/A – Direct Award  
Federal Program: Student Financial Assistance Cluster  
Assistance Listing Number(s): 84.063, 84.007, 84.033, 84.379, 84.268  
Compliance Requirement: Special Tests and Provisions – Return of Title IV Funds (R2T4)  
Audit Findings: Significant Deficiency

**Condition:**

During testing of R2T4 calculations, 22 instances out of a total sample size of 60 were noted in which individual R2T4 calculations lacked evidence of formal review and approval. While management indicated that calculations are subject to informal review, no documented sign-off or other evidence of review was maintained.

**Context:**

The University participates in Title IV federal student financial assistance programs and is required to perform Return of Title IV (R2T4) calculations when a student withdraws prior to completing the payment period. As part of the Single Audit, Crowe tested compliance with R2T4 requirements by reviewing a sample of student withdrawals, including supporting documentation and evidence of supervisory review.

**Views of Responsible Officials and Planned Corrective Actions:**

Management agrees with the finding. The Financial Aid Compliance Officer will conduct a review of R2T4 calculation and document the review of the R2T4 calculations to ensure the calculation is performed properly. Management will formally sign off on the review.

**Responsible party and timeline for completion:**

The Executive Director of Student Financial Aid and the Compliance Officer will be responsible for overseeing the implementation of the corrective action plan, which will be implemented immediately.



CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS  
August 31, 2025

**Finding 2025-002:**

**Information on the federal program:**

Federal Agency: U.S. Department of Education  
Pass-Through Entity: N/A – Direct Award  
Federal Program: Student Financial Assistance Cluster  
Assistance Listing Number(s): 84.063, 84.007, 84.033, 84.379, 84.268  
Compliance Requirement: Special Tests and Provisions – Enrollment Reporting  
Audit Findings: Significant Deficiency, Noncompliance

**Condition:**

During enrollment reporting testing, Crowe identified 11 instances, from a sample of 25 students, in which changes in student status were not reported to NSLDS within the required 60-day timeframe. In all identified instances, the students had graduated; however, the corresponding status updates were reported after the 60-day reporting deadline.

**Context:**

The institution is required to report changes in student enrollment status to the National Student Loan Data System (NSLDS) to ensure accurate loan servicing and borrower status. As part of the Single Audit, compliance with enrollment reporting requirements was tested by reviewing a sample of student records and evaluating the timeliness of reported status changes.

**Views of Responsible Officials and Planned Corrective Actions:**

Management agrees with the finding and will implement a system of internal control to ensure the student status is updated accurately and reported within the 60-day reporting deadline.

**To prevent this from occurring in the future, we are implementing the following actions:**

- Clearly documenting ownership and backup coverage for National Student Clearinghouse (NSC) reporting to ensure continuity during leadership or staffing changes.
- Establishing internal checkpoint deadlines well ahead of the 60-day requirement to allow for early identification of risks or delays. Checkpoints to occur 30 and 45 days ahead of the 60-day requirement.
- Strengthening cross-training within the team to ensure adequate coverage and redundancy for time-sensitive reporting functions.
- Executive Director, Financial Aid, Director, Financial Aid and/or Financial Aid Compliance Officer will monitor submission timelines to ensure timely reporting is occurring.

Taking these steps will help ensure timely reporting moving forward, even during periods of transition.

**Responsible party and timeline for completion:**

The Registrar will oversee the implementation of the corrective action plan, which will be implemented immediately. The Executive Director, Financial Aid will monitor the implementation of the corrective action plan.

**UNIVERSITY OF HOUSTON  
INTERCOLLEGIATE ATHLETICS PROGRAM  
INDEPENDENT ACCOUNTANTS' REPORT ON THE  
APPLICATION OF AGREED-UPON PROCEDURES  
FOR THE YEAR ENDED AUGUST 31, 2025**

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**INDEPENDENT ACCOUNTANTS' REPORT ON THE  
APPLICATION OF AGREED-UPON PROCEDURES**

Dr. Renu Khator, President,  
University of Houston:

We have performed the procedures enumerated below on the accompanying Statement of Revenues and Expenses (the Statement, see Exhibit I) of the University of Houston (the University) Intercollegiate Athletics Program (the Program) in compliance with the National Collegiate Athletic Association's (NCAA) Bylaw 20.2.4.18 for the year ended August 31, 2025. The University's management is responsible for the accompanying Statement and the Statement's compliance with those requirements for the year ended August 31, 2025.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the accompanying Statement is in compliance with the NCAA's Bylaw 20.2.4.18 for the year ended August 31, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Exceptions totaling the lesser of \$100,000 or 10% of the line item total to which an agreed-upon procedure has been applied to, other than exceptions related to internal control procedures of the Program, for which there are no thresholds, have been reported. The procedures and the associated findings are as follows:

**Agreed-Upon Procedures Related to the Statement of Revenues and Expenses**

<b>Procedure</b>	<b>Finding</b>
<b>All Revenue Categories</b>	
<ul style="list-style-type: none"> <li>Compare and agree each operating revenue category reported in the statement during the reporting period to supporting schedules provided by the Program. If a specific reporting category is less than 4.0% of the total revenues, no procedures are required for that specific category.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>Compare and agree a sample of operating revenue receipts obtained from the above operating revenue supporting schedules to adequate supporting documentation.</li> </ul>	No exceptions noted.
<ul style="list-style-type: none"> <li>Compare each major revenue account over 10% of the total revenues to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report.</li> </ul>	No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 22.

## 1. Ticket Sales

- a. Compare tickets sold during the reporting period, complimentary tickets provided during the reporting period and unsold tickets to the related revenue reported by the Program in the statement and the related attendance figures and recalculate totals. No exceptions noted.

## 2. Direct State or Other Governmental Support

- a. Compare direct state or other governmental support recorded by the Program during the reporting period with state appropriations, institutional authorizations and/or other corroborative supporting documentation and recalculate totals. As there was no direct state or other governmental support for the year ended August 31, 2025, this procedure was not performed.

## 3. Student Fees

- a. Compare and agree student fees reported by the Program in the statement for the reporting period to student enrollments during the same reporting period and recalculate totals. We were unable to perform the procedure as outlined; however, we noted that the Student Fees Advisory Committee determines the amount of student fees the Program receives. We agreed the amount to support from the Committee and noted no exceptions.
- b. Obtain documentation of Institute's methodology for allocating student fees to intercollegiate athletics programs. An understanding of the University's methodology was gained, and we noted the allocation was in accordance with the University's methodology.
- c. If the Program is reporting that an allocation of student fees should be countable as generated revenue, recalculate the totals of their methodology for supporting that they are able to count each sport. Tie the calculation to supporting documents such as seat manifests, ticket sales reports and student fee totals. No exceptions noted.

## 4. Direct Institutional Support

- a. Compare the direct institutional support recorded by the Program during the reporting period with the institutional supporting budget transfers documentation and other corroborative supporting documentation and recalculate totals. No exceptions noted.

## 5. Less - Transfers to Institution

- a. Compare the transfers back to the institution with permanent transfers back to the institution from the Program and recalculate totals. As there were no transfers to institution for the year ended August 31, 2025, this procedure was not performed.

## 6. Indirect Institutional Support (6 and 6A)

- |   |   |
|---|---|
| <p>a. Compare the indirect institutional support recorded by the Program during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculate totals.</p> | <p>As there was no indirect institutional support for the year ended August 31, 2025, this procedure was not performed.</p> |
|---|---|

## 7. Guarantees

- |   |   |
|---|---|
| <p>a. Select a sample of settlement reports for away games during the reporting period and agree each selection to the Program's general ledger and/or the statement and recalculate totals.</p>  | <p>As guarantees represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.</p> |
| <p>b. Select a sample of contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compare and agree each selection to the Program's general ledger and/or the statement and recalculate totals.</p> | <p>As guarantees represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.</p> |

## 8. Contributions

- |   |                             |
|---|-----------------------------|
| <p>a. Any contributions of moneys, goods or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency or group of individuals (two or more) not included above (e.g., contributions by corporate sponsors) that constitutes 10 percent or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting periods shall obtain and review supporting documentation for each contribution and recalculate totals.</p> | <p>No exceptions noted.</p> |
|---|-----------------------------|

## 9. In-Kind

- |  |   |
|--|---|
| <p>a. Compare the in-kind recorded by the Program during the reporting period with a schedule of in-kind donations and recalculate totals.</p> | <p>As in-kind revenues represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.</p> |
|--|---|

## 10. Compensation and Benefits Provided by a Third-Party

- |   |   |
|---|---|
| <p>a. Obtain the summary of revenues from affiliated and outside organizations (the "Summary") as of the end of the reporting period from the Program and select a sample of funds from the Summary and compare and agree each selection to supporting documentation, the Program's general ledger and/or the Summary and recalculate totals.</p> | <p>As there were no compensation and benefits provided by a third-party for the year ended August 31, 2025, this procedure was not performed.</p> |
|---|---|

**11. Media Rights**

- a. Obtain and inspect agreements to understand the institution's total media (broadcast, television, radio) rights received by the Program or through their conference offices as reported in the statement.
  
- b. Compare and agree the media rights revenues to a summary statement of all media rights identified, if applicable, and the Program's general ledger and recalculate totals. Ledger totals may be different for total conference distributions if media rights are not broken out separately.

Agreements were obtained and an understanding of relevant terms and conditions was gained.

No exceptions noted.

**12. NCAA Distributions and NCAA Host Revenue Settlements (12A-12C)**

- a. Compare the amounts recorded in the revenue categories to general ledger detail for NCAA distributions (12A), NCAA Host Revenue Settlements (12B), or post-season non-football NCAA expense reimbursements and other corroborative supporting documents and recalculate totals.

As NCAA distributions and NCAA host revenue settlements represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

**13. Conference Distributions and Conference Distributions of Post-Season Generated Revenue (13 and 13A)**

- a. Obtain and inspect agreements related to the Program's conference distributions and participation in revenues from tournaments during the reporting period for relevant terms and conditions.
  
- b. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.

Agreements were obtained and an understanding of relevant terms and conditions was gained.

No exceptions noted.

**14. Program Sales, Concessions, Novelty Sales, and Parking**

- a. Compare the amount recorded in the revenue reporting category to a general ledger detail of program sales, concessions, novelty sales and parking as well as any other corroborative supporting documents and recalculate totals.

As program sales, concessions, novelty sales, and parking represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

**15. Royalties, Licensing, Advertisements and Sponsorships**

- a. Obtain a summary of customers for total revenue and select a sample of agreements related to the Program's participation in revenues from royalties, licensing, advertisements and sponsorships during the reporting period for relevant terms and conditions.
  
- b. Compare and agree the related revenues to the Program's general ledger, and/or the statement and recalculate totals.

Agreements were obtained and an understanding of relevant terms and conditions was gained.

No exceptions noted.

## 16. Sports Camp Revenues

- a. Inspect sports camp contract(s) between the institution and person(s) conducting institutional sports-camps or clinics during the reporting period to obtain documentation of the Program's methodology for recording revenues from sports- camps.

As sports camp revenues represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

- b. Obtain schedules of camp participants and select a sample of individual camp participant cash receipts from the schedule of sports-camp participants and agree each selection to the Program's general ledger, and/or the statement and recalculate totals.

As sports camp revenues represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

## 17. Athletics Restricted Endowment and Investment Income

- a. Obtain and inspect endowment agreements, if any, for relevant terms and conditions.

As athletics restricted endowment and investment income represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

- b. Compare and agree the classification and use of endowment and investment income reported in the statement during the reporting period to the uses of income deferred within the related endowment agreement and recalculate totals.

As athletics restricted endowment and investment income represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

## 18. Other Operating Revenue

- a. Perform minimum agreed-upon procedures referenced for all revenue categories and recalculate totals.

As other operating revenues represent less than 4% of total revenues for the year ended August 31, 2025, this procedure was not performed.

## 19. Football Bowl Revenues

- a. Obtain and inspect agreements related to the Program's revenues from post-season football bowl participation during the reporting period to gain an understanding of the relevant term and conditions.

As there were no football bowl revenues for the year ended August 31, 2025, this procedure was not performed.

- b. Compare and agree the related revenues to the Program's general ledger, and or the statement and recalculate totals.

As there were no football bowl revenues for the year ended August 31, 2025, this procedure was not performed.

## All Expense Categories

- Compare and agree each expense category reported in the statement during the reporting period to supporting schedules provided by the institution. If a specific reporting category is less than 4.0% of the total expenses, no procedures are required for that specific category. No exceptions noted.
- Compare and agree a sample of expenses obtained from the above operating expense supporting schedules to adequate supporting documentation. No exceptions noted.
- Compare each major expense account over 10% of the total expenses to prior period amounts and budget estimates. Obtain and document an explanation of any variations greater than 10%. Report the analysis as a supplement to the final Agreed-Upon procedures report. No exceptions noted and amounts and explanations for variations from the prior period are included in the supplement on page 22.

## 20. Athletic Student Aid

- a. Using the criteria below select a sample of student-athletes receiving athletic aid during the reporting period. Data should be captured by the institution through the creation of a squad/eligibility list for each sport sponsored. A sample of 40 student aid recipients was selected.
- If using the NCAA's Compliance Assistant (CA) application, select 10% of the total student-athletes with a maximum sample size of 40.
  - If using a compliance application other than the NCAA's CA application, select 20% of total student-athletes with a maximum sample size of 60).

*Note: Division I revenue distribution equivalencies (athletic grant amount divided by the full grant amount) should only include tuition, fees, living expenses and required course-related books, per Bylaw 20.02.10. Cost of Attendance or Other Expenses Related to Attendance are **not** countable for revenue distribution purposes.*

*Note: The Calculation of Revenue Distribution Equivalencies Report (CRDE) within Compliance Assistant should provide equivalencies that do not contain Cost of Attendance or Other Expenses Related to Attendance.*

- b. Obtain individual student-athlete account details for each selection. Reconcile the total athletic aid reported by the institution to the student-athlete's account detail reported in CA or the institution report that reconciles to the NCAA Membership Financial Reporting System. No exceptions noted.

- c. **Division I Institutions Only:** Perform a check of each student selected to ensure their information was reported accurately in either the NCAA’s CA software or entered directly into the NCAA Membership Financial Reporting System using the following criteria:
- Grants-in-aid is calculated by using the revenue distribution equivalencies, athletic grant amount divided by the full grant amount. No exceptions noted.
  - Other expenses related to attendance (also known as cost of attendance) should **not** be included in grants-in-aid revenue distribution equivalencies. Only tuition, fees, living expenses, and course-related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.10. No exceptions noted.  
Note: For compliance purposes equivalencies may include other expenses related to attendance per Bylaw 15.02.2. However, other expenses related to attendance are **not** allowed to be included for revenue distribution equivalencies. If using the NCAA CA application, the Calculation of Revenue Distribution Equivalencies Report (CRDE) should provide equivalencies that do not include other expenses related to attendance.
  - Full grant amount should be entered as a full year of tuition, not a semester or quarter. No exceptions noted.
  - Student-athletes are to be counted once, regardless of multiple sport participation, and should **not** receive a revenue distribution equivalency greater than 1.00. No exceptions noted.
  - Athletic grants are valid for revenue distribution purposes only in sports in which the NCAA conducts championships competition, emerging sports for women and football bowl subdivision football. No exceptions noted.
  - Grants-in-aid are valid for revenue distribution purposes in NCAA sports that do not meet the minimum contests and participants’ requirements of Bylaw 20.9.6.3. No exceptions noted.
  - Institutions providing grants to student-athletes listed on the CRDE as “Exhausted Eligibility (fifth-year)” or “Medical” receive credit in the grants-in-aid component. No exceptions noted.

- The athletics aid equivalency cannot exceed maximum equivalency limits. However, the total revenue distribution equivalency can exceed maximum equivalency limits due to exhausted eligibility and medical equivalencies, Bylaw 15.5.3.  
Note: The NCAA Membership Financial Reporting System's Revenue Distribution data entry webpage will automatically reduce the Total Revenue Distribution Equivalencies Awarded column to adhere to Bylaw 15.5.3.

No exceptions noted.
  
- If a sport is discontinued and athletic aid is still being awarded/honored by the institution, the athletic aid is countable for revenue distribution purposes.  
Note: The discontinued sport will need to be added to the NCAA Membership Financial Reporting System's Revenue Distribution data entry Webpage.

As there were no discontinued sports for the year ended August 31, 2025, this procedure was not performed.
  
- All equivalency calculations should be rounded to two decimal places.

No exceptions noted.
  
- If a selected student receives a Pell Grant, ensure the value of the grant is not included in the calculation of equivalencies or the total dollar amount of student athletic aid expense for the institution.

No exceptions noted.
  
- If a selected student received a Pell Grant, ensure the student's grant was included in the total number and total dollar value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

No exceptions noted.
  
- d.** Recalculate totals for each sport and overall.

No exceptions noted.

**21. Guarantees**

- a.** Obtain and inspect visiting institution's away-game settlement reports received by the institution during the reporting period and agree related expenses to the Program's general ledger and/or the statement and recalculate totals.

As guarantees represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.
  
- b.** Obtain and inspect contractual agreements pertaining to expenses recorded by the institution from guaranteed contests during the reporting period. Compare and agree related amounts expensed by the institution during the reporting period to the institution's general ledger and/or the statement and recalculate totals.

As guarantees represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

## 22. Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities

- |   |  |
|---|--|
| <p>a. Obtain and inspect a listing of coaches employed by the Program and related entities during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.</p>  | <p>A listing of all coaches employed by the Program was obtained. A sample of five coaches for two pay periods each was selected, including the men's and women's basketball head coaches and the men's football head coach.</p> |
| <p>b. Compare and agree the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the Program and related entities in the statement during the reporting period.</p>   | <p>No exceptions noted.</p>  |
| <p>c. Obtain and inspect payroll summary registers for the reporting year for each selection. Compare and agree payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period.</p> | <p>No exceptions noted.</p>  |
| <p>d. Compare and agree the totals recorded to any employment contracts executed for the sample selected and recalculate totals.</p>  | <p>No exceptions noted.</p>  |

## 23. Coaching Salaries, Benefits, and Bonuses Paid by a Third-Party

- |   |  |
|---|--|
| <p>a. Obtain and inspect a listing of coaches employed by third parties during the reporting period. Select a sample of coaches' contracts that must include football, and men's and women's basketball from the listing.</p>   | <p>As there were no coaching salaries, benefits, and bonuses paid by a third-party for the year ended August 31, 2025, this procedure was not performed.</p> |
| <p>b. Compare and agree the financial terms and conditions of each selection to the related coaching other compensation and benefits paid by a third party and recorded by the Program in the statement during the reporting period.</p>  | <p>As there were no coaching salaries, benefits, and bonuses paid by a third-party for the year ended August 31, 2025, this procedure was not performed.</p> |
| <p>c. Obtain and inspect the reporting period payroll summary registers for each selection. Compare and agree related payroll summary register to the coaching other compensation and benefits paid by a third-party recorded by the institution in the statement during the reporting period and recalculate totals.</p> | <p>As there were no coaching salaries, benefits, and bonuses paid by a third-party for the year ended August 31, 2025, this procedure was not performed.</p> |

**24. Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by the University and Related Entities**

- a. Select a sample of support staff/administrative personnel employed by the Program and related entities during the reporting period.
- b. Obtain and inspect reporting period summary payroll register for each selection. Compare and agree related summary payroll register to the related support staff administrative salaries, benefits and bonuses paid by the Program and related entities expense recorded by the Program in the statement during the reporting period and recalculate totals.

A sample of five support staff/administrative personnel for two pay periods each was selected.

No exceptions noted.

**25. Support Staff/Administrative Compensation, Benefits, and Bonuses Paid by a Third-Party**

- a. Select a sample of support staff/administrative personnel employed by third parties during the reporting period.
- b. Obtain and inspect the reporting period payroll summary registers for each selection. Compare and agree related payroll summary registers to the related support staff administrative other compensation and benefits expense recorded by the Program in the statement during the reporting period and recalculate totals.

As there were no support staff/administrative compensation, benefits, and bonuses paid by a third-party for the year ended August 31, 2025, this procedure was not performed.

As there were no support staff/administrative compensation, benefits, and bonuses paid by a third-party for the year ended August 31, 2025, this procedure was not performed.

**26. Severance Payments**

- a. Select a sample of employees receiving severance payments by the institution during the reporting period and agree each severance payment to the related termination letter or employment contract and recalculate totals.

No exceptions noted.

**27. Recruiting**

- a. Obtain documentation of the Program's recruiting expense policies.
- b. Compare and agree to existing institutional- and NCAA-related policies.

As recruiting expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

As recruiting expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

- c. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

As recruiting expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

## 28. Team Travel

- a. Obtain documentation of the Program's team travel policies.
- b. Compare and agree to existing institutional- and NCAA-related policies.
- c. Obtain general ledger detail and compare to the total expenses reported and recalculate totals.

We obtained and documented an understanding of the Program's team travel policies.

No exceptions noted and policies are consistent with institutional and NCAA-related policies.

No exceptions noted.

## 29. Sports Equipment, Uniforms, and Supplies

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As sports equipment, uniforms, and supplies represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

## 30. Game Expenses

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As game expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

## 31. Fund Raising, Marketing and Promotion

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As fund raising, marketing and promotion represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

## 32. Sports Camp Expenses

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As sports camp expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

### 33. Spirit Groups

- |   |   |
|---|---|
| <p>a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.</p> | <p>As there were no spirit groups for the year ended August 31, 2025, this procedure was not performed.</p> |
|---|---|

### 34. Athletic Facilities Debt Service, Leases and Rental Fees

- |   |                             |
|---|-----------------------------|
| <p>a. Obtain a listing of debt service schedules, lease payments and rental fees for athletics facilities for the reporting year. Compare a sample of facility payments including the top two highest facility payments to additional supporting documentation (e.g. debt financing agreements, leases, rental agreements).</p> | <p>No exceptions noted.</p> |
| <p>b. Compare amounts recorded to amounts listed in the general ledger detail and recalculate totals.</p>   | <p>No exceptions noted.</p> |

### 35. Direct Overhead, Administrative Expenses, Facilities Maintenance and Operations (35 and 35A)

- |   |                             |
|---|-----------------------------|
| <p>a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.</p> | <p>No exceptions noted.</p> |
|---|-----------------------------|

### 36. Indirect Institutional Support

- |  |   |
|--|---|
| <p>a. Tested with revenue section- Indirect Institutional Support.</p> | <p>As there was no indirect institutional support for the year ended August 31, 2025, this procedure was not performed.</p> |
|--|---|

### 37. Medical Expenses and Insurance

- |   |   |
|---|---|
| <p>a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.</p> | <p>As medical expenses and insurance represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.</p> |
|---|---|

### 38. Memberships and Dues

- |   |   |
|---|---|
| <p>a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.</p> | <p>As memberships and dues represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.</p> |
|---|---|

### 39. Student-Athlete Meals (non-travel)

- |   |  |
|---|--|
| <p>a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.</p> | <p>As student-athlete meals represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.</p> |
|---|--|

#### **40. Other Operating Expenses**

- a. Obtain general ledger detail and compare to the total expenses report. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As other operating expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

#### **41. Post-season Football Expenses (41, 41A and 41B)**

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As there were no post-season football expenses for the year ended August 31, 2025, this procedure was not performed.

#### **42. Post-season Non-Football Expenses (42, 42A and 42B)**

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As post-season non-football expenses represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

#### **43. Enhanced Educational Expenses (Alston or other)**

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.

As enhanced educational expenses (Alston or other) represent less than 4% of total expenses for the year ended August 31, 2025, this procedure was not performed.

#### **44. Institutional NIL Revenue Share**

- a. Obtain general ledger detail and compare to the total settlement-related cash benefit expenses reported for student-athletes and/or student-athletes' families. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. However, do not include additional scholarships or enhanced educational benefits.

As there were no institutional NIL revenue share expenses for the year ended August 31, 2025, this procedure was not performed.

### **ADDITIONAL MINIMUM AGREED-UPON PROCEDURES**

In order for the NCAA to place reliance on the Division I financial reporting to calculate the Division I NCAA revenue distributions, which is a financial benefit to the institution, the following procedures are required:

**1. Grants-in-Aid:**

a. Compare and agree the sports sponsored reported in the NCAA Membership Financial Reporting System to the Calculation of Revenue Distribution Equivalencies Report (CRDE) from Compliance Assistant (CA) or other report that supports the equivalency calculations from the institution. The NCAA Membership Financial Reporting System populates the sports from the NCAA Sports Sponsorship and Demographics Form as they are reported by the institution between April and June. If there is a discrepancy in the sports sponsored between the NCAA Membership Financial Reporting System and the CRDE or other report that supports the equivalency calculations, inquire about the discrepancy, and report the justification in the AUP report.

No exceptions noted.

b. Compare current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 4%. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.

We noted no variance greater than the threshold.

**2. Sports Sponsorship:**

a. Obtain the institution's Sports Sponsorship and Demographics Forms submitted to the NCAA for the reporting year. Validate that the countable NCAA sports reported by the institution met the minimum requirements, set forth in Bylaw 20.9.6.3, related to the number of contests and the number of participants. If the institution requested and/or received a waiver related to minimum contests or minimum participants for a sport, that sport would not qualify as a sponsored sport for the purposes of revenue distribution. Also, only sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are eligible. Once the countable sports have been validated, ensure that the institution has properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System. Any discrepancies MUST be resolved within the NCAA Membership Financial Reporting System prior to the report being submitted to the NCAA.

No exceptions noted.

- b. Compare current year's number of Sports Sponsored to the prior year's reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.
- No variance noted.

### 3. For Pell Grants:

- a. Agree the total number of Division I student-athletes who, during the academic year, received a Pell Grant award (e.g. Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the institutions financial aid records of all student-athlete Pell Grants.
- No exceptions noted.

- Note 1: Only Pell Grants for sports in which the NCAA conducts championships competition, emerging sports for women and bowl subdivision football are countable.
- Note 2: Student-athletes should only be counted once even if the athlete participates in multiple sports.
- Note 3: Individual student-aid file testing in step 31 above should tie any selected student athletes who received Pell Grants back to the report of all student athlete Pell Grants to test the completeness and accuracy of the report.

- b. Compare current year Pell Grants total to prior year reported total per the Membership Financial Report submission. Inquire and document an explanation for any variance greater than +/- 20 grants. The submitted data is reviewed by NCAA staff. Providing a detailed variance explanation will assist with the review process.
- We noted no variance exceeding the threshold.

## MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

### 50. Excess Transfers to Institution

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- As there were no excess transfers to institution for the year ended August 31, 2025, this procedure was not performed.

### 51. Conference Realignment Expenses

- a. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals.
- No exceptions noted.

**52. Total Athletics Related Debt**

- a. Obtain repayment schedules for all outstanding intercollegiate athletics debt during the reporting period. Recalculate annual maturities (consisting of principal and interest) provided in the schedules obtained. No exceptions noted.
- b. Agree the total annual maturities and total outstanding athletic related debt to supporting documentation and the institution's general ledger, if applicable. No exceptions noted.

**53. Total Institutional Debt**

- a. Agree the total outstanding institutional debt to supporting documentation and the institution's audited financial statements, if available, or the institution's general ledger. No exceptions noted.

**54. Value of Athletics Dedicated Endowments**

- a. Obtain a schedule of all athletics dedicated endowments maintained by the Program, the institution, and affiliated organizations. Agree the fair market value in the schedules(s) to supporting documentations, the general ledger(s) and audited financial statements, if available. No exceptions noted.

**55. Value of Institutional Endowments**

- a. Agree the total fair market value of institutional endowments to supporting documentation, the institution's general ledger and/or audited financial statements, if available. No exceptions noted.

**56. Total Athletics Related Capital Expenditures**

- a. Obtain a schedule of athletics related capital expenditures made by the Program, the institution, and affiliated organizations during the reporting period, additions only. No exceptions noted.
- b. Obtain general ledger detail and compare to the total expenses reported. Select a sample of transactions to validate existence of transaction and accuracy of recording and recalculate totals. No exceptions noted.

## Agreed-Upon Procedures Related to Affiliated and Outside Organizations

### Procedure

1. The Program shall identify all intercollegiate athletics-related affiliated and outside organizations and obtain those organizations' statements for the reporting period. Once the Program has made these statements available, the independent accountant shall agree the amounts reported in the statement to the organization's general ledger or, alternatively, confirm revenues and expenses directly with a responsible official of the organization. In addition, the Program shall prepare a summary of revenues and expenses for or on behalf of intercollegiate athletics programs affiliated and outside organizations to be included with the agreed-upon procedures report.

### Results

The Program identified the University of Houston Foundation (the Foundation) as the only athletics-related affiliated and outside organization making expenditures for, or on behalf of the Program or its employees. The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of Program. For the year ended August 31, 2025, the Foundation recognized expenses of \$593,437 on behalf of the Program.

### Finding

No exceptions noted.

### Procedure

2. The independent accountant shall obtain and review the audited financial statements of the organization and any additional reports regarding internal control matters if the organization is audited independent of the agreed-upon procedures required by NCAA legislation. The Program's independent accountant shall also inquire of institutional and outside organization management as to corrective action taken in response to comments concerning internal control structure (if any).

### Results

We noted that the audited financial statements of the Foundation for the year ended August 31, 2025 had not yet been released as of the date of the report; however, we obtained and read the audited financial statements of the Foundation for the year ended August 31, 2024. The results of this procedure disclosed that the independent auditors expressed an unmodified opinion on the financial statements of the Foundation.

### Finding

No exceptions noted.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement of Revenues and Expenses (Exhibit I) of the University and the accompanying notes to the Statement of Revenues and Expenses (Exhibit II). Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

*James Moore & Co., P.L.*

Gainesville, Florida  
January 15, 2026

**UNIVERSITY OF HOUSTON  
INTERCOLLEGIATE ATHLETICS PROGRAM  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED AUGUST 31, 2025  
(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'  
REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

	Football	Men's Basketball	Women's Basketball	Other Sports	Nonprogram Specific	Total
<b>Revenues</b>						
1 Ticket sales	\$ 3,763,481	\$ 2,746,484	\$ 51,252	\$ 338,226	\$ 735,317	\$ 7,634,760
2 Direct state or other governmental support	-	-	-	-	-	-
3 Student fees	-	-	-	-	8,135,241	8,135,241
4 Direct institutional support	-	-	-	-	33,036,328	33,036,328
5 Less - transfers to institution	-	-	-	-	-	-
6 Indirect institutional support	-	-	-	-	-	-
6A Indirect institutional support - athletic facilities debt service, leases and rental fees	-	-	-	-	-	-
7 Guarantees	400,000	-	-	6,000	-	406,000
8 Contributions	155,199	552,175	53,236	1,564,601	12,771,135	15,096,346
9 In-kind	-	-	-	-	527,948	527,948
10 Compensation and benefits provided by a third-party	-	-	-	-	-	-
11 Media rights	6,518,007	2,456,061	-	-	472,319	9,446,387
12A NCAA distributions	-	992,365	-	-	1,426,653	2,419,018
12B NCAA host revenue settlements	-	-	-	-	-	-
12C Post-season non-football NCAA expense reimbursements	-	350,843	-	28,646	-	379,489
13 Conference distributions (non media and non post-season)	188,819	430,393	13,998	25,010	550,531	1,208,751
13A Conference distributions of post-season generated revenue	5,024,367	-	-	-	-	5,024,367
14 Program sales, concessions, novelty sales and parking	130,659	75,823	-	3,000	1,040,679	1,250,161
15 Royalties, licensing, advertisements and sponsorships	-	-	-	-	6,447,110	6,447,110
16 Sports camp revenues	6,216	117,541	4,123	90,188	-	218,068
17 Athletics restricted endowment and investment income	22,971	13,427	-	46,550	304,706	387,654
18 Other operating revenue	15,726	25,300	-	157,045	943,397	1,141,468
19 Football bowl revenues	-	-	-	-	-	-
Total operating revenues	<u>16,225,445</u>	<u>7,760,412</u>	<u>122,609</u>	<u>2,259,266</u>	<u>66,391,364</u>	<u>92,759,096</u>
<b>Expenses</b>						
20 Athletic student aid	3,870,988	575,546	529,136	4,401,967	283,029	9,660,666
21 Guarantees	350,000	927,176	79,432	49,000	-	1,405,608
22 Coaching salaries, benefits, and bonuses paid by the university and related entities	8,658,511	6,892,128	1,081,194	4,050,751	-	20,682,584
23 Coaching salaries, benefits, and bonuses paid by a third-party	-	-	-	-	-	-
24 Support staff/administrative compensation, benefits, and bonuses paid by the university and related entities	2,144,165	1,806,152	368,170	490,839	11,593,950	16,403,276
25 Support staff/administrative compensation, benefits, and bonuses paid by a third-party	-	-	-	-	-	-
26 Severance payments	4,594,082	-	235,477	7,487	420,114	5,257,160
27 Recruiting	665,157	390,590	103,751	337,968	2,940	1,500,406
28 Team travel	1,170,053	1,050,166	487,423	1,412,300	50,418	4,170,360
29 Sports equipment, uniforms, and supplies	831,408	393,718	121,210	857,924	87,080	2,291,340
30 Game expenses	838,368	425,455	61,631	366,744	526,469	2,218,667
31 Fund raising, marketing and promotion	33,066	49,265	5,686	46,325	1,071,824	1,206,166
32 Sports camp expenses	3,253	46,951	5,574	80,081	-	135,859
33 Spirit groups	-	-	-	-	-	-
34 Athletic facilities debt service, leases and rental fees	-	-	-	-	8,447,017	8,447,017
35 Direct overhead and administrative expenses	1,187,658	413,705	222,725	571,045	8,419,706	10,814,839
35A Facilities maintenance and operations	17,320	755	1,823	10,420	5,322,416	5,352,734
36 Indirect institutional support	-	-	-	-	-	-
37 Medical expenses and insurance	27,130	2,875	-	14,401	1,568,303	1,612,709
38 Memberships and dues	10,824	1,280	690	4,324	18,602	35,720
39 Student-athlete meals (non-travel)	1,976,267	504,011	225,997	628,707	145,972	3,480,954
40 Other operating expenses	34,674	39,717	2,648	65,507	1,150,441	1,292,987
41 Post-season football expenses	-	-	-	-	-	-
41A Post-season football expenses - coaching compensation/bonuses	-	-	-	-	-	-
41B NCAA football host expense settlements	-	-	-	-	-	-
42 NCAA post-season non-football expenses	-	581,731	-	155,307	6,307	743,345
42A NCAA post-season non-football expenses - coaching compensation/bonuses	-	525,000	-	36,021	-	561,021
42B NCAA non-football host expense settlements	-	-	-	-	-	-
43 Enhanced educational expenses (Alston or other)	-	-	-	-	1,591,260	1,591,260
44 Institutional NIL revenue share	-	-	-	-	-	-
Total operating expenses	<u>26,412,924</u>	<u>14,626,221</u>	<u>3,532,567</u>	<u>13,587,118</u>	<u>40,705,848</u>	<u>98,864,678</u>
<b>Results of operations</b>	<u>\$ (10,187,479)</u>	<u>\$ (6,865,809)</u>	<u>\$ (3,409,958)</u>	<u>\$ (11,327,852)</u>	<u>\$ 25,685,516</u>	<u>(6,105,582)</u>
50 Excess transfers to institution						-
51 Conference realignment expenses						666,667
<b>Excess (deficiency) of revenues over (under) expenses (see Note 5)</b>						<u>\$ (6,772,249)</u>
<b>Other reporting items</b>						
52 Total athletics related debt						<u>\$ 239,776,425</u>
53 Total institutional debt						<u>\$ 1,850,576,361</u>
54 Value of athletics dedicated endowments						<u>\$ 10,560,308</u>
55 Value of institutional endowments						<u>\$ 952,586,988</u>
56 Total athletics related capital expenditures						<u>\$ 300,363</u>

See accompanying notes to Statement of Revenues and Expenses.

(1) **Basis of Accounting:**

The statement of revenues and expenses of the University of Houston (the University) Intercollegiate Athletics Program (the Program) has been prepared using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recognized when they are incurred.

(2) **Capital Assets:**

Capital assets purchased with an original cost of \$5,000 or more are recorded at cost and depreciated utilizing the straight-line method over the estimated useful lives of assets (generally ranging from 5 to 10 years). Costs to maintain or repair these assets are expensed as incurred. Costs incurred for the construction of buildings or other permanent facilities are not capitalized as part of the Program's accounts but are recorded by the University as assets of other funds.

(3) **Contributions:**

The University and the University of Houston Foundation (the Foundation) serve as the official legal conduits for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the Program. The Program received contributions of \$15,096,346 during the year ended August 31, 2025. There were no individual contributions exceeding 10% of total contributions, as reported in the statement of revenues and expenses, for the year ended August 31, 2025.

(4) **Long-term Debt:**

The following is a schedule of future principal and interest payments for long term debt as of August 31, 2025:

<b>Fiscal Year Ending August 31,</b>	<b>Long Term Debt</b>		<b>Total Principal and Interest</b>
	<b>Principal</b>	<b>Interest</b>	
2026	\$ 7,688,920	\$ 10,155,009	\$ 17,843,929
2027	7,864,810	9,983,033	17,847,843
2028	8,060,700	9,792,031	17,852,731
2029	8,263,590	9,584,988	17,848,578
2030	8,209,480	9,366,863	17,576,343
2031-2035	47,398,925	42,931,396	90,330,321
2036-2040	39,100,000	33,188,227	72,288,227
2041-2045	31,875,000	25,272,668	57,147,668
2046-2050	39,865,000	16,171,864	56,036,864
2051-2055	41,450,000	5,167,711	46,617,711
Total	<u>\$239,776,425</u>	<u>\$171,613,790</u>	<u>\$441,390,215</u>

(5) **Surplus/Deficit Allocations:**

The Program is allowed to carry forward all available fund equity balances at the end of each fiscal year to the next fiscal year. Deficits are funded by the Program using the accumulated fund equity from sufficient net position available. For the fiscal year ended August 31, 2025, the Program incurred a deficiency of revenues under expenses totaling \$(6,772,249). To address the deficit, the fund balance carried forward from prior fiscal years was supplemented by a loan for \$18,886,859 that will be paid in installments through 2038.

**UNIVERSITY OF HOUSTON INTERCOLLEGIATE ATHLETICS PROGRAM**  
**SUPPLEMENT TO STATEMENT OF REVENUES AND EXPENSES**  
**VARIATION ANALYSIS OF TOTAL REVENUES AND EXPENSES**  
**TO PRIOR PERIOD AMOUNTS AND BUDGET ESTIMATES**  
**FOR THE YEAR ENDED AUGUST 31, 2025**  
**(UNAUDITED - SEE ACCOMPANYING INDEPENDENT ACCOUNTANTS'**  
**REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES)**

Expenses	2025	2024	\$ Variance	% Variance	Variation Explanation
35 Direct overhead and administrative expenses	\$ 10,814,839	\$ 16,115,172	\$ (5,300,333)	-32.89%	The variance is driven by the new subcategory 35A for Facility Maintenance and Operations. The full \$5.3m identified in 35A would have been in category 35 last year. This would have created a variance less than 5% year over year.

**Note 1:** The budget estimates for the University of Houston Intercollegiate Athletics Program generated by their ERP system are prepared in a format consistent with GAAP rather than in a format consistent with the revenue and expense categories specified by the NCAA. Thus, the variance analysis of total revenues and expenses to the budget estimates for the year ended August 31, 2025, was not be performed. However, management does perform budget to actual comparison and analysis on a variety of budgetary bases throughout the fiscal year.

### School Info

We agree to release the institution's data to the conference: Yes

We agree to allow the NCAA to release our school's MFRS institutional Program Revenue data to the College Sports Commission (CSC) for a limited purpose consistent with the House settlement terms: Yes

Institutional Contacts:

<b>Primary Contact Person:</b> Brandon Maddux	<b>Title:</b> Senior Associate Athletics Director
<b>Phone:</b> 7137439062	<b>Email:</b> bjmaddux@central.uh.edu
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Classification & Conference:

**NCAA Primary Division:** I-FBS  
**Athletic Conference:** Big 12 Conference

Sports Sponsorship:

Sport	Men's Teams Only	Women's Teams Only	Mixed Teams
Acrobatics and Tumbling			
Baseball	x		
Basketball	x	x	
Beach Volleyball			
Bowling			
Cross Country	x	x	
Equestrian			
Fencing			
Field Hockey			
Football	x		
Golf	x	x	
Gymnastics			
Ice Hockey			
Lacrosse			
Rifle			

Sport	Men's Teams Only	Women's Teams Only	Mixed Teams
Rowing			
Rugby			
Skiing			
Soccer		x	
Softball		x	
Stunt			
Swimming and Diving		x	
Tennis		x	
Track, Indoor	x	x	
Track, Outdoor	x	x	
Triathlon			
Volleyball		x	
Water Polo			
Wrestling			
Others			
<b>Totals</b>	<b>7</b>	<b>10</b>	<b>0</b>

### Revenue/Expense Summary

ID	Item	Amount	Definition
<i>Revenues</i>			
1	Ticket Sales	\$7,634,760	<p>Input revenue received for sales of admissions to athletic events. This may include:</p> <ul style="list-style-type: none"> <li>• Public and faculty sales.</li> <li>• Student sales</li> <li>• Shipping and Handling fees.</li> </ul> <p>Please report amounts paid in excess of ticket's face value to obtain preferential seating or priority in Category 8 (Contributions).</p>
2	Direct State or Other Government Support	\$0	<p>Input state, municipal, federal and other appropriations made in support of athletics.</p> <p>This amount includes funding specifically earmarked for the athletics department by government agencies for which the institution cannot reallocate.</p> <p>This amount also includes state funded employee benefits. Corresponding expenses should be reported in Categories 22 and 24.</p> <p>Any state or other government support appropriated to the university, for which the university determines the dollar allocation to the athletics department shall be reported in Direct Institutional Support (Category 4).</p>
3	Student Fees	\$8,135,241	<p>Input student fees assessed and restricted for support of intercollegiate athletics.</p>
4	Direct Institutional Support	\$33,036,328	<p>Input direct funds provided by the institution to athletics for the operations of intercollegiate athletics including:</p> <ul style="list-style-type: none"> <li>• Unrestricted funds allocated to the athletics department by the university (e.g. state funds, tuition, tuition discounts/waivers, transfers)</li> <li>• Federal work study support for student workers employed by athletics.</li> <li>• Endowment unrestricted income, spending policy distributions and other investment income distributed to athletics in the reporting year to support athletic operations. Athletics restricted endowment income for athletics should be reported in Category 17.</li> </ul>

ID	Item	Amount	Definition
5	Less - Transfers to Institution	\$0	If the institution allocated funds to athletics as represented in Categories 3-4 and the athletics department provided a transfer of funds back to the institution in the reporting year, report the transfer amount as a negative in this category. The transfer amount may not exceed the total of Categories 3-4. Transfers back to the institution in excess of Categories 3-4 should be reported in Category 50 - excess transfers to institution.
6	Indirect Institutional Support	\$0	<p>Input value of costs covered and services provided by the institution to athletics but <u>not charged</u> to athletics including:</p> <ul style="list-style-type: none"> <li>• Administrative services provided by the university to athletics but not charged such as HR, Accounting and IT.</li> <li>• Facilities maintenance.</li> <li>• Security.</li> <li>• Risk Management.</li> <li>• Utilities.</li> </ul> <p>Do not include depreciation.</p> <p>Note: This category should equal Category 36. If the institution is paying for debt service, leases, or rental fees for athletic facilities, but not charging to athletics, include those amounts in Category 6A.</p>
6A	Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees	\$0	<p>Input debt service payments (principal and interest, including internal loan programs), leases and rental fees for athletics facilities for the reporting year provided by the institution to athletics but <u>not charged</u> to athletics.</p> <p>Do not report depreciation.</p> <p>Note: If the institution is paying for all athletic facilities debt service, lease and rental fees and not charging to athletics, this category will equal Category 34. If athletics or other entities are also paying these expenses or the institution is charging directly to athletics, this category will not equal Category 34.</p>
7	Guarantees	\$406,000	Input revenue received from participation in away games. This includes payments received due to game cancellations.

ID	Item	Amount	Definition
8	Contributions	\$15,096,346	<p>Input contributions <b>provided <u>and</u> used by athletics</b> in the reporting year including:</p> <ul style="list-style-type: none"> <li>• Amounts received from individuals, corporations, associations, foundations, clubs or other organizations designated for the operations of the athletics program.</li> <li>• Funds contributed by outside contributors for the payment of debt service, lease payments or rental fee expenses for athletic facilities in the reporting year.</li> <li>• Amounts received above face value for tickets.</li> </ul> <p>Contributions shall include cash and marketable securities.</p> <p>Do not report:</p> <ul style="list-style-type: none"> <li>• Pledges until funds are provided to athletics for use.</li> <li>• Contributions to be used in other reporting years.</li> </ul>
9	In-Kind	\$527,948	<p>Input market value of in-kind contributions in the reporting year including:</p> <ul style="list-style-type: none"> <li>• Dealer provided automobiles.</li> <li>• Equipment.</li> <li>• Services.</li> <li>• Nutritional product.</li> </ul> <p>All in-kind contributions that are made as a result of a licensing or sponsorship agreement should be reported in Category 15.</p> <p>Please offset in-kind values in the appropriate expense category.</p>

ID	Item	Amount	Definition
10	Compensation and Benefits provided by a third party	\$0	<p>Input all benefits provided by a third party and contractually guaranteed by the institution, but not included on the institution's W-2. These may include:</p> <ul style="list-style-type: none"> <li>• Car stipend.</li> <li>• Country club membership.</li> <li>• Allowances for clothing, housing, entertainment.</li> <li>• Speaking fees.</li> <li>• Camps compensation.</li> <li>• Media income.</li> <li>• Shoe and apparel income.</li> </ul> <p>The total of this category should equal expense Categories 23 and 25 combined.</p>
11	Media Rights	\$9,446,387	<p>Input <b>all</b> revenue received for radio, television, internet, digital and e-commerce rights, including the portion of conference distributions related to media rights - if applicable.</p> <p>Consult with your conference offices if you do not have the media rights distribution amount available.</p>
12	Total NCAA Distributions	\$2,798,507	<p>Total revenues received from the NCAA excluding football (<b>sum of categories 12A through 12C</b>).</p>
12A	NCAA Distributions	\$2,419,018	<p>Input revenues received from the NCAA which could include revenue distributions and grants.</p> <p>NCAA distributions or grants may be provided by the conference office. Consult with the conference office to accurately account for the amount received to then include in this category.</p>
12B	NCAA Host Revenue Settlements	\$0	<p>Input payments received from the NCAA for hosting a tournament or championship.</p>
12C	Post-Season Non-Football NCAA Expense Reimbursements	\$379,489	<p>Input all amounts received related to participation in a post-season play game other than football, including:</p> <ul style="list-style-type: none"> <li>• Expense reimbursements</li> <li>• NCAA travel reimbursements</li> </ul>

ID	Item	Amount	Definition
13	Conference Distributions (Non Media and Non Post Season)	\$1,208,751	<p>Input all revenues received by conference distribution, excluding portions of distribution relating to media rights, reported in Category 11, or NCAA distributions, reported in Category 12 in total.</p> <p>Note: Conference distributions of revenue generated by post-season play to conference members are to be recorded in Category 13A. Distributions for reimbursement of post-season play expenses for non-football are to be recorded in Category 12C and for football in Category 19.</p>
13A	Conference Distributions of Post-Season Generated Revenue	\$5,024,367	<p>Input conference distributions of revenue generated by post-season play to conference members for all sports.</p> <p>Note: Distributions for reimbursement of post-season non-football expenses should be included in Category 12C and football expenses in Category 19. Portions of the distribution related to media rights are reported in Category 11, NCAA revenue distributions/grants are reported in Category 12A and all other conference distributions are reported in Category 13 or 13A.</p>
14	Program, Novelty, Parking and Concession Sales	\$1,250,161	<p>Input revenues from:</p> <ul style="list-style-type: none"> <li>• Game Programs.</li> <li>• Novelties.</li> <li>• Food and Concessions.</li> <li>• Parking.</li> </ul> <p>Advertising should be included in Category 15.</p>
15	Royalties, Licensing, Advertisement and Sponsorships	\$6,447,110	<p>Input revenues from:</p> <ul style="list-style-type: none"> <li>• Sponsorships.</li> <li>• Licensing Agreements.</li> <li>• Advertisement.</li> <li>• Royalties.</li> <li>• In-kind products and services as part of sponsorship agreement.</li> </ul> <p>An allocation may be necessary to distinguish revenues generated by athletics versus the university if payments are combined.</p>
16	Sports Camp Revenues	\$218,068	<p>Input amounts received by the athletics department for sports camps and clinics.</p>

ID	Item	Amount	Definition
17	Athletics Restricted Endowment and Investments Income	\$387,654	<p>Please report <u>spending policy distributions</u> from athletics restricted endowments and <u>investment income used for athletics operations in the reporting year</u>.</p> <p>This category includes only restricted investment and endowment income <b>used</b> for the operations of intercollegiate athletics; institutional allocations of income from unrestricted endowments qualify as ""Direct Institutional Support"" and should be reported in Category 4.</p> <p>Note: Please make sure amounts reported are only up to the amount of expenses covered by the endowment for the reporting year.</p>
18	Other Operating Revenue	\$1,141,468	<p>Input any operating revenues received by athletics in the report year which cannot be classified into one of the stated categories.</p> <p>If the figure is greater than 10% of total revenues, please report the top three activities included in this category in the comments section.</p>
19	Post-Season Football Expense Reimbursements	\$0	<p>Input all amounts received related to participation in a post-season play game, including:</p> <ul style="list-style-type: none"> <li>• Expense reimbursements.</li> <li>• Ticket sales.</li> <li>• NCAA travel reimbursements</li> </ul> <p>Note: The amounts entered should not include conference tournaments or championship revenues.</p>
Total Operating Revenues		\$92,759,096	Total of Categories 1-19.

*Expenses*

ID	Item	Amount	Definition
20	Athletic Student Aid	\$9,660,666	<p data-bbox="654 239 1523 310">Input the total dollar amount of athletic student-aid for the reporting year including:</p> <ul data-bbox="654 327 1523 569" style="list-style-type: none"> <li data-bbox="654 327 894 357">• Summer school.</li> <li data-bbox="654 373 1523 445">• Tuition discounts and waivers (unless it is a discount or waiver available to the general student body).</li> <li data-bbox="654 459 1523 531">• Aid given to student-athletes who are inactive (medical reasons) or no longer eligible (exhausted eligibility).</li> <li data-bbox="654 541 1159 571">• Other expenses related to attendance.</li> </ul> <p data-bbox="654 625 1523 919">Note: Division I Grants-in-aid <u>equivalencies</u> are calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount). <u>Other expenses related to attendance</u> (also known as cost of attendance) <u>should not be included in the grants-in-aid revenue distribution equivalencies</u>. Only tuition, fees, living expenses and course related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.11.</p> <p data-bbox="654 961 1523 1182">Athletics aid awarded to non-athletes (student-managers, graduate assistants, trainers) should be reported as Expenses Not Related to Specific Teams. It is permissible to report only dollars in the Expenses Not Related to Specific Teams row as long as you have reported non- zero entries for Equivalencies, Number of Students, and Dollars (all 3 required for at least one sport).</p> <p data-bbox="654 1224 1523 1329">Note: Pell grants are provided by the government, not the institution or athletics department, and therefore should be excluded from reporting in this category.</p> <p data-bbox="654 1371 1523 1549">Note: This information can be managed within the NCAA's Compliance Assistance (CA) software. The equivalencies entered into compliance assistance will automatically populate to the athletic student aid section within the NCAA Financial Reporting System when the CA import feature is selected.</p>
21	Guarantees	\$1,405,608	<p data-bbox="654 1570 1523 1675">Input amounts paid to visiting participating institutions, including per diems and/or travel and meal expenses. This includes payments made due to game cancellations.</p>

ID	Item	Amount	Definition
22	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	\$20,682,584	<p>Input compensation, bonuses and benefits paid to all coaches reportable on the university or related entities W-2 and 1099 forms, as well as non-taxable benefits (1098T), inclusive of:</p> <ul style="list-style-type: none"> <li>• Gross wages and bonuses.</li> <li>• Taxable and non-taxable benefits include allowances, speaking fees, retirement, stipends, memberships, media income, tuition reimbursement/exemptions (for self or a dependent) and earned deferred compensation, including those funded by the state.</li> </ul> <p>Place any severance payments in Category 26.</p> <p>Note: Bonuses related to participation in a post-season game should be included in Category 41A or 42A respectively.</p>
23	Coaching Salaries, Benefits and Bonuses paid by a Third Party	\$0	<p>Input compensation, bonuses and benefits paid to all coaches by a third party and contractually guaranteed by the institution, but not included on the institutions W-2, as well as any non-taxable benefits, including:</p> <ul style="list-style-type: none"> <li>• Car stipend.</li> <li>• Country club membership.</li> <li>• Allowances for clothing, housing, and entertainment.</li> <li>• Speaking fees.</li> <li>• Camp compensation.</li> <li>• Media income.</li> <li>• Shoe and apparel income.</li> </ul> <p>Expense Category 23 and 25 should equal Category 10.</p> <p>Note: Bonuses related to participation in a post-season game should be included in Category 41A or 42A respectively.</p>

ID	Item	Amount	Definition
24	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities	\$16,403,276	<p>Input compensation, bonuses and benefits paid to all administrative and support staff reportable on the university or related entities (e.g. foundations or booster clubs) W-2 and 1099 forms, as well as any non-taxable benefits, inclusive of:</p> <ul style="list-style-type: none"> <li>• Gross wages and bonuses.</li> <li>• Benefits including allowances, speaking fees, retirement, stipends, memberships, media income, tuition reimbursement/exemptions and earned deferred compensation, including those funded by the state.</li> </ul> <p>Staff members responsible for the gender-specific athletics department, but not a specific sport (i.e., director of men's athletics), will have their compensation figures reported as Expenses Not Related to Specific Teams fields. Athletics department staff members who assist both men's and women's teams (sports information director, academic advisor) will be reported as Not Allocated by Gender column.</p>
25	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by Third Party	\$0	<p>Input compensation, bonuses and benefits paid to administrative and support staff by a third party and contractually guaranteed by the institution, but not included on the institutions W-2, as well as non-taxable benefits, including:</p> <ul style="list-style-type: none"> <li>• Car stipend.</li> <li>• Country club membership.</li> <li>• Allowances for clothing, housing, entertainment.</li> <li>• Speaking fees.</li> <li>• Camps compensation.</li> <li>• Media income.</li> <li>• Shoe and apparel income.</li> </ul> <p>Expense Category 23 and 25 should equal Category 10.</p>
26	Severance Payments	\$5,257,160	<p>Input severance payments and applicable benefits recognized for past coaching and administrative personnel.</p>
27	Recruiting	\$1,500,406	<p>Input transportation, lodging and meals for prospective student-athletes and institutional personnel on official and unofficial visits, telephone call charges, postage and such. Include value of use of institution's own vehicles or airplanes as well as in-kind value of loaned or contributed transportation.</p>

ID	Item	Amount	Definition
28	Team Travel	\$4,170,360	<p>Input air travel, ground travel, lodging, meals, and incidentals (including housing costs incurred during school break period) for competition related to preseason and regular season. Amounts incurred for food, lodging for housing the team before a home game, use of the institution’s own vehicles, airplanes, or in-kind value of donor-provided transportation should be included.</p> <p>Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.</p>
29	Sports Equipment Uniforms and Supplies	\$2,291,340	<p>Input items that are provided to the teams only. Equipment amounts are those expended from current or operating funds. Include value of in-kind equipment provided.</p> <p>Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.</p>
30	Game Expenses	\$2,218,667	<p>Input game-day expenses other than travel which are necessary for intercollegiate athletics competition, including officials, security, event staff, ambulance, etc. Input any payments back to the conference for hosting a tournament.</p> <p>Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.</p>
31	Fund Raising, Marketing and Promotion	\$1,206,166	<p>Input costs associated with fund raising, marketing and promotion for media guides, brochures, recruiting publications and such.</p>
32	Sports Camp Expenses	\$135,859	<p>Input all expenses paid by the athletics department, including non-athletics personnel salaries and benefits, from hosting sports camps and clinics. Athletics personnel salaries and benefits should be reported in Categories 22-25.</p>
33	Spirit Groups	\$0	<p>Include support for spirit groups including bands, cheerleaders, mascots, dancers, etc.</p> <p>Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.</p>

ID	Item	Amount	Definition
34	Athletic Facilities Debt Service, Leases and Rental Fee	\$8,447,017	<p>Input debt service payments (principal and interest, including internal loan programs), leases and rental fees for athletics facilities for the reporting year regardless of entity paying (athletics, institution or other).</p> <p>Do not report depreciation.</p> <p>Note: If the institution is paying for <u>all</u> debt service, leases, or rental fees for athletic facilities but not charging to athletics, this category should equal Category 6A. If athletics or other entities are paying these expenses or the institution is charging directly to athletics, this category will not equal Category 6A.</p>
35	Direct Overhead and Administrative Expenses	\$10,814,839	<p>Input overhead and administrative expenses paid by or charged directly to athletics including:</p> <ul style="list-style-type: none"> <li>• Administrative/Overhead fees charged by the institution to athletics.</li> <li>• Security.</li> <li>• Risk Management.</li> <li>• Other Administrative Expenses.</li> </ul>
35A	Facilities Maintenance and Operations	\$5,352,734	<p>Input facilities maintenance and operations expenses paid by or charged directly to athletics including:</p> <ul style="list-style-type: none"> <li>• Facilities maintenance.</li> <li>• Utilities.</li> <li>• Equipment Repair.</li> </ul>

ID	Item	Amount	Definition
36	Indirect Institutional Support	\$0	<p>Input overhead and administrative expenses <b><u>NOT paid by or charged directly to athletics</u></b> including:</p> <ul style="list-style-type: none"> <li>• Administrative/Overhead fees <u>not charged</u> by the institution to athletics.</li> <li>• Facilities maintenance.</li> <li>• Security.</li> <li>• Risk Management.</li> <li>• Utilities.</li> <li>• Equipment Repair.</li> <li>• Telephone.</li> <li>• Other Administrative Expenses.</li> </ul> <p>Do not report depreciation.</p> <p>Note: This category should equal Category 6.</p>
37	Medical Expenses and Insurance	\$1,612,709	Input medical expenses and medical insurance premiums for student-athletes.
38	Memberships and Dues	\$35,720	Input memberships, conference and association dues.
39	Student-Athlete Meals (non-travel)	\$3,480,954	<p>Include meal allowance and food/snacks provided to student-athletes.</p> <p>Note: Meals provided during team travel should be reported in Category 28.</p>
40	Other Operating Expenses	\$1,292,987	<p>Input any operating expenses paid by athletics in the report year which cannot be classified into one of the stated categories, including:</p> <ul style="list-style-type: none"> <li>• Non-team travel (conferences, etc.).</li> <li>• Team banquets and awards.</li> </ul> <p>If the figure is greater than 10% of total expenses, please report the top three activities included in this category in the comments section.</p>

ID	Item	Amount	Definition
41	Post-Season Football Expenses	\$0	<p>Input all expenditures related to participation in a post-season football game, including:</p> <ul style="list-style-type: none"> <li>• Team travel, lodging and meal expenses, including NCAA tournaments.</li> <li>• Bonuses related to participation.</li> <li>• Spirit groups.</li> <li>• Uniforms.</li> </ul> <p>Note: All post-season football play-related coaching compensation/ bonuses and host settlements should be reported in Category 41A and 41B, respectively. Entries should not include conference tournaments or championships.</p>
41A	Post-Season Football Expenses – Coaching Compensation/ Bonuses	\$0	<p>Input all coaching bonuses related to participation in a post-season football game.</p> <p>Note: Entries should not include conference tournaments or championships.</p>
41B	NCAA Football Host Expense Settlements	\$0	<p>Input expenses incurred for hosting a NCAA football tournament or championship.</p>
42	NCAA Post-Season Non-Football Expenses	\$743,345	<p>Input all expenditures related to participation in a non-football post-season championship game, including:</p> <ul style="list-style-type: none"> <li>• Team travel, lodging and meal expenses, including NCAA tournaments.</li> <li>• Bonuses related to participation.</li> <li>• Spirit groups.</li> <li>• Uniforms.</li> </ul> <p>Note: All post-season non-football play-related coaching compensation/bonuses and host settlements should be reported in Category 42A and 42B, respectively.</p>
42A	NCAA Post-Season Non-Football Expenses – Coaching Compensation/ Bonuses	\$561,021	<p>Input all coaching bonuses related to participation in a non-football post-season game.</p>
42B	NCAA Non-Football Host Expense Settlements	\$0	<p>Input expenses incurred for hosting a non-football NCAA tournament or championship.</p>
43	Enhanced Educational Benefits (Alston or other)	\$1,591,260	<p>Input any academic or graduation awards or incentives (Alston or other) paid by the institution within the reporting year that would not be included in the cost of attendance calculation.</p>

ID	Item	Amount	Definition
44	Institutional NIL Revenue Share	\$0	Input institutional payments to student-athletes for use of Name, Image and Likeness (NIL) (including from institutional designee or contractor). Please include other direct institutional payments or additional benefits to student-athletes and/or student-athletes' families not currently permitted or permitted prior to the House settlement approval. However, do not include additional scholarships or enhanced educational benefits.
	Total Operating Expenses	\$98,864,678	Total of Categories 20-44.

### Revenue/Expense Details

1 Ticket Sales \$7,634,760 Input revenue received for sales of admissions to athletic events. This may include:

- Public and faculty sales.
- Student sales
- Shipping and Handling fees.

Please report amounts paid in excess of ticket's face value to obtain preferential seating or priority in Category 8 (Contributions).

Revenues by Source	Men's Teams Only Ticket Sales	Women's Teams Only Ticket Sales	Not Allocated by Gender Ticket Sales
Baseball	182,146		
Basketball	2,746,484	51,252	
Football	3,763,481		
Golf			
Soccer		8,073	
Softball		49,842	
Swimming and Diving			
Tennis			
Track and Field, X-Country	11,677	11,678	
Volleyball		74,810	
Others			
Subtotal All Teams	6,703,788	195,655	0
Revenue Not Related to Specific Teams			735,317
Total Revenue	6,703,788	195,655	735,317

2 Direct State or Other Government Support \$0 Input state, municipal, federal and other appropriations made in support of athletics.

This amount includes funding specifically earmarked for the athletics department by government agencies for which the institution cannot reallocate.

This amount also includes state funded employee benefits. Corresponding expenses should be reported in Categories 22 and 24.

Any state or other government support appropriated to the university, for which the university determines the dollar allocation to the athletics department shall be reported in Direct Institutional Support (Category 4).

Revenues by Source	Men's Teams Only Direct State or Other Government Support	Women's Teams Only Direct State or Other Government Support	Not Allocated by Gender Direct State or Other Government Support
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

3 Student Fees \$8,135,241 Input student fees assessed and restricted for support of intercollegiate athletics.

Revenues by Source	Men's Teams Only Student Fees	Women's Teams Only Student Fees	Not Allocated by Gender Student Fees
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			8,135,241
Total Revenue	0	0	8,135,241

4 Direct Institutional Support \$33,036,328 Input direct funds provided by the institution to athletics for the operations of intercollegiate athletics including:

- Unrestricted funds allocated to the athletics department by the university (e.g. state funds, tuition, tuition discounts/waivers, transfers)
- Federal work study support for student workers employed by athletics.
- Endowment unrestricted income, spending policy distributions and other investment income distributed to athletics in the reporting year to support athletic operations. Athletics restricted endowment income for athletics should be reported in Category 17.

Revenues by Source	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Direct Institutional Support	Direct Institutional Support	Direct Institutional Support
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			33,036,328
Total Revenue	0	0	33,036,328

5 Less - Transfers to Institution \$0 If the institution allocated funds to athletics as represented in Categories 3-4 and the athletics department provided a transfer of funds back to the institution in the reporting year, report the transfer amount as a negative in this category. The transfer amount may not exceed the total of Categories 3-4. Transfers back to the institution in excess of Categories 3-4 should be reported in Category 50 - excess transfers to institution.

Revenues by Source	Men's Teams Only Less - Transfers to Institution	Women's Teams Only Less - Transfers to Institution	Not Allocated by Gender Less - Transfers to Institution
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

6 Indirect Institutional Support

\$0 Input value of costs covered and services provided by the institution to athletics but not charged to athletics including:

- Administrative services provided by the university to athletics but not charged such as HR, Accounting and IT.
- Facilities maintenance.
- Security.
- Risk Management.
- Utilities.

Do not include depreciation.

Note: This category should equal Category 36. If the institution is paying for debt service, leases, or rental fees for athletic facilities, but not charging to athletics, include those amounts in Category 6A.

Revenues by Source	Men's Teams Only Indirect Institutional Support	Women's Teams Only Indirect Institutional Support	Not Allocated by Gender Indirect Institutional Support
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

6A Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees \$0 Input debt service payments (principal and interest, including internal loan programs), leases and rental fees for athletics facilities for the reporting year provided by the institution to athletics but not charged to athletics.

Do not report depreciation.

Note: If the institution is paying for all athletic facilities debt service, lease and rental fees and not charging to athletics, this category will equal Category 34. If athletics or other entities are also paying these expenses or the institution is charging directly to athletics, this category will not equal Category 34.

Revenues by Source	Men's Teams Only Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees	Women's Teams Only Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees	Not Allocated by Gender Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

7 Guarantees \$406,000 Input revenue received from participation in away games. This includes payments received due to game cancellations.

Revenues by Source	Men's Teams Only Guarantees	Women's Teams Only Guarantees	Not Allocated by Gender Guarantees
Baseball			
Basketball			
Football	400,000		
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball		6,000	
Others			
Subtotal All Teams	400,000	6,000	0
Revenue Not Related to Specific Teams			
Total Revenue	400,000	6,000	0

8 Contributions \$15,096,346 Input contributions **provided and used by athletics** in the reporting year including:

- Amounts received from individuals, corporations, associations, foundations, clubs or other organizations designated for the operations of the athletics program.
- Funds contributed by outside contributors for the payment of debt service, lease payments or rental fee expenses for athletic facilities in the reporting year.
- Amounts received above face value for tickets.

Contributions shall include cash and marketable securities.

Do not report:

- Pledges until funds are provided to athletics for use.
- Contributions to be used in other reporting years.

Revenues by Source	Men's Teams Only Contributions	Women's Teams Only Contributions	Not Allocated by Gender Contributions
Baseball	631,959		
Basketball	552,175	53,236	
Football	155,199		
Golf	206,027	108,420	
Soccer		6,992	
Softball		72,905	
Swimming and Diving		9,291	
Tennis		33,895	
Track and Field, X-Country	177,356	177,356	
Volleyball		140,400	
Others			
Subtotal All Teams	1,722,716	602,495	0
Revenue Not Related to Specific Teams			12,771,135
Total Revenue	1,722,716	602,495	12,771,135

9 In-Kind \$527,948 Input market value of in-kind contributions in the reporting year including:

- Dealer provided automobiles.
- Equipment.
- Services.
- Nutritional product.

All in-kind contributions that are made as a result of a licensing or sponsorship agreement should be reported in Category 15.

Please offset in-kind values in the appropriate expense category.

Revenues by Source	Men's Teams Only In-Kind	Women's Teams Only In-Kind	Not Allocated by Gender In-Kind
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			527,948
Total Revenue	0	0	527,948

10 Compensation and Benefits provided by a third party \$0 Input all benefits provided by a third party and contractually guaranteed by the institution, but not included on the institution's W-2. These may include:

- Car stipend.
- Country club membership.
- Allowances for clothing, housing, entertainment.
- Speaking fees.
- Camps compensation.
- Media income.
- Shoe and apparel income.

The total of this category should equal expense Categories 23 and 25 combined.

Revenues by Source	Men's Teams Only Compensation and Benefits provided by a third party	Women's Teams Only Compensation and Benefits provided by a third party	Not Allocated by Gender Compensation and Benefits provided by a third party
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

11 Media Rights \$9,446,387 Input **all** revenue received for radio, television, internet, digital and e-commerce rights, including the portion of conference distributions related to media rights - if applicable.

Consult with your conference offices if you do not have the media rights distribution amount available.

Revenues by Source	Men's Teams Only Media Rights	Women's Teams Only Media Rights	Not Allocated by Gender Media Rights
Baseball			
Basketball	2,456,061		
Football	6,518,007		
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	8,974,068	0	0
Revenue Not Related to Specific Teams			472,319
Total Revenue	8,974,068	0	472,319

12 Total NCAA Distributions \$2,798,507 Total revenues received from the NCAA excluding football (sum of categories 12A through 12C).

Revenues by Source	Men's Teams Only Total NCAA Distributions	Women's Teams Only Total NCAA Distributions	Not Allocated by Gender Total NCAA Distributions
Baseball			
Basketball	1,343,208		
Football			
Golf		2,213	
Soccer			
Softball			
Swimming and Diving		5,159	
Tennis			
Track and Field, X-Country	20,199	1,075	
Volleyball			
Others			
Subtotal All Teams	1,363,407	8,447	0
Revenue Not Related to Specific Teams	0	0	1,426,653
Total Revenue	1,363,407	8,447	1,426,653

12A NCAA \$2,419,018 Input revenues received from the NCAA which could include revenue distributions and grants.

NCAA distributions or grants may be provided by the conference office. Consult with the conference office to accurately account for the amount received to then include in this category.

Revenues by Source	Men's Teams Only NCAA Distributions	Women's Teams Only NCAA Distributions	Not Allocated by Gender NCAA Distributions
Baseball			
Basketball	992,365		
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	992,365	0	0
Revenue Not Related to Specific Teams			1,426,653
Total Revenue	992,365	0	1,426,653

12B NCAA Host Revenue Settlements \$0 Input payments received from the NCAA for hosting a tournament or championship.

Revenues by Source	Men's Teams Only NCAA Host Revenue Settlements	Women's Teams Only NCAA Host Revenue Settlements	Not Allocated by Gender NCAA Host Revenue Settlements
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

12C Post-Season Non-Football NCAA Expense Reimbursements \$379,489 Input all amounts received related to participation in a post-season play game other than football, including:

- Expense reimbursements
- NCAA travel reimbursements

Revenues by Source	Men's Teams Only Post-Season Non-Football NCAA Expense Reimbursements	Women's Teams Only Post-Season Non-Football NCAA Expense Reimbursements	Not Allocated by Gender Post-Season Non-Football NCAA Expense Reimbursements
Baseball			
Basketball	350,843		
Football			
Golf			2,213
Soccer			
Softball			
Swimming and Diving			5,159
Tennis			
Track and Field, X-Country	20,199		1,075
Volleyball			
Others			
Subtotal All Teams	371,042	8,447	0
Revenue Not Related to Specific Teams			
Total Revenue	371,042	8,447	0

13 Conference Distributions (Non Media and Non Post Season) \$1,208,751 Input all revenues received by conference distribution, excluding portions of distribution relating to media rights, reported in Category 11, or NCAA distributions, reported in Category 12 in total.

Note: Conference distributions of revenue generated by post-season play to conference members are to be recorded in Category 13A. Distributions for reimbursement of post-season play expenses for non-football are to be recorded in Category 12C and for football in Category 19.

Revenues by Source	Men's Teams Only Conference Distributions (Non Media and Non Post Season)	Women's Teams Only Conference Distributions (Non Media and Non Post Season)	Not Allocated by Gender Conference Distributions (Non Media and Non Post Season)
Baseball	20,380		
Basketball	430,393	13,998	
Football	188,819		
Golf			
Soccer		2,297	
Softball		2,333	
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	639,592	18,628	0
Revenue Not Related to Specific Teams			550,531
Total Revenue	639,592	18,628	550,531

13A Conference Distributions of Post-Season Generated Revenue \$5,024,367 Input conference distributions of revenue generated by post-season play to conference members for all sports.

Note: Distributions for reimbursement of post-season non-football expenses should be included in Category 12C and football expenses in Category 19. Portions of the distribution related to media rights are reported in Category 11, NCAA revenue distributions/grants are reported in Category 12A and all other conference distributions are reported in Category 13 or 13A.

Revenues by Source	Men's Teams Only Conference Distributions of Post-Season Generated Revenue	Women's Teams Only Conference Distributions of Post-Season Generated Revenue	Not Allocated by Gender Conference Distributions of Post-Season Generated Revenue
Baseball			
Basketball			
Football	5,024,367		
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	5,024,367	0	0
Revenue Not Related to Specific Teams			
Total Revenue	5,024,367	0	0

14 Program, Novelty, Parking and Concession Sales

\$1,250,161 Input revenues from:

- Game Programs.
- Novelties.
- Food and Concessions.
- Parking.

Advertising should be included in Category 15.

Revenues by Source	Men's Teams Only Program, Novelty, Parking and Concession Sales	Women's Teams Only Program, Novelty, Parking and Concession Sales	Not Allocated by Gender Program, Novelty, Parking and Concession Sales
Baseball	2,900		
Basketball	75,823		
Football	130,659		
Golf			
Soccer			
Softball		100	
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	209,382	100	0
Revenue Not Related to Specific Teams			1,040,679
Total Revenue	209,382	100	1,040,679

15 Royalties, Licensing,  
Advertisement and  
Sponsorships

\$6,447,110 Input revenues from:

- Sponsorships.
- Licensing Agreements.
- Advertisement.
- Royalties.
- In-kind products and services as part of sponsorship agreement.

An allocation may be necessary to distinguish revenues generated by athletics versus the university if payments are combined.

Revenues by Source	Men's Teams Only Royalties, Licensing, Advertisement and Sponsorships	Women's Teams Only Royalties, Licensing, Advertisement and Sponsorships	Not Allocated by Gender Royalties, Licensing, Advertisement and Sponsorships
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X- Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			6,447,110
Total Revenue	0	0	6,447,110

16 Sports Camp Revenues \$218,068 Input amounts received by the athletics department for sports camps and clinics.

Revenues by Source	Men's Teams Only Sports Camp Revenues	Women's Teams Only Sports Camp Revenues	Not Allocated by Gender Sports Camp Revenues
Baseball			
Basketball	117,541	4,123	
Football	6,216		
Golf			
Soccer			
Softball			
Swimming and Diving		44,423	
Tennis			
Track and Field, X-Country	22,882	22,883	
Volleyball			
Others			
Subtotal All Teams	146,639	71,429	0
Revenue Not Related to Specific Teams			
Total Revenue	146,639	71,429	0

17 Athletics Restricted Endowment and Investments Income \$387,654 Please report spending policy distributions from athletics restricted endowments and investment income used for athletics operations in the reporting year.

This category includes only restricted investment and endowment income **used** for the operations of intercollegiate athletics; institutional allocations of income from unrestricted endowments qualify as ""Direct Institutional Support"" and should be reported in Category 4.

Note: Please make sure amounts reported are only up to the amount of expenses covered by the endowment for the reporting year.

Revenues by Source	Men's Teams Only Athletics Restricted Endowment and Investments Income	Women's Teams Only Athletics Restricted Endowment and Investments Income	Not Allocated by Gender Athletics Restricted Endowment and Investments Income
Baseball	36,247		
Basketball	13,427		
Football	22,971		
Golf	4,718	3,348	
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country		1,399	
Volleyball		838	
Others			
Subtotal All Teams	77,363	5,585	0
Revenue Not Related to Specific Teams			304,706
Total Revenue	77,363	5,585	304,706

18 Other Operating Revenue \$1,141,468 Input any operating revenues received by athletics in the report year which cannot be classified into one of the stated categories.

If the figure is greater than 10% of total revenues, please report the top three activities included in this category in the comments section.

Revenues by Source	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Other Operating Revenue	Other Operating Revenue	Other Operating Revenue
Baseball	180		
Basketball	25,300		
Football	15,726		
Golf	67,800	44,000	
Soccer		20,000	
Softball			
Swimming and Diving		1,800	
Tennis			
Track and Field, X-Country	11,582	11,583	
Volleyball		100	
Others			
Subtotal All Teams	120,588	77,483	0
Revenue Not Related to Specific Teams			943,397
Total Revenue	120,588	77,483	943,397

19 Post-Season Football Expense Reimbursements \$0 Input all amounts received related to participation in a post-season play game, including:

- Expense reimbursements.
- Ticket sales.
- NCAA travel reimbursements

Note: The amounts entered should not include conference tournaments or championship revenues.

Revenues by Source	Men's Teams Only Post-Season Football Expense Reimbursements	Women's Teams Only Post-Season Football Expense Reimbursements	Not Allocated by Gender Post-Season Football Expense Reimbursements
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Revenue Not Related to Specific Teams			
Total Revenue	0	0	0

Total Operating Revenues \$92,759,096 Total of Categories 1-19.

Revenues by Source	Men's Teams Only Total Operating Revenues	Women's Teams Only Total Operating Revenues	Not Allocated by Gender Total Operating Revenues
Baseball	873,812		
Basketball	7,760,412	122,609	
Football	16,225,445		
Golf	278,545	157,981	
Soccer		37,362	
Softball		125,180	
Swimming and Diving		60,673	
Tennis		33,895	
Track and Field, X-Country	243,696	225,974	
Volleyball		222,148	
Others			
Subtotal All Teams	25,381,910	985,822	0
Revenue Not Related to Specific Teams			66,391,364
Total Revenue	25,381,910	985,822	66,391,364

20 Athletic Student Aid *Total Dollar Amount* \$9,660,666 Input the total dollar amount of athletic student-aid for the reporting year including:

- Summer school.
- Tuition discounts and waivers (unless it is a discount or waiver available to the general student body).
- Aid given to student-athletes who are inactive (medical reasons) or no longer eligible (exhausted eligibility).
- Other expenses related to attendance.

Note: Division I Grants-in-aid equivalencies are calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount). Other expenses related to attendance (also known as cost of attendance) should not be included in the grants-in-aid revenue distribution equivalencies. Only tuition, fees, living expenses and course related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.11.

Athletics aid awarded to non-athletes (student-managers, graduate assistants, trainers) should be reported as Expenses Not Related to Specific Teams. It is permissible to report only dollars in the Expenses Not Related to Specific Teams row as long as you have reported non- zero entries for Equivalencies, Number of Students, and Dollars (all 3 required for at least one sport).

Note: Pell grants are provided by the government, not the institution or athletics department, and therefore should be excluded from reporting in this category.

Note: This information can be managed within the NCAA's Compliance Assistance (CA) software. The equivalencies entered into compliance assistance will automatically populate to the athletic student aid section within the NCAA Financial Reporting System when the CA import feature is selected.

*Total Equivalencies Awarded* 236.54

*Total Students Receiving Aid* 409

### Male Athlete Scholarships

Sport	Athletic Aid Equivalency (A)	Exhausted Eligibility or Medical Equivalency (B)	Total Equivalencies Awarded (A+B)	Number of Students Receiving Athletic Aid	Total Dollar Amount
Baseball	13.77	0.15	13.92	34	502,005
Basketball	13	0	13	13	575,546
Football	85.4	1	86.4	115	3,870,988
Golf	5.2	0	5.2	11	196,913
Track and Field, X-Country	14.47	0	14.47	49	463,546
Expenses Not Related to Specific Teams					
Totals	131.84	1.15	132.99	222	5,608,998

Female Athlete Scholarships

Sport	Athletic Aid Equivalency (A)	Exhausted Eligibility or Medical Equivalency (B)	Total Equivalencies Awarded (A+B)	Number of Students Receiving Athletic Aid	Total Dollar Amount
Basketball	12.81	0	12.81	13	529,136
Golf	7.04	0	7.04	10	231,332
Soccer	15.7	0	15.7	38	571,991
Softball	11.44	0	11.44	19	335,014
Swimming and Diving	15.4	0	15.4	33	605,430
Tennis	7	0	7	7	279,677
Track and Field, X-Country	21.26	0.91	22.17	50	680,854
Volleyball	11.99	0	11.99	17	535,205
Expenses Not Related to Specific Teams					
Totals	102.64	0.91	103.55	187	3,768,639

Not Allocated by Gender Scholarships

Sport	Athletic Aid Equivalency (A)	Exhausted Eligibility or Medical Equivalency (B)	Total Equivalencies Awarded (A+B)	Number of Students Receiving Athletic Aid	Total Dollar Amount
Expenses Not Related to Specific Teams					283,029
Totals	0	0	0	0	283,029

21 Guarantees \$1,405,608 Input amounts paid to visiting participating institutions, including per diems and/or travel and meal expenses. This includes payments made due to game cancellations.

Expenses by Object of Expenditure	Men's Teams Only Guarantees	Women's Teams Only Guarantees	Not Allocated by Gender Guarantees
Baseball	33,000		
Basketball	927,176	79,432	
Football	350,000		
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball		16,000	
Others			
Subtotal All Teams	1,310,176	95,432	0
Expenses Not Related to Specific Teams			
Total Expenses	1,310,176	95,432	0

22 Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities \$20,682,584 Input compensation, bonuses and benefits paid to all coaches reportable on the university or related entities W-2 and 1099 forms, as well as non-taxable benefits (1098T), inclusive of:

- Gross wages and bonuses.
- Taxable and non-taxable benefits include allowances, speaking fees, retirement, stipends, memberships, media income, tuition reimbursement/exemptions (for self or a dependent) and earned deferred compensation, including those funded by the state.

Place any severance payments in Category 26.

Note: Bonuses related to participation in a post-season game should be included in Category 41A or 42A respectively.

23 Coaching Salaries, Benefits and Bonuses paid by a Third Party \$0 Input compensation, bonuses and benefits paid to all coaches by a third party and contractually guaranteed by the institution, but not included on the institutions W-2, as well as any non-taxable benefits, including:

- Car stipend.
- Country club membership.
- Allowances for clothing, housing, and entertainment.
- Speaking fees.
- Camp compensation.
- Media income.
- Shoe and apparel income.

Expense Category 23 and 25 should equal Category 10.

Note: Bonuses related to participation in a post-season game should be included in Category 41A or 42A respectively.

### Men's Teams Coaching Expenses

Sport	Men's Teams Head Coaches				Men's Teams Assistant Coaches			
	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Benefits and Bonuses paid by a Third Party	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Benefits and Bonuses paid by a Third Party
Baseball	1	1	525,205	0	3	3	539,367	0
Basketball	1	1	5,158,621	0	3	3	1,733,507	0

Sport	Men's Teams Head Coaches				Men's Teams Assistant Coaches			
	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Salaries, Benefits and Bonuses paid by a Third Party	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Salaries, Benefits and Bonuses paid by a Third Party
Football	1	1	4,616,910	0	10	10	4,041,601	0
Golf	1	1	216,077	0	1	1	71,215	0
Track and Field, X-Country	1	0.5	105,296	0	5	2.5	220,222	0
Subtotal All Teams	5	4.5	10,622,109	0	22	19.5	6,605,912	0
Expenses Not Related to Specific Teams			0	0			0	0
Total Expenses			10,622,109	0			6,605,912	0

Women's Teams Coaching Expenses

Sport	Women's Teams Head Coaches				Women's Teams Assistant Coaches			
	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Salaries, Benefits and Bonuses paid by a Third Party	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Salaries, Benefits and Bonuses paid by a Third Party
Basketball	1	1	538,718	0	3	3	542,476	0
Golf	1	1	185,013	0	1	1	51,007	0
Soccer	1	1	182,196	0	3	3	134,149	0
Softball	1	1	211,623	0	3	3	258,441	0
Swimming and Diving	1	1	159,009	0	2	2	179,365	0
Tennis	1	1	138,388	0	1	1	78,382	0
Track and Field, X-Country	1	0.5	105,296	0	5	2.5	220,221	0
Volleyball	1	1	255,882	0	2	2	214,397	0

Sport	Women's Teams Head Coaches				Women's Teams Assistant Coaches			
	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Salaries, Benefits and Bonuses paid by a Third Party	Number of Positions	FTE	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	Coaching Salaries, Benefits and Bonuses paid by a Third Party
Subtotal All Teams	8	7.5	1,776,125	0	20	17.5	1,678,438	0
Expenses Not Related to Specific Teams			0	0			0	0
Total Expenses			1,776,125	0			1,678,438	0

24 Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities \$16,403,276 Input compensation, bonuses and benefits paid to all administrative and support staff reportable on the university or related entities (e.g. foundations or booster clubs) W-2 and 1099 forms, as well as any non-taxable benefits, inclusive of:

- Gross wages and bonuses.
- Benefits including allowances, speaking fees, retirement, stipends, memberships, media income, tuition reimbursement/exemptions and earned deferred compensation, including those funded by the state.

Staff members responsible for the gender-specific athletics department, but not a specific sport (i.e., director of men's athletics), will have their compensation figures reported as Expenses Not Related to Specific Teams fields. Athletics department staff members who assist both men's and women's teams (sports information director, academic advisor) will be reported as Not Allocated by Gender column.

25 Support Staff/ Administrative Compensation, Benefits and Bonuses paid by Third Party \$0 Input compensation, bonuses and benefits paid to administrative and support staff by a third party and contractually guaranteed by the institution, but not included on the institutions W-2, as well as non-taxable benefits, including:

- Car stipend.
- Country club membership.
- Allowances for clothing, housing, entertainment.
- Speaking fees.
- Camps compensation.
- Media income.
- Shoe and apparel income.

Expense Category 23 and 25 should equal Category 10.

Expenses by Object of Expenditure	Men's Teams Only		Women's Teams Only		Not Allocated by Gender	
	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by Third Party	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by Third Party	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by Third Party
Baseball	197,624	0				
Basketball	1,806,152	0	368,170	0		
Football	2,144,165	0				
Golf	5,726	0	5,618	0		
Soccer			1,272	0		
Softball			60,006	0		
Swimming and Diving			27,706	0		
Tennis			3,027	0		
Track and Field, X-Country	50,608	0	49,775	0		
Volleyball			89,477	0		
Others						
Subtotal All Teams	4,204,275	0	605,051	0	0	0
Expenses Not Related to Specific Teams		0		0	11,593,950	0
Total Expenses	4,204,275	0	605,051	0	11,593,950	0

26 Severance Payments \$5,257,160 Input severance payments and applicable benefits recognized for past coaching and administrative personnel.

Expenses by Object of Expenditure	Men's Teams Only Women's Teams Only Not Allocated by Gender		
	Severance Payments	Severance Payments	Severance Payments
Baseball			
Basketball		235,477	
Football	4,594,082		
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis		7,487	
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	4,594,082	242,964	0
Expenses Not Related to Specific Teams			420,114
Total Expenses	4,594,082	242,964	420,114

27 Recruiting \$1,500,406 Input transportation, lodging and meals for prospective student-athletes and institutional personnel on official and unofficial visits, telephone call charges, postage and such. Include value of use of institution's own vehicles or airplanes as well as in-kind value of loaned or contributed transportation.

Expenses by Object of Expenditure	Men's Teams Only Women's Teams Only Not Allocated by Gender		
	Recruiting	Recruiting	Recruiting
Baseball	59,933		
Basketball	390,590	103,751	
Football	665,157		
Golf	8,181	27,128	
Soccer		39,250	
Softball		48,786	
Swimming and Diving		20,048	
Tennis		1,468	
Track and Field, X-Country	43,002	43,002	
Volleyball		47,170	
Others			
Subtotal All Teams	1,166,863	330,603	0
Expenses Not Related to Specific Teams			2,940
Total Expenses	1,166,863	330,603	2,940

28 Team \$4,170,360 Input air travel, ground travel, lodging, meals, and incidentals (including housing costs incurred during school break period) for competition related to preseason and regular season. Amounts incurred for food, lodging for housing the team before a home game, use of the institution’s own vehicles, airplanes, or in-kind value of donor-provided transportation should be included.

Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.

Expenses by Object of Expenditure	Men's Teams Only Women's Teams Only Not Allocated by Gender		
	Team Travel	Team Travel	Team Travel
Baseball	404,088		
Basketball	1,050,166	487,423	
Football	1,170,053		
Golf	80,818	79,080	
Soccer		171,544	
Softball		161,501	
Swimming and Diving		-9,285	
Tennis		82,553	
Track and Field, X-Country	107,145	107,145	
Volleyball		227,711	
Others			
Subtotal All Teams	2,812,270	1,307,672	0
Expenses Not Related to Specific Teams			50,418
Total Expenses	2,812,270	1,307,672	50,418

29 Sports Equipment \$2,291,340 Input items that are provided to the teams only. Equipment amounts are Uniforms and those expended from current or operating funds. Include value of in-kind Supplies equipment provided.

Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.

Expenses by Object of Expenditure	Men's Teams Only Sports Equipment Uniforms and Supplies	Women's Teams Only Sports Equipment Uniforms and Supplies	Not Allocated by Gender Sports Equipment Uniforms and Supplies
Baseball	237,398		
Basketball	393,718	121,210	
Football	831,408		
Golf	98,526	77,438	
Soccer		28,770	
Softball		26,924	
Swimming and Diving		46,911	
Tennis		27,266	
Track and Field, X-Country	128,066	128,067	
Volleyball		58,558	
Others			
Subtotal All Teams	1,689,116	515,144	0
Expenses Not Related to Specific Teams			87,080
Total Expenses	1,689,116	515,144	87,080

30 Game Expense s \$2,218,667 Input game-day expenses other than travel which are necessary for intercollegiate athletics competition, including officials, security, event staff, ambulance, etc. Input any payments back to the conference for hosting a tournament.

Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.

Expenses by Object of Expenditure	Men's Teams Only Game Expenses	Women's Teams Only Game Expenses	Not Allocated by Gender Game Expenses
Baseball	40,631		
Basketball	425,455	61,631	
Football	838,368		
Golf	59,336	44,730	
Soccer		5,306	
Softball		41,145	
Swimming and Diving		53,388	
Tennis		3,839	
Track and Field, X-Country	44,659	44,659	
Volleyball		29,051	
Others			
Subtotal All Teams	1,408,449	283,749	0
Expenses Not Related to Specific Teams			526,469
Total Expenses	1,408,449	283,749	526,469

31 Fund Raising, Marketing and Promotion \$1,206,166 Input costs associated with fund raising, marketing and promotion for media guides, brochures, recruiting publications and such.

Expenses by Object of Expenditure	Men's Teams Only Fund Raising, Marketing and Promotion	Women's Teams Only Fund Raising, Marketing and Promotion	Not Allocated by Gender Fund Raising, Marketing and Promotion
Baseball	16,960		
Basketball	49,265	5,686	
Football	33,066		
Golf	2,674	2,659	
Soccer			
Softball		1,028	
Swimming and Diving		1,630	
Tennis			
Track and Field, X-Country	1,239	1,240	
Volleyball		18,895	
Others			
Subtotal All Teams	103,204	31,138	0
Expenses Not Related to Specific Teams			1,071,824
Total Expenses	103,204	31,138	1,071,824

32 Sports Camp Expenses \$135,859 Input all expenses paid by the athletics department, including non-athletics personnel salaries and benefits, from hosting sports camps and clinics. Athletics personnel salaries and benefits should be reported in Categories 22-25.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Sports Camp Expenses	Sports Camp Expenses	Sports Camp Expenses
Baseball			
Basketball	46,951	5,574	
Football	3,253		
Golf	1,400		
Soccer		451	
Softball		642	
Swimming and Diving		4,067	
Tennis			
Track and Field, X-Country	35,936	35,936	
Volleyball		1,649	
Others			
Subtotal All Teams	87,540	48,319	0
Expenses Not Related to Specific Teams			
Total Expenses	87,540	48,319	0

33 Spirit Groups

\$0 Include support for spirit groups including bands, cheerleaders, mascots, dancers, etc.

Note: Expenses related to post-season play should be included in Categories 41 or 42 respectively.

Expenses by Object of Expenditure	Men's Teams Only Spirit Groups	Women's Teams Only Spirit Groups	Not Allocated by Gender Spirit Groups
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

34 Athletic Facilities Debt Service, Leases and Rental Fee \$8,447,017 Input debt service payments (principal and interest, including internal loan programs), leases and rental fees for athletics facilities for the reporting year regardless of entity paying (athletics, institution or other).

Do not report depreciation.

Note: If the institution is paying for all debt service, leases, or rental fees for athletic facilities but not charging to athletics, this category should equal Category 6A. If athletics or other entities are paying these expenses or the institution is charging directly to athletics, this category will not equal Category 6A.

Expenses by Object of Expenditure	Men's Teams Only Athletic Facilities Debt Service, Leases and Rental Fee	Women's Teams Only Athletic Facilities Debt Service, Leases and Rental Fee	Not Allocated by Gender Athletic Facilities Debt Service, Leases and Rental Fee
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			8,447,017
Total Expenses	0	0	8,447,017

35 Direct Overhead and Administrative Expenses \$10,814,839 Input overhead and administrative expenses paid by or charged directly to athletics including:

- Administrative/Overhead fees charged by the institution to athletics.
- Security.
- Risk Management.
- Other Administrative Expenses.

Expenses by Object of Expenditure	Men's Teams Only Direct Overhead and Administrative Expenses	Women's Teams Only Direct Overhead and Administrative Expenses	Not Allocated by Gender Direct Overhead and Administrative Expenses
Baseball	141,804		
Basketball	413,705	222,725	
Football	1,187,658		
Golf	19,303	35,030	
Soccer		42,058	
Softball		69,737	
Swimming and Diving		15,784	
Tennis		9,931	
Track and Field, X-Country	71,760	71,760	
Volleyball		93,878	
Others			
Subtotal All Teams	1,834,230	560,903	0
Expenses Not Related to Specific Teams			8,419,706
Total Expenses	1,834,230	560,903	8,419,706

35A Facilities Maintenance and Operations \$5,352,734 Input facilities maintenance and operations expenses paid by or charged directly to athletics including:

- Facilities maintenance.
- Utilities.
- Equipment Repair.

Expenses by Object of Expenditure	Men's Teams Only Facilities Maintenance and Operations	Women's Teams Only Facilities Maintenance and Operations	Not Allocated by Gender Facilities Maintenance and Operations
Baseball	8,270		
Basketball	755	1,823	
Football	17,320		
Golf	605	902	
Soccer			
Softball		209	
Swimming and Diving		199	
Tennis			
Track and Field, X-Country	117	118	
Volleyball			
Others			
Subtotal All Teams	27,067	3,251	0
Expenses Not Related to Specific Teams			5,322,416
Total Expenses	27,067	3,251	5,322,416

36 Indirect Institutional Support      \$0 Input overhead and administrative expenses **NOT** paid by or charged directly to athletics including:

- Administrative/Overhead fees not charged by the institution to athletics.
- Facilities maintenance.
- Security.
- Risk Management.
- Utilities.
- Equipment Repair.
- Telephone.
- Other Administrative Expenses.

Do not report depreciation.

Note: This category should equal Category 6.

Expenses by Object of Expenditure	Men's Teams Only Indirect Institutional Support	Women's Teams Only Indirect Institutional Support	Not Allocated by Gender Indirect Institutional Support
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

37 Medical Expenses and Insurance \$1,612,709 Input medical expenses and medical insurance premiums for student-athletes.

Expenses by Object of Expenditure	Men's Teams Only Medical Expenses and Insurance	Women's Teams Only Medical Expenses and Insurance	Not Allocated by Gender Medical Expenses and Insurance
Baseball	4,209		
Basketball	2,875		
Football	27,130		
Golf		220	
Soccer		500	
Softball		4,180	
Swimming and Diving			
Tennis		309	
Track and Field, X-Country	261	262	
Volleyball		4,460	
Others			
Subtotal All Teams	34,475	9,931	0
Expenses Not Related to Specific Teams			1,568,303
Total Expenses	34,475	9,931	1,568,303

38 Memberships and Dues \$35,720 Input memberships, conference and association dues.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Memberships and Dues	Memberships and Dues	Memberships and Dues
Baseball			
Basketball	1,280	690	
Football	10,824		
Golf	400	445	
Soccer		507	
Softball			
Swimming and Diving		765	
Tennis			
Track and Field, X-Country	669	669	
Volleyball		869	
Others			
Subtotal All Teams	13,173	3,945	0
Expenses Not Related to Specific Teams			18,602
Total Expenses	13,173	3,945	18,602

39 Student-Athlete Meals (non-travel) \$3,480,954 Include meal allowance and food/snacks provided to student-athletes.

Note: Meals provided during team travel should be reported in Category 28.

Expenses by Object of Expenditure	Men's Teams Only Student-Athlete Meals (non-travel)	Women's Teams Only Student-Athlete Meals (non-travel)	Not Allocated by Gender Student-Athlete Meals (non-travel)
Baseball	183,550		
Basketball	504,011	225,997	
Football	1,976,267		
Golf	26,116	15,370	
Soccer		61,831	
Softball		24,726	
Swimming and Diving		47,350	
Tennis		26,438	
Track and Field, X-Country	74,833	74,833	
Volleyball		93,660	
Others			
Subtotal All Teams	2,764,777	570,205	0
Expenses Not Related to Specific Teams			145,972
Total Expenses	2,764,777	570,205	145,972

40 Other Operating Expenses \$1,292,987 Input any operating expenses paid by athletics in the report year which cannot be classified into one of the stated categories, including:

- Non-team travel (conferences, etc.).
- Team banquets and awards.

If the figure is greater than 10% of total expenses, please report the top three activities included in this category in the comments section.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Other Operating Expenses	Other Operating Expenses	Other Operating Expenses
Baseball	938		
Basketball	39,717	2,648	
Football	34,674		
Golf	13,708	837	
Soccer		244	
Softball		5,832	
Swimming and Diving		200	
Tennis			
Track and Field, X-Country	18,848	18,848	
Volleyball		6,052	
Others			
Subtotal All Teams	107,885	34,661	0
Expenses Not Related to Specific Teams			1,150,441
Total Expenses	107,885	34,661	1,150,441

41 Post-Season Football Expenses \$0 Input all expenditures related to participation in a post-season football game, including:

- Team travel, lodging and meal expenses, including NCAA tournaments.
- Bonuses related to participation.
- Spirit groups.
- Uniforms.

Note: All post-season football play-related coaching compensation/bonuses and host settlements should be reported in Category 41A and 41B, respectively. Entries should not include conference tournaments or championships.

Expenses by Object of Expenditure	Men's Teams Only Post-Season Football Expenses	Women's Teams Only Post-Season Football Expenses	Not Allocated by Gender Post-Season Football Expenses
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

41A Post-Season Football Expenses – Coaching Compensation/ Bonuses

\$0 Input all coaching bonuses related to participation in a post-season football game.

Note: Entries should not include conference tournaments or championships.

Expenses by Object of Expenditure	Men's Teams Only Post-Season Football Expenses – Coaching Compensation/ Bonuses	Women's Teams Only Post-Season Football Expenses – Coaching Compensation/ Bonuses	Not Allocated by Gender Post-Season Football Expenses – Coaching Compensation/ Bonuses
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

41B NCAA Football Host Expense Settlements \$0 Input expenses incurred for hosting a NCAA football tournament or championship.

Expenses by Object of Expenditure	Men's Teams Only NCAA Football Host Expense Settlements	Women's Teams Only NCAA Football Host Expense Settlements	Not Allocated by Gender NCAA Football Host Expense Settlements
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

42 NCAA Post-Season Non- \$743,345 Input all expenditures related to participation in a non-football post-season championship game, including:  
 Football Expenses

- Team travel, lodging and meal expenses, including NCAA tournaments.
- Bonuses related to participation.
- Spirit groups.
- Uniforms.

Note: All post-season non-football play-related coaching compensation/bonuses and host settlements should be reported in Category 42A and 42B, respectively.

Expenses by Object of Expenditure	Men's Teams Only NCAA Post-Season Non-Football Expenses	Women's Teams Only NCAA Post-Season Non-Football Expenses	Not Allocated by Gender NCAA Post-Season Non-Football Expenses
Baseball			
Basketball	581,731		
Football			
Golf	2,972	20,400	
Soccer			
Softball			
Swimming and Diving		11,426	
Tennis			
Track and Field, X-Country	60,254	60,255	
Volleyball			
Others			
Subtotal All Teams	644,957	92,081	0
Expenses Not Related to Specific Teams			6,307
Total Expenses	644,957	92,081	6,307

42A NCAA Post-Season Non-Football Expenses – \$561,021 Input all coaching bonuses related to Coaching Compensation/ Bonuses participation in a non-football post-season game.

Expenses by Object of Expenditure	Men's Teams Only NCAA Post-Season Non-Football Expenses – Coaching Compensation/ Bonuses	Women's Teams Only NCAA Post-Season Non-Football Expenses – Coaching Compensation/ Bonuses	Not Allocated by Gender NCAA Post-Season Non-Football Expenses – Coaching Compensation/ Bonuses
Baseball			
Basketball	525,000		
Football			
Golf	10,146	8,250	
Soccer			
Softball			
Swimming and Diving		12,625	
Tennis			
Track and Field, X-Country	5,000		
Volleyball			
Others			
Subtotal All Teams	540,146	20,875	0
Expenses Not Related to Specific Teams			
Total Expenses	540,146	20,875	0

42B NCAA Non-Football Host Expense Settlements \$0 Input expenses incurred for hosting a non-football NCAA tournament or championship.

Expenses by Object of Expenditure	Men's Teams Only NCAA Non-Football Host Expense Settlements	Women's Teams Only NCAA Non-Football Host Expense Settlements	Not Allocated by Gender NCAA Non-Football Host Expense Settlements
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

43 Enhanced Educational Benefits (Alston or other) \$1,591,260 Input any academic or graduation awards or incentives (Alston or other) paid by the institution within the reporting year that would not be included in the cost of attendance calculation.

Expenses by Object of Expenditure	Men's Teams Only Enhanced Educational Benefits (Alston or other)	Women's Teams Only Enhanced Educational Benefits (Alston or other)	Not Allocated by Gender Enhanced Educational Benefits (Alston or other)
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			1,591,260
Total Expenses	0	0	1,591,260

44 Institutional NIL Revenue Share \$0 Input institutional payments to student-athletes for use of Name, Image and Likeness (NIL) (including from institutional designee or contractor). Please include other direct institutional payments or additional benefits to student-athletes and/or student-athletes' families not currently permitted or permitted prior to the House settlement approval. However, do not include additional scholarships or enhanced educational benefits.

Expenses by Object of Expenditure	Men's Teams Only Institutional NIL Revenue Share	Women's Teams Only Institutional NIL Revenue Share	Not Allocated by Gender Institutional NIL Revenue Share
Baseball			
Basketball			
Football			
Golf			
Soccer			
Softball			
Swimming and Diving			
Tennis			
Track and Field, X-Country			
Volleyball			
Others			
Subtotal All Teams	0	0	0
Expenses Not Related to Specific Teams			
Total Expenses	0	0	0

Total Operating Expenses \$98,864,678 Total of Categories 20-44.

Expenses by Object of Expenditure	Men's Teams Only	Women's Teams Only	Not Allocated by Gender
	Total Operating Expenses	Total Operating Expenses	Total Operating Expenses
Baseball	2,894,982		
Basketball	14,626,221	3,532,567	
Football	26,412,924		
Golf	814,116	785,459	
Soccer		1,240,069	
Softball		1,249,794	
Swimming and Diving		1,176,618	
Tennis		658,765	
Track and Field, X-Country	1,431,461	1,642,940	
Volleyball		1,692,914	
Others			
Subtotal All Teams	46,179,704	11,979,126	0
Expenses Not Related to Specific Teams	0	0	40,705,848
Total Expenses	46,179,704	11,979,126	40,705,848

### Athletics Participation

Table 588 Table 1 - - Athletics Participation. A participant at an NCAA member institution is defined as a student who, at any point during the academic year: (a) is listed as a team member; (b) practices with the varsity team and receives coaching from one or more varsity coaches; or (c) receives athletically-related student aid.

Any student who satisfies one or more of the criteria above is a participant, including a student on a team the institution designates or defines as junior varsity, freshman, or novice, or a student who does not play in a scheduled contest, whether for medical reasons or to preserve eligibility (i.e., a redshirt).

Student-athletes who participate in more than one sport should be counted in each sport. The Coed Teams column is marked based on the content of the sports sponsored table (Mixed Sports) in the School Info page. **Male practice players are NOT to be included as participants in this table.**

Sport	Number of Participants		Number of Participants Participating on a Second Team		Number of Participants Participating on a Third Team		
	Coed Teams	Men's Teams	Women's Teams	Men's Teams	Women's Teams	Men's Teams	Women's Teams
Baseball		47					
Basketball		14	14				
Cross Country		16	16	14	16	14	16
Football		119					
Golf		12	10				
Soccer			32				
Softball			22				
Swimming and Diving			33				
Tennis			7				
Track, Indoor		59	54	58	54	15	16
Track, Outdoor		60	54	58	54	15	16
Volleyball			19				
Others							
Total Participants		327	261	130	124	44	48
Participant Proportion		55.6%	44.4%				
Unduplicated Count of Participants		255	191				

**Head Coaching Assignments - Men's Teams**

Table 2A

5 Table 2A - - - Head Coaches Assignments Men's Teams

Sport	Head Coaches of Men's Teams							
	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Baseball	1		1					
Basketball	1		1					
Football	1		1					
Golf	1		1					
Track and Field, X-Country	1		1					
Others								
Coaching Position Totals	5	0	5	0	0	0	0	0

### Head Coaching Assignments - Women's Teams

Table 2B

8 Table 2B - - - Head Coaches Assignments Women's Teams

Sport	Head Coaches of Women's Teams							
	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Basketball	1		1					
Golf					1		1	
Soccer	1		1					
Softball					1		1	
Swimming and Diving					1		1	
Tennis					1		1	
Track and Field, X-Country	1		1					
Volleyball	1		1					
Others								
Coaching Position Totals	4	0	4	0	4	0	4	0

**Assistant Coaching Assignments - Men's Teams**

Table 3A

22 Table 3A - - - Assistant Coaches Assignments Men's Teams

Sport	Assistant Coaches of Men's Teams							
	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Baseball	3		3					
Basketball	3		3					
Football	10		10					
Golf	1		1					
Track and Field, X-Country	5		5					
Others								
Coaching Position Totals	22	0	22	0	0	0	0	0

**Assistant Coaching Assignments - Women's Teams**

Table 3B

20 Table 3B - - Assistant Coaches Assignments Women's Teams

Sport	Assistant Coaches of Women's Teams							
	Male Coaches - Head Count				Female Coaches - Head Count			
	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer	Full Time Coaching Duties	Part Time Coaching Duties	Full Time University Employee	Part Time University Employee or Volunteer
Basketball	1		1		2		2	
Golf	1		1					
Soccer	1		1		2		2	
Softball	1		1		2		2	
Swimming and Diving	2		2					
Tennis	1		1					
Track and Field, X-Country	5		5					
Volleyball	1		1		1		1	
Others								
Coaching Position Totals	13	0	13	0	7	0	7	0

## Other Reporting Items

### AUP Data Categories:

- 50 - Excess Transfers to Institution:** \$0
- 51 - Conference Realignment Expenses:** \$666,667
- 52 - Total Athletics Related Debt:** \$239,776,425
- 53 - Total Institutional Debt:** \$1,850,576,361
- 54 - Athletics Dedicated Endowments:** \$10,560,308
- 55 - Institutional Endowments:** \$952,586,988
- 56 - Athletics Related Capital Expenditures:** \$300,363

### Other Data Categories:

- Institutional Expenses:** \$1,246,852,531
- Athletically-Related Facilities Annual Debt Service:** \$14,210,642
- Institution's Annual Debt Service:** \$102,359,884
- Institution's Education and General Expenses:** \$1,094,470,366
- Average Cost of Full Grant-in-Aid - In-State:** \$30,106
- Average Cost of Full Grant-in-Aid - Out-of-State:** \$45,706
- Average Cost of Attendance - In-State:** \$37,307
- Average Cost of Attendance - Out-of-State:** \$52,907
- Expenses Dedicated to Compliance:** \$543,688
- Name of Compliance Software Used:** Teamworks (Compliance + Recruiting)
- Compliance FTEs:** 4.5

### Revenue Distribution - Sports Sponsored

Distribution Year: 2026

Academic Year of Sport Sponsorship Information: 2024-25

Men's Sports	Women's Sports	Mixed Sports
x Baseball	x Softball	
x Football	x Women's Basketball	
x Men's Basketball	x Women's Cross Country	
x Men's Cross Country	x Women's Golf	
x Men's Golf	x Women's Soccer	
x Men's Track, Indoor	x Women's Swimming and Diving	
x Men's Track, Outdoor	x Women's Tennis	
	x Women's Track, Indoor	
	x Women's Track, Outdoor	
	x Women's Volleyball	
<b>Total Men's Sports Sponsored: 7</b>	<b>Total Women's Sports Sponsored: 10</b>	<b>Total Mixed Sports Sponsored:</b>
<b>Current Year's Submission of Sports Sponsored: 17</b>	<b>Previous Year's Submission of Sports Sponsored: 17</b>	<b>Variance: 0</b>

**Revenue Distribution - Grants-in-Aid**

**Distribution Year: 2026**

**Academic Year of Grant-in-Aid Information: 2024-25**

**Men's Team Sports**

<b>Men's Team Sport</b>	<b>Athletic Aid Equivalency (A)</b>	<b>Exhausted Eligibility or Medical Equivalency (B)</b>	<b>Total Equivalencies Awarded (A+B)</b>	<b>Total Revenue Distribution Equivalencies Awarded</b>
Baseball	13.77	0.15	13.92	11.85
Basketball	13	0	13	13
Football	85.4	1	86.4	86
Golf	5.2	0	5.2	4.5
Track and Field, X- Country	14.47	0	14.47	12.6
<b>Total Men's</b>	<b>131.84</b>	<b>1.15</b>	<b>132.99</b>	<b>127.95</b>

**Women's Team Sports**

<b>Women's Team Sport</b>	<b>Athletic Aid Equivalency (A)</b>	<b>Exhausted Eligibility or Medical Equivalency (B)</b>	<b>Total Equivalencies Awarded (A+B)</b>	<b>Total Revenue Distribution Equivalencies Awarded</b>
Basketball	12.81	0	12.81	12.81
Golf	7.04	0	7.04	6
Soccer	15.7	0	15.7	14
Softball	11.44	0	11.44	11.44
Swimming and Diving	15.4	0	15.4	14
Tennis	7	0	7	7
Track and Field, X- Country	21.26	0.91	22.17	18.91
Volleyball	11.99	0	11.99	11.99
<b>Total Women's</b>	<b>102.64</b>	<b>0.91</b>	<b>103.55</b>	<b>96.15</b>

**Mixed Team Sports**

<b>Mixed Team Sport</b>	<b>Athletic Aid Equivalency (A)</b>	<b>Exhausted Eligibility or Medical Equivalency (B)</b>	<b>Total Equivalencies Awarded (A+B)</b>	<b>Total Revenue Distribution Equivalencies Awarded</b>
<b>Total Mixed</b>	0	0	0	0

<b>Prior Year Total Rev Dist Equivalencies (Total Reported)</b>	<b>Current Year Total Rev Dist Equivalencies (Total Reported)</b>	<b>Variance Between Prior and Current Year</b>
219.84 (227.62)	224.10 (236.54)	4.26 (1.94%)

**Revenue Distribution - Pell Grants**

**Distribution Year: 2026**

**Academic Year of Pell Grant Information: 2024-25**

**Men's Team Sports**

Sport	2024-25 Pell Grants	Prior Year Pell Grants	Variance Totals	Total Dollar Amount for SAs on Pell Grants
Baseball	6	4	2	43,405
Basketball	1	5	-4	7,395
Football	43	54	-11	228,127
Golf		0	0	
Track and Field, X-Country	25	18	7	149,958
<b>Men's Total</b>	<b>75</b>	<b>81</b>	<b>-6</b>	<b>428,885</b>

**Women's Team Sports**

Sport	2024-25 Pell Grants	Prior Year Pell Grants	Variance Totals	Total Dollar Amount for SAs on Pell Grants
Basketball	3	5	-2	21,190
Golf	1	0	1	7,395
Soccer	1	1	0	1,615
Softball	6	5	1	41,005
Swimming and Diving	1	1	0	7,395
Tennis	1	0	1	7,395
Track and Field, X-Country	12	7	5	75,693
Volleyball	4	2	2	16,670
<b>Women's Total</b>	<b>29</b>	<b>21</b>	<b>8</b>	<b>178,358</b>

**Mixed Team Sports**

Sport	2024-25 Pell Grants	Prior Year Pell Grants	Variance Totals	Total Dollar Amount for SAs on Pell Grants
<b>Mixed Total</b>	<b>0</b>		<b>0</b>	<b>0</b>

	<b>2024-25 Pell Grants</b>	<b>Prior Year Pell Grants</b>	<b>Variance Totals</b>	<b>Total Dollar Amount for SAs on Pell Grants</b>
<b>Total</b>	<b>104</b>	<b>102</b>	<b>2</b>	<b>\$607,243</b>

## **Comments**

**Comments:** Regarding the variance around the increase of the Athletically-related outstanding debt balance, the change was driven onboarding of approx. \$118M of new debt tied to the construction of the new football operations building connect to the football stadium.

### Miscellaneous Information

**Note: These values are calculated from data entered earlier in the system.**

Athletically  
Related  
Student Aid

Input the total dollar amount of athletic student-aid for the reporting year including:

- Summer school.
- Tuition discounts and waivers (unless it is a discount or waiver available to the general student body).
- Aid given to student-athletes who are inactive (medical reasons) or no longer eligible (exhausted eligibility).
- Other expenses related to attendance.

Note: Division I Grants-in-aid equivalencies are calculated by using the revenue distribution equivalencies by sport and in aggregate. (Athletic grant amount divided by the full grant amount). Other expenses related to attendance (also known as cost of attendance) should not be included in the grants-in-aid revenue distribution equivalencies. Only tuition, fees, living expenses and course related books are countable for grants-in-aid revenue distribution per Bylaw 20.02.11.

Athletics aid awarded to non-athletes (student-managers, graduate assistants, trainers) should be reported as Expenses Not Related to Specific Teams. It is permissible to report only dollars in the Expenses Not Related to Specific Teams row as long as you have reported non- zero entries for Equivalencies, Number of Students, and Dollars (all 3 required for at least one sport).

Note: Pell grants are provided by the government, not the institution or athletics department, and therefore should be excluded from reporting in this category.

Note: This information can be managed within the NCAA's Compliance Assistance (CA) software. The equivalencies entered into compliance assistance will automatically populate to the athletic student aid section within the NCAA Financial Reporting System when the CA import feature is selected.

Men's Teams	\$5,608,998
Women's Teams	\$3,768,639
Total Amount	\$9,377,637

Recruiting  
Expenditures

Input transportation, lodging and meals for prospective student-athletes and institutional personnel on official and unofficial visits, telephone call charges, postage and such. Include value of use of institution's own vehicles or airplanes as well as in-kind value of loaned or contributed transportation.

Men's Teams	\$1,166,863
Women's Teams	\$330,603

Total Amount	\$1,497,466
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Head Coaches Salaries

Input compensation, bonuses and benefits paid to all coaches reportable on the university or related entities W-2 and 1099 forms, as well as non-taxable benefits (1098T), inclusive of:

- Gross wages and bonuses.
- Taxable and non-taxable benefits include allowances, speaking fees, retirement, stipends, memberships, media income, tuition reimbursement/exemptions (for self or a dependent) and earned deferred compensation, including those funded by the state.

Place any severance payments in Category 26.

Note: Bonuses related to participation in a post-season game should be included in Category 41A or 42A respectively.

Average Salaries of Head Coaches	Dollars per FTE	FTE's	Dollars per Position	Number of Positions
Men's Teams	\$2,360,469	4.5	\$2,124,422	5
Women's Teams	\$236,817	7.5	\$222,016	8

Assistant Coaches Salaries

Input compensation, bonuses and benefits paid to all coaches reportable on the university or related entities W-2 and 1099 forms, as well as non-taxable benefits (1098T), inclusive of:

- Gross wages and bonuses.
- Taxable and non-taxable benefits include allowances, speaking fees, retirement, stipends, memberships, media income, tuition reimbursement/exemptions (for self or a dependent) and earned deferred compensation, including those funded by the state.

Place any severance payments in Category 26.

Note: Bonuses related to participation in a post-season game should be included in Category 41A or 42A respectively.

Average Salaries of Assistant Coaches	Dollars per FTE	FTE's	Dollars per Position	Number of Positions
Men's Teams	\$338,765	19.5	\$300,269	22
Women's Teams	\$95,911	17.5	\$83,922	20

**Statement of Revenues and Expenses  
For the fiscal year ended 2025**

ID	Item	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
<i>Revenues</i>							
1	Ticket Sales	\$3,763,481	\$2,746,484	\$51,252	\$338,226	\$735,317	\$7,634,760
2	Direct State or Other Government Support	\$0	\$0	\$0	\$0	\$0	\$0
3	Student Fees	\$0	\$0	\$0	\$0	\$8,135,241	\$8,135,241
4	Direct Institutional Support	\$0	\$0	\$0	\$0	\$33,036,328	\$33,036,328
5	Less - Transfers to Institution	\$0	\$0	\$0	\$0	\$0	\$0
6	Indirect Institutional Support	\$0	\$0	\$0	\$0	\$0	\$0
6A	Indirect Institutional Support - Athletic Facilities Debt Service, Lease and Rental Fees	\$0	\$0	\$0	\$0	\$0	\$0
7	Guarantees	\$400,000	\$0	\$0	\$6,000	\$0	\$406,000
8	Contributions	\$155,199	\$552,175	\$53,236	\$1,564,601	\$12,771,135	\$15,096,346
9	In-Kind	\$0	\$0	\$0	\$0	\$527,948	\$527,948
10	Compensation and Benefits provided by a third party	\$0	\$0	\$0	\$0	\$0	\$0
11	Media Rights	\$6,518,007	\$2,456,061	\$0	\$0	\$472,319	\$9,446,387
12	Total NCAA Distributions	\$0	\$1,343,208	\$0	\$28,646	\$1,426,653	\$2,798,507
12A	NCAA Distributions	\$0	\$992,365	\$0	\$0	\$1,426,653	\$2,419,018
12B	NCAA Host Revenue Settlements	\$0	\$0	\$0	\$0	\$0	\$0
12C	Post-Season Non-Football NCAA Expense Reimbursements	\$0	\$350,843	\$0	\$28,646	\$0	\$379,489
13	Conference Distributions (Non Media and Non Post Season)	\$188,819	\$430,393	\$13,998	\$25,010	\$550,531	\$1,208,751

ID	Item	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
13A	Conference Distributions of Post-Season Generated Revenue	\$5,024,367	\$0	\$0	\$0	\$0	\$5,024,367
14	Program, Novelty, Parking and Concession Sales	\$130,659	\$75,823	\$0	\$3,000	\$1,040,679	\$1,250,161
15	Royalties, Licensing, Advertisement and Sponsorships	\$0	\$0	\$0	\$0	\$6,447,110	\$6,447,110
16	Sports Camp Revenues	\$6,216	\$117,541	\$4,123	\$90,188	\$0	\$218,068
17	Athletics Restricted Endowment and Investments Income	\$22,971	\$13,427	\$0	\$46,550	\$304,706	\$387,654
18	Other Operating Revenue	\$15,726	\$25,300	\$0	\$157,045	\$943,397	\$1,141,468
19	Post-Season Football Expense Reimbursements	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Total Operating Revenues</b>	<b>\$16,225,445</b>	<b>\$7,760,412</b>	<b>\$122,609</b>	<b>\$2,259,266</b>	<b>\$66,391,364</b>	<b>\$92,759,096</b>
<i>Expenses</i>							
20	Athletic Student Aid	\$3,870,988	\$575,546	\$529,136	\$4,401,967	\$283,029	\$9,660,666
21	Guarantees	\$350,000	\$927,176	\$79,432	\$49,000	\$0	\$1,405,608
22	Coaching Salaries, Benefits and Bonuses paid by the University and Related Entities	\$8,658,511	\$6,892,128	\$1,081,194	\$4,050,751	\$0	\$20,682,584
23	Coaching Salaries, Benefits and Bonuses paid by a Third Party	\$0	\$0	\$0	\$0	\$0	\$0
24	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by the University and Related Entities	\$2,144,165	\$1,806,152	\$368,170	\$490,839	\$11,593,950	\$16,403,276

ID	Item	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
25	Support Staff/ Administrative Compensation, Benefits and Bonuses paid by Third Party	\$0	\$0	\$0	\$0	\$0	\$0
26	Severance Payments	\$4,594,082	\$0	\$235,477	\$7,487	\$420,114	\$5,257,160
27	Recruiting	\$665,157	\$390,590	\$103,751	\$337,968	\$2,940	\$1,500,406
28	Team Travel	\$1,170,053	\$1,050,166	\$487,423	\$1,412,300	\$50,418	\$4,170,360
29	Sports Equipment Uniforms and Supplies	\$831,408	\$393,718	\$121,210	\$857,924	\$87,080	\$2,291,340
30	Game Expenses	\$838,368	\$425,455	\$61,631	\$366,744	\$526,469	\$2,218,667
31	Fund Raising, Marketing and Promotion	\$33,066	\$49,265	\$5,686	\$46,325	\$1,071,824	\$1,206,166
32	Sports Camp Expenses	\$3,253	\$46,951	\$5,574	\$80,081	\$0	\$135,859
33	Spirit Groups	\$0	\$0	\$0	\$0	\$0	\$0
34	Athletic Facilities Debt Service, Leases and Rental Fee	\$0	\$0	\$0	\$0	\$8,447,017	\$8,447,017
35	Direct Overhead and Administrative Expenses	\$1,187,658	\$413,705	\$222,725	\$571,045	\$8,419,706	\$10,814,839
35A	Facilities Maintenance and Operations	\$17,320	\$755	\$1,823	\$10,420	\$5,322,416	\$5,352,734
36	Indirect Institutional Support	\$0	\$0	\$0	\$0	\$0	\$0
37	Medical Expenses and Insurance	\$27,130	\$2,875	\$0	\$14,401	\$1,568,303	\$1,612,709
38	Memberships and Dues	\$10,824	\$1,280	\$690	\$4,324	\$18,602	\$35,720
39	Student-Athlete Meals (non-travel)	\$1,976,267	\$504,011	\$225,997	\$628,707	\$145,972	\$3,480,954
40	Other Operating Expenses	\$34,674	\$39,717	\$2,648	\$65,507	\$1,150,441	\$1,292,987
41	Post-Season Football Expenses	\$0	\$0	\$0	\$0	\$0	\$0

ID	Item	Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
41A	Post-Season Football Expenses – Coaching Compensation/ Bonuses	\$0	\$0	\$0	\$0	\$0	\$0
41B	NCAA Football Host Expense Settlements	\$0	\$0	\$0	\$0	\$0	\$0
42	NCAA Post-Season Non-Football Expenses	\$0	\$581,731	\$0	\$155,307	\$6,307	\$743,345
42A	NCAA Post-Season Non-Football Expenses – Coaching Compensation/ Bonuses	\$0	\$525,000	\$0	\$36,021	\$0	\$561,021
42B	NCAA Non-Football Host Expense Settlements	\$0	\$0	\$0	\$0	\$0	\$0
43	Enhanced Educational Benefits (Alston or other)	\$0	\$0	\$0	\$0	\$1,591,260	\$1,591,260
44	Institutional NIL Revenue Share	\$0	\$0	\$0	\$0	\$0	\$0
	Total Operating Expenses	\$26,412,924	\$14,626,221	\$3,532,567	\$13,587,118	\$40,705,848	\$98,864,678
	<b>Excess (Deficiencies) of Revenues Over (Under) Expenses</b>	<b>-\$10,187,479</b>	<b>-\$6,865,809</b>	<b>-\$3,409,958</b>	<b>-\$11,327,852</b>	<b>\$25,685,516</b>	<b>-\$6,105,582</b>

# Forvis Mazars Report to the Board of Regents, Audit and Compliance Committee, and Management

University of Houston System Endowment Fund

Results of the 2025 Financial Statement Audit, Including Required  
Communications

August 31, 2025

## Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

### Overview & Responsibilities

Matter	Discussion
<b>Scope of Our Audit</b>	This report covers audit results related to your financial statements and supplementary information: <ul style="list-style-type: none"><li>• As of and for the year ended August 31, 2025.</li><li>• Conducted in accordance with our contract dated April 17, 2025.</li></ul>
<b>Our Responsibilities</b>	Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).
<b>Audit Scope &amp; Inherent Limitations to Reasonable Assurance</b>	An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.
<b>Extent of Our Communication</b>	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
<b>Independence</b>	The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.
<b>Your Responsibilities</b>	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.

Matter	Discussion
<b>Distribution Restriction</b>	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> <li>• The Board of Regents, Audit and Compliance Committee, and Management</li> <li>• Others within the Entity</li> </ul>

## Qualitative Aspects of Significant Accounting Policies & Practices

### Significant Accounting Policies

Significant accounting policies are described in Note 2 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- No matters are reportable

### Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

### Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement, and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows:

- No matters are reportable

### Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. A significant area of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates includes:

- Fair value of investments

### Financial Statement Disclosures

The following area involves particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Determination of fair values

## Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

### Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

### Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entry include the following:

- Adjustment to correct accounting for \$10M loan

### Uncorrected Misstatements

No uncorrected misstatements to report.

### Other Required Communications

#### Other Material Communications

Listed below is another material communication between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

## Attachments

### Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.



**Attachment A**

**Management Representation Letter**

*Representation of:*

University of Houston System Endowment Fund  
Financial Reporting Services  
5000 Gulf Freeway  
Technology Bridge 1, Room 232  
Houston, Texas 77023

*Provided to:*

**Forvis Mazars, LLP**  
Certified Public Accountants  
2700 Post Oak Boulevard, Suite 1500  
Houston, TX 77056

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audit of our financial statements as of and for the year ended August 31, 2025.

Our representations are current and effective as of the date of Forvis Mazars’ report: March 4, 2026.

Our engagement with Forvis Mazars is based on our contract for services dated: April 17, 2025.

### **Our Responsibility & Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America .

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

### **Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report**

We confirm, to the best of our knowledge and belief, the following:

#### ***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.
3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair

presentation of the financial statements, such as financial records and related data, documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of governing body meetings, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
  - e. All significant contracts and grants.
4. We have responded fully and truthfully to all your inquiries.

#### **Government Auditing Standards**

5. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
6. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
7. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
8. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
9. We have a process to track the status of audit findings and recommendations.
10. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.

#### **Misappropriation, Misstatements, & Fraud**

11. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, liabilities, net position.
12. We have no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management or employees who have significant roles in internal control over financial reporting, or
  - b. Others when the fraud could have a material effect on the financial statements.
13. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or

disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, SEC or other regulators, citizens, suppliers, or others.
15. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

### ***Ongoing Operations***

16. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of the financial statements and known facts thereafter without consideration of potential mitigating effects of management's plans and concluded substantial doubt does not exist.
17. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, contributions, constraints on liquidity, difficulty obtaining financing or bonding, significant credit quality problems, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable, etc., that could negatively impact the entity's ability to maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, and other assets; reviewing allowances for uncollectible amounts; evaluating liquidity plans, etc.

### ***Related Parties***

18. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

19. We understand that the term related party refers to:
  - Affiliates
  - Management and members of their immediate families
  - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting

parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

#### ***Litigation, Laws, Rulings & Regulations***

20. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
21. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

#### ***Financial Statements & Reports***

22. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
23. With regard to supplementary information:
  - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.

#### ***Transactions, Records, & Adjustments***

24. All transactions have been recorded in the accounting records and are reflected in the financial statements.
25. We have everything we need to keep our books and records.
26. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
27. We are in agreement with the adjusting journal entries you have proposed, and they have been

posted to the entity's accounts.

***Governmental Accounting & Disclosure Matters***

28. With regard to deposit and investment activities:
- a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
  - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
  - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
29. Components of net position (restricted, and unrestricted) are properly classified and, if applicable, approved.
30. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
31. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

***Accounting & Disclosure***

32. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
33. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, net position.
  - b. Material transactions omitted or improperly recorded in the financial records.
  - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.

- e. Agreements to purchase assets previously sold.
  - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
  - g. Guarantees, whether written or oral, under which the entity is contingently liable.
  - h. Known or anticipated asset retirement obligations.
34. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
  - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.



\_\_\_\_\_  
Leslie Fluharty, Executive Director, Financial Reporting, University of Houston System

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Karin Livingston, Sr. Associate Vice Chair/Vice President, Finance, University of Houston System

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# **University of Houston System Endowment Fund**

## **Independent Auditor's Report and Financial Statements**

August 31, 2025 and 2024

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## Independent Auditor's Report

Board of Regents  
University of Houston System  
Houston, Texas

### ***Opinion***

We have audited the financial statements of the University of Houston System (System) Endowment (Endowment Fund), which comprise the statements of net position as of August 31, 2025 and 2024, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Endowment Fund as of August 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial position, changes in net position, and cash flows of the Endowment Fund and do not purport to and do not present fairly the financial position of the System as of August 31, 2025 and 2024, the changes in its net position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment Fund's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Endowment Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Endowment Fund's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

***Forvis Mazars, LLP***

**Houston, Texas  
March 4, 2026**

## **Introduction**

The following Management's Discussion and Analysis (MD&A) provides an overview of the activities and the financial position of the fund for the fiscal year ended August 31, 2025, as compared to the fiscal year ended August 31, 2024, with summary comparisons for the fiscal year ended August 31, 2023. This MD&A offers a summary of significant current year activities of the University of Houston System (UH System) Endowment Fund (Endowment Fund), resulting in changes in net position, and currently known economic conditions and facts. This analysis should be read in conjunction with the Endowment Fund's basic financial statements and the notes to the financial statements. Responsibility for the financial statements, related footnote disclosures, and MD&A rests with the Endowment Fund's management.

The UH System is a governmental entity of the State of Texas. The Endowment Fund is a fund group of the UH System's reporting entity. The financial statements of the Endowment Fund have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

During fiscal year 2025, the Endowment Management Committee of the UH System Board of Regents (Board of Regents) continued to review existing objectives, risks, asset allocation, and manager structure within the endowment portfolio and adjust as deemed appropriate. The Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return.

## **Endowment Fund Structure**

Gifts to the UH System are placed in the Endowment Fund for investment and oversight purposes. The Board of Regents strives to maintain a plan to preserve and augment the value of the endowment. The Board of Regents works to preserve the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income. The Endowment Management Committee of the Board of Regents is responsible for reviewing and approving investment managers and monitoring investment performance and allocations of funds to asset classes to ensure appropriate diversification of investment risks for the Endowment Fund, as well as making recommendations to the Board of Regents for any changes to the investment policy.

The Endowment Fund is a pooled investment fund consisting of approximately 2,229 individual endowments benefiting the four UH System universities. The investment pool functions similarly to a mutual fund, with each endowment account owning units that represent a claim on the Endowment Fund's net position. By pooling the investments, the UH System achieves increased diversification of investment risks and more effective management of endowment assets. While the University of Houston Victoria (UHV) campus transitioned to the Texas A&M University System effective September 1, 2025, UHV's 98 endowments valued at \$17,263,177 are included in the financial statements as of August 31, 2025.

## **Management of the Fund**

The Endowment Fund retains 109 independent investment managers who pursue various portfolio management strategies to diversify risk and maximize the total return through a variety of capital market cycles. Investment manager diversification of the Endowment Fund's assets is as follows below.

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Developed U.S. Equity</u>			
Northern Trust	19%	11%	11%
Columbia Management	-	6	6
Vulcan Value Partners	-	5	5
Cougar Investment Fund	<1	<2	<2
DePrince Race & Zollo Small Cap Value	2	-	-
Granahan Focused SC Growth	2	-	-
Subtotal – developed U.S. equity	<u>23</u>	<u>23</u>	<u>22</u>
<u>Developed International Equity</u>			
William Blair	4	6	4
Silchester	4	5	5
Global Alpha	-	4	3
Acadian Non-Us All Cap Equity	<u>3</u>	<u>-</u>	<u>-</u>
Subtotal – developed international equity	<u>11</u>	<u>15</u>	<u>12</u>
<u>Developing Markets</u>			
Doddington Emerging Markets	-	1	1
Somerset	-	1	-
Edgbaston Asian Equity	<u>1</u>	<u>1</u>	<u>1</u>
Subtotal – developing markets	<u>1</u>	<u>3</u>	<u>2</u>
<u>Global Equity</u>			
Arrowstreet Global Equity	7	4	4
Jennison Global Opportunity Fund	<u>6</u>	<u>-</u>	<u>-</u>
Subtotal – Global Equity	<u>13</u>	<u>4</u>	<u>4</u>
<u>Absolute Return</u>			
Anchorage Capital Partners	-	1	-
HBK	1	1	2
Davidson Kempner	<1	1	2
Whipporwill	-	1	-
Standard Life	-	1	-
400 Capital Credit Opps	<u>2</u>	<u>2</u>	<u>2</u>
Subtotal – absolute return	<u>3</u>	<u>7</u>	<u>6</u>
<u>Hedged Equity</u>			
Highline Capital	-	1	-
Lakewood	-	1	-
SRS Partners	1	1	1.5
Broad Reach Fund Limited Class	2	-	-
Evanston Alpha Strategies	<u>1</u>	<u>-</u>	<u>-</u>
Subtotal – hedged equity	<u>4</u>	<u>3</u>	<u>1.5</u>

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Marketable Real Assets</u>			
Vanguard	-	1	1
T. Rowe Price	-	1	1
Subtotal – marketable real assets	-	2	2
<u>Fixed Income</u>			
Lord Abbett	2	4.2	4.2
Loop Capital (Formerly Smith Graham)	3	4.5	4.5
Loomis Sayles	-	1.6	1.6
PIMCO	1	1.6	1.6
Barings U.S. High Yield Fund	2	-	-
Subtotal – fixed income	8	11.9	11.9
<u>Private Investments</u>			
Berwind Property Group VII	<1	<1	<1
Berwind Property Group VIII	-	<1	<1
Newlin Realty Partners	-	<1	<1
Newlin Realty Partners II	<1	<1	<1
Commonfund Capital International VI	<1	<1	<1
Commonfund Capital PE VII	<1	<1	<1
Commonfund Capital Venture VIII	<1	<1	<1
Denham Commodity Partners	<1	<1	1
Trace Energy (formerly Denham Oil and Gas)	<1	<1	<1
EnCap Flatrock Midstream II-C	<1	<1	<1
EnCap Flatrock Midstream III	<1	<1	<1
Embarcadero Capital	<1	<1	<1
Enervest Fund XIV-A	<1	<1	<1
Frontenac Fund XII	<1	<1	<1
Advent International GPE VII	<1	<1	<1
Advent International GPE VIII-B	<1	<1	<1
Advent International GPE IX	<1	<1	<1
Advent International GPE X	<1	-	-
GCM Grosvenor Advance	<1	<1	<1
EnCap Energy VII-B	-	<1	<1
J.H. Whitney VII	<1	<1	<1
TrueBridge – Kauffman Fellows II	<1	<1	<1
TrueBridge – Kauffman Fellows III	<1	<1	<1
TrueBridge – Kauffman Fellows IV	1	1	1
TrueBridge – Kauffman Fellows V	<1	<1	<1
TrueBridge – Kauffman Fellows VI	<1	<1	<1
TrueBridge Capital Partners – VII	<1	<1	<1
TrueBridge Capital Partners VIII	<1	-	-
Dover Street VIII	<1	<1	<1
Dover Street X	<1	<1	<1
LiveOak Venture Partners I	<1	<1	0
Silver Lake Partners V	<1	<1	<1
Jackson Square Ventures II	<1	<1	<1
Jackson Square Ventures III	<1	<1	<1
Mercury Fund IV	1	<1	<1

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Mercury Fund V	<1	-	-
Penzance DC Real Estate Fund	<1	<1	<1
Penzance DC Real Estate Fund II	<1	<1	<1
Silver Lake Partners IV	<1	<1	<1
Silver Lake Partners VI	<1	<1	<1
Acme Fund III	<1	<1	<1
Silver Lake Partners VII	<1	<1	<1
SV Life Sciences Fund VI	<1	<1	<1
Great Hill Equity Partners V	<1	<1	<1
Mill Point Capital Partners III	<1	1	-
Great Hill Equity Partners VI	<1	<1	<1
Great Hill Equity Partners VII	<1	<1	<1
Dover Street IX	<1	<1	<1
Fisher Lynch Buyout II	-	<1	<1
Binary Capital Fund II	<1	<1	<1
Fisher Lynch Venture II	<1	<1	<1
ASF VIII B	<1	<1	<1
Vivo Capital Fund IX	<1	<1	<1
US Venture Partners XII	<1	<1	<1
Kelso X	<1	<1	<1
Kelso XI	<1	<1	<1
Thoma Bravo XIII-A	<1	<1	<1
Thoma Bravo XIV-A	<1	<1	<1
Energy Spectrum VII	<1	<1	<1
Great Point Partners III	<1	<1	<1
PeakSpan II	<1	<1	<1
Clear Ventures II	<1	<1	<1
Hastings IV-B	<1	<1	<1
Lexington Capital VIII	<1	<1	<1
Lexington Capital IX	<1	<1	<1
LiveOak Venture II	<1	<1	<1
Weathergage Venture IV	<1	<1	<1
Blackstone Europe V	<1	<1	<1
Blackstone Real Estate IX	<1	<1	<1
Blackstone Real Estate Europe VI	<1	<1	<1
EnCap Energy XI	<1	<1	<1
Insight Equity III	<1	<1	<1
Francisco Partners IV-A	<1	1	1
Francisco Partners V	<1	<1	<1
Francisco Partners VI	<1	<1	<1
Trident VII	<1	1	1
Trident VIII	<1	<1	<1
EnCap Energy X	<1	<1	<1
EnCap Midstream IV	<1	<1	<1
Blackstone Real Estate Partners VIII	<1	<1	<1
Warren Equity Partners ELIDO Fund II	<1	1	-
Windrose health Investors VI	<1	-	-
Dalfen Last Mile Industrial Fund V	<1	-	-
Khosla Ventures Opportunity II	<1	-	-
Khosla Ventures Seed F	<1	-	-

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Khosla Ventures VIII	<1	-	-
KLCP Domestic Fund III	<1	-	-
Subtotal – private investments	<u>32</u>	<u>31</u>	<u>38</u>
Cash and equivalents	<u>5</u>	<u>3</u>	<u>3</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>

### Investment Manager Allocation

Investment managers are given discretion to manage the assets in each portfolio to best achieve investment objectives within the policies and requirements established by the Board of Regents. The objectives and comparative benchmarks are used to evaluate manager performance. The Endowment Management Committee reviews performance and adjusts allocation to investment managers and asset classes in response to current or future anticipated market conditions. Quarterly performance reports are distributed to the Endowment Management Committee.

### Endowment Payout Policy

The Endowment Management Committee is responsible for reviewing the income payout rate of the Endowment Fund, which is a balance between current income needs and long-term investment objectives. The Endowment Fund will maintain a payout rate of approximately 4% to 5%, with any change to this range to be approved by the Board of Regents. The endowment income payout rate for the fiscal years ended August 31, 2025, 2024, and 2023 was 4% of the average market value for the 12 prior fiscal quarters. If an endowment has been in existence for less than 12 quarters, the average is based on the number of quarters in existence. This trailing 12-quarter method is used to smooth large year-over-year changes in market value, thereby allowing the UH System's colleges and departments to more reasonably predict future distributions of endowment income intended to benefit their area.

In the three fiscal years 2023 through 2025, endowment payouts to the beneficiary accounts, excluding distributed income returned to principal, in total and by the System's components were as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
University of Houston	\$33,535,480	\$31,418,321	\$29,002,071
UH – Clear Lake	1,281,999	1,245,065	1,169,459
UH – Downtown	1,765,744	1,751,173	1,612,583
UH – Victoria	626,949	615,670	581,108
System-wide endowments	<u>5,848,365</u>	<u>5,786,108</u>	<u>5,480,380</u>
Totals	<u>\$43,058,537</u>	<u>\$40,816,337</u>	<u>\$37,845,601</u>

### Overview of the Financial Statements

The financial statements for the fiscal year ended August 31, 2025 are presented comparatively to financial statements issued for the fiscal year ended August 31, 2024. The financial statements have been prepared in accordance with the standards of GASB, which establishes generally accepted accounting principles for state and local governments. The three primary financial statements presented are (1) the statements of net position, (2) the statements of revenues, expenses, and changes in net position, and (3) the statements of cash flows. The information contained in the financial statements of the Endowment Fund is incorporated within the UH System's Combined Annual Financial Report.

The financial operations of the UH System, and therefore inclusively the Endowment Fund, are considered a business-type (or proprietary fund) activity. The operating activities of the UH System are financed by tuition and fees, state appropriations, contracts and grants, and auxiliary enterprise revenue. The Endowment Fund is an internally managed pooled-fund, and its beneficiaries are internal to the UH System. The statements of net position report resources held and administered by the UH System, as described in the previous sections of this MD&A. These resources are customarily characterized by the existence of a written agreement that affects the degree of management involvement, the programs supported by income earned by the resources, and the length of time that the resources are held by the UH System.

## Statements of Net Position

The statements of net position reflect the Endowment Fund's assets and liabilities using the economic resources measurement focus and accrual basis of accounting and represents the financial position as of the conclusion of the fiscal year. Net position is equal to assets minus liabilities. Unrestricted net position is available to the UH System for any lawful purpose. Unrestricted net position often has constraints imposed by management, but such constraints can be removed or modified. Restricted net position represents net position that can be utilized only in accordance with third party-imposed restrictions. On August 31, 2025, the Endowment Fund's assets totaled \$1.285 billion and liabilities totaled \$69.4 million, resulting in a net position of \$1.216 billion.

The net position of the Endowment Fund as contributed by the UH System's components as of August 31, 2025 compared to the corresponding values as of August 31, 2024 and 2023 was as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
University of Houston	\$952,586,988	\$862,005,038	\$785,766,425
UH – Clear Lake	36,616,881	34,047,761	31,228,552
UH – Downtown	51,313,603	49,201,663	45,009,811
UH – Victoria	17,263,177	16,332,744	15,240,961
System-wide endowments	<u>158,253,473</u>	<u>151,453,851</u>	<u>142,104,711</u>
Totals	<u>\$1,216,034,121</u>	<u>\$1,113,041,057</u>	<u>\$1,019,350,460</u>

## Variance Analysis – Changes in the Statements of Net Position

	<u>2025</u>	<u>2024</u>	<u>Change 2025-2024</u>	<u>2023</u>
Total assets	\$1,285,525,689	\$1,161,755,834	\$123,769,855	\$1,065,404,503
Total liabilities	69,491,565	48,714,777	20,776,788	46,054,043
Restricted, Nonexpendable endowments	848,345,038	795,091,006	53,254,032	723,518,238
Restricted, expendable endowments	68,910,047	66,937,885	1,972,162	61,693,693
Unrestricted endowments	<u>298,779,039</u>	<u>251,012,166</u>	<u>47,766,873</u>	<u>234,138,529</u>
Net position	<u>\$1,216,034,121</u>	<u>\$1,113,041,057</u>	<u>\$102,993,067</u>	<u>\$1,019,350,460</u>

- Total assets: The \$123.7 million increase in fiscal year 2025 is primarily attributable to increases in contributions to the endowment as well as increases in the fair value of investments.
- Total liabilities: The \$20.7 million increase in liabilities is primarily attributable to an increase in amounts payable to other System components at fiscal year-end 2025.

- Restricted, nonexpendable endowments: The \$53.2 million increase in restricted nonexpendable endowments is primarily attributable to an increase in the fair value of investments.
- Restricted, expendable endowments: The \$1.9 million increase in restricted expendable endowments is primarily attributable to an increase in the fair value of investments.
- Unrestricted endowments: The \$47.7 million increase is primarily attributable to an increase in the fair value of investments.

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

The statements of revenues, expenses, and changes in net position contain information about the additions to, the deductions from, and the resulting net increase or decrease in the fair value of the net assets for the fiscal year. During fiscal year 2025, the Endowment Fund received \$51.7 million of gifts and other receipts, interest, and investment income of \$20.5 million and a \$90.5 million net increase in the fair value of investments. The Endowment Fund's total deductions for fiscal year 2025 were \$59.7 million, including \$43.1 million earmarked for distribution to the beneficiary endowment accounts under the planned payout policy, \$8.5 million for management fees, and \$8.1 million for gift acquisition and fundraising efforts. As a result of these activities, the Endowment Fund realized an increase in net position of \$102.9 million for fiscal year 2025.

### Variance Analysis – Changes in the Statements of Revenues, Expenses, and Changes in Net Position

	<u>2025</u>	<u>2024</u>	<u>Change 2025–2024</u>	<u>2023</u>
Contributions to endowments	\$51,719,454	\$23,727,378	\$27,992,076	\$22,102,454
Net realized and unrealized appreciation (depreciation)	90,482,612	107,220,251	(16,737,639)	53,434,934
Other nonoperating expenses	(59,674,373)	(57,727,920)	(1,946,453)	(55,408,811)
Interest and investment income	20,465,368	19,470,888	994,480	15,010,078
Increase (decrease) in net position	<u>\$102,993,061</u>	<u>\$ 92,690,597</u>	<u>\$10,302,464</u>	<u>\$ 35,138,655</u>

- Contributions to endowments increased \$27.9 million in 2025 as compared to 2024.
- Changes in investment activities included a \$90.4 million net appreciation in the fair value of investments in fiscal year 2025 compared to \$107.2 million net appreciation in fiscal year 2024. This net change is the result of fluctuations in natural resources, global equities, and private real assets in fiscal year 2025. Interest and investment income increased by \$994.4 thousand as compared to 2024. Fund deductions increased by \$1.9 million from 2024 to 2025. The Endowment Fund established a tiered payout policy for underwater endowments effective 2016. The institutional advancement fee was approved by the Board of Regents to offset costs associated with gift acquisition and fundraising efforts at the UH System components. Administrative costs decreased by \$751K from fiscal year 2025 compared to fiscal year 2024. Administrative costs are comprised primarily of investment management fees and consulting fees, and these costs will fluctuate year-over-year as fees are calculated based on the market value of the funds under each firm's advisement.

## Statements of Cash Flows

The statements of cash flows explain the changes during the fiscal year in cash and cash equivalents, regardless of whether there are restrictions on their use. The statements of cash flows should be read in conjunction with related disclosures and information in the other financial statements.

## Capital Assets

The Endowment Fund does not hold any capitalized assets, such as buildings or furniture and equipment. The Endowment Fund invests in financial instruments, which constitutes most of the Endowment Fund's assets. Although the Endowment Fund is generally not prohibited from acquiring tangible physical assets to be held as investments for their appreciation qualities, such assets are typically not acquired or held by the Endowment Fund. Presently, the Endowment Fund holds certain parcels of land, which were received as gifts and are being held for future sale.

## Debt Administration

The Endowment Fund does not issue long-term debt. The Endowment Fund is not currently engaged in any long-term financing transactions. The operation and administration of the Endowment Fund is currently structured such that its annual financial obligations and expenses are satisfied through earnings and other fund additions.

## Interfund Loan

During fiscal year 2025, the Endowment Fund advanced a loan to the UHS Athletics Department to support operating expenses during their transition to the Big 12 Athletics Conference. This agreement represents intra-university financing within the University of Houston System and does not constitute debt issued by the Endowment Fund. The loan is recorded as receivable of the Endowment Fund; accordingly, it did not increase the Fund's outstanding debt. Key terms include a principal amount of \$10,000,000, an interest rate of 5.1% per annum, and a maturity of August 31, 2035. Repayments are expected from Athletics self-generated revenues for ticket sales, conference distributions, media rights, advertising, and facility rental fees. As of August 31, 2025, the receivables balance was \$10,000,000 and management did not record an allowance for credit losses. The agreement was subsequently modified to provide a three-year period, from fiscal year 2026 through fiscal year 2028, in which interest does not accrue and repayment is not required, increasing the term of the loan by three years. Additionally, in fiscal year 2026 a second loan to support operating expenses during the transition to the Big 12 conference will be provided, totaling \$8,865,859. This loan will also be repaid from self-generated revenues for ticket sales, conference distributions, media rights, advertising, and facility rental fees. The terms of the loan will be the same as the terms of the existing loan. No additional loans are anticipated.

## Economic Outlook

Global growth is now projected at 2.8% in 2025, down from earlier expectations of 3.2%, with only a modest recovery to 3.0% in 2026. This marks a sharp downgrade from prior forecasts and remains well below the historical (2000–19) average of 3.8%. The revision reflects persistent uncertainty, tariff-related trade disruptions, and slowing momentum in advanced economies. Emerging markets continue to outperform, with growth near 3.7% in 2025 and 3.9% in 2026, while advanced economies are expected to expand by just 1.4% in 2025 and 1.5% in 2026.

Inflation is easing but remains uneven across regions. Global headline inflation is forecast to decline to 4.2% in 2025 and 3.6% in 2026, supported by cooling demand and falling energy prices. However, the U.S. is likely to see inflation above its 2% target through 2026, while the eurozone and many emerging markets experience more subdued price pressures. Central banks have begun rate cuts, but policy divergence persists. The Federal Reserve has initiated an easing cycle amid labor market softness, while the European Central Bank and Bank of England remain cautious.

Faster disinflation could accelerate monetary easing, improving financial conditions. Structural reforms and AI-driven productivity gains may provide tailwinds. However, geopolitical shocks—particularly tariff escalations and Red Sea shipping disruptions—pose risks of renewed commodity price spikes. Fiscal strains and potential government shutdowns in major economies could amplify volatility.

Policymakers face a delicate balancing act: guiding inflation to target while supporting growth amid fiscal constraints. Renewed focus on fiscal consolidation is critical to rebuild buffers and maintain debt sustainability. Structural reforms—particularly those enhancing productivity and labor market flexibility—remain essential for medium-term growth. Multilateral cooperation on trade, and debt resolution, is increasingly urgent.

Any questions related to the MD&A or financial statements should be directed to the University of Houston, Office of the Treasurer, P.O. Box 988, Houston, TX 77001-0988.

## ***Basic Financial Statements***

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 61,994,289	\$ 41,591,887
Interest and dividends receivable	3,303,315	860,286
Investment purchased receivable	12,500,000	-
<b>Total Current Assets</b>	<u>77,797,604</u>	<u>42,452,173</u>
Noncurrent assets		
Loan to University of Houston Athletics	10,000,000	-
Investments	1,197,728,085	1,119,303,661
Total long-term assets	<u>1,207,728,085</u>	<u>1,119,303,661</u>
<b>Total Assets</b>	<u>1,285,525,689</u>	<u>1,161,755,834</u>
<b>Liabilities</b>		
Current liabilities		
Payable for investments purchased	682,645	253,226
Deferred revenue	7,650,000	-
Due to other components	61,158,920	48,461,551
<b>Total Liabilities</b>	<u>69,491,565</u>	<u>48,714,777</u>
<b>Net Assets</b>		
Restricted nonexpendable endowments	848,345,038	795,091,006
Restricted for expendable endowments	68,910,047	66,937,885
Unrestricted	298,779,039	251,012,166
<b>Total Net Position</b>	<u>\$ 1,216,034,124</u>	<u>\$ 1,113,041,057</u>

	<u>2025</u>	<u>2024</u>
<b>Nonoperating Revenues (Expenses)</b>		
Interest and investment income	\$ 20,465,374	\$ 19,470,888
Net realization and unrealized appreciation (depreciation)	90,482,612	107,220,251
Other nonoperating expenses	<u>(59,674,373)</u>	<u>(57,727,920)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	51,273,613	68,963,219
<b>Contributions to Endowments</b>	<u>51,719,454</u>	<u>24,727,378</u>
<b>Change in Net Position</b>	102,993,067	93,690,597
<b>Net Position, Beginning of Year</b>	<u>1,113,041,057</u>	<u>1,019,350,460</u>
<b>Net Position, End of Year</b>	<u>\$ 1,216,034,124</u>	<u>\$ 1,113,041,057</u>

	<b>2025</b>	<b>2024</b>
<b>Cash Flows From Operating Activities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash Flows From Noncapital and Related Financing</b>		
<b>Activities</b>		
Contributions to endowments	51,719,454	24,727,378
Increase in due to other components	<u>12,697,369</u>	<u>2,841,502</u>
Net cash provided by noncapital and related financing activities	<u>64,416,823</u>	<u>27,568,880</u>
<b>Cash Flows From Capital and Related Financing</b>		
<b>Activities</b>	<u>-</u>	<u>-</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sales and maturities of investments	2,671,379,473	1,971,316,878
Payments to purchase investments	(2,727,343,815)	(1,994,266,442)
Interest and dividends received on investments	20,465,374	19,470,888
Payments for asset management and stewardship	<u>(8,515,453)</u>	<u>(9,266,369)</u>
Net cash used in investing activities	<u>(44,014,421)</u>	<u>(12,745,045)</u>
<b>Increase in Cash and Cash Equivalents</b>	20,402,402	14,823,835
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>41,591,887</u>	<u>26,768,052</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 61,994,289</u>	<u>\$ 41,591,887</u>

## **Note 1. Reporting Entity**

University of Houston System (System) is an agency of the State of Texas, established by the State of Texas to provide undergraduate and graduate university instruction, scholarly research, and public service in the Houston, Texas, area. The System is the State of Texas' only metropolitan higher education system, encompassing four universities and two multi-institution teaching centers. University of Houston System Endowment Fund (Endowment Fund) is a fund group of the System reporting entity, with the earliest endowment having been established in 1950. The accompanying financial statements present only the Endowment Fund of the System as of August 31, 2025 and 2024, the changes in its financial position, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Endowment Fund is a fund group that accounts for all of the System's endowment assets pooled together to ensure better management and uniform accountability for those assets. The Endowment Fund provides financial support for the System's students and the System's research endeavors. The Endowment Fund is presently comprised of approximately 2,229 restricted and unrestricted endowment funds located in the System's four universities and multi-institution teaching centers. Restricted endowment funds are funds with respect to which a donor or other outside entity has stipulated that the principal be maintained inviolate and in perpetuity, and that only the income from the investments is available for expenditure. Unrestricted endowment funds consist of funds for which the donor did not impose any restriction as to their use, as well as funds that are designated by the System's Board of Regents, rather than the donor, to function as endowment funds. The principal of these funds may be expended at the discretion of the System's Board of Regents.

## **Note 2. Summary of Significant Accounting Policies**

### ***General***

All financial accounting records of the Endowment Fund are maintained by the System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

### ***Basis of Accounting and Presentation***

The Endowment Fund is reported as a single-purpose business-type activity entity. The financial statements of the Endowment Fund have been prepared using the economic resources measurement focus and accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they are incurred.

### ***Cash and Cash Equivalents***

The Endowment Fund believes the carrying value of cash and temporary investments approximates fair value. The Endowment Fund considers investments purchased with a maturity of three months or less from the statement of net position date to be cash equivalents.

### ***Investments***

In accordance with GASB No. 72, *Fair Value Measurement and Application*, investments are recorded at fair value. Fair value is based on published closing market prices on the last trading day of the fiscal year. In the case of pooled funds or mutual funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or share as publicly quoted. Investments in which a public market does not exist are based on the Endowment Fund's ownership interest in the net asset value (NAV) of each fund as reported by the fund managers. When fund managers do not provide the NAV of each fund at fiscal year-end, the fair value is estimated by the System using the most recent statement and adding contributions and subtracting the distributions during the intervening period. In accordance with GASB No. 52, *Land and Other Real Estate Held as Investments by Endowments*, land and other real estate held as investments are recorded at fair value. Chapter 163 of the Texas

Property Code (also cited as the *Uniform Prudent Management of Institutional Funds Act*) grants the System the authority to spend net appreciation.

Because of inherent uncertainties of valuations, management's and fund managers' estimates of fair value may differ from the values that would have been used had a ready market existed.

Investments received as gifts are initially recorded at estimated fair value based on appraised values or broker closing prices for stocks at the date of the gift.

Short-term investments comprise U.S. government obligations and corporate obligations with a maturity date of less than one year as of the statement of net position date.

### ***Net Position***

The Endowment Fund's net position is classified as follows:

*Restricted for nonexpendable endowments:* Net position for restricted nonexpendable endowment funds consists of resources maintained permanently by the System following the externally imposed stipulations.

*Restricted for expendable endowments:* Net position for restricted expendable endowment funds represents resources that may be expended for either a stated purpose or for a general purpose subject to externally imposed stipulations.

*Unrestricted:* Net position for unrestricted endowment funds represents resources donated by third parties or created internally by the System and consists of resources that are available without restrictions to the System.

When both restricted and unrestricted resources are available for use, it is the Endowment Fund's policy to use restricted resources first, then unrestricted resources as they are needed.

### ***Revenue Recognition***

Contributions to the Endowment Fund and transfers-in from other funds, such as distribution payouts returned by beneficiaries for reinvestment, are recognized as additions to the Endowment Fund's assets. Dividend income is recorded as income on the date the stock traded ex-dividend. Interest is recognized on fixed-income investments on the accrual basis.

Net realized and unrealized appreciation represents both realized and unrealized gains and losses on investments. The calculation of realized gains and losses is independent of the calculation of the net change in the fair value of investments. Realized gain or loss is computed as the difference between the cost of marketable securities sold and the sale price. The cost of marketable securities sold is determined on specific identification of investments sold. Realized gain is recorded as of the trade date regardless of when the transaction is settled. Unrealized gains or losses are calculated based on the changes in investment fair value between the beginning and end of the fiscal year for investments held since the beginning of the year, or as the difference between the fair value at end-of-year and the purchase cost for investments purchased during the year. Unrealized gains (losses) are determined and recorded as of the fiscal year-end.

The Endowment Fund does not currently earn or incur operating revenues and expenses.

### ***Distribution Payout***

Effective September 1, 2018, the System's Board of Regents adopted an endowment payout policy whereby the payout rate is based on a percentage of the fiscal year-end net position averaged over a 12-quarter rolling period. For the fiscal years 2025 and 2024, the payout rate was 4% applied to the endowment's average net position balances for the preceding 12 quarters. If an endowment was in existence less than 12 quarters, the average was

based on the number of quarters the endowment was in existence. Effective May 1, 2009, no endowment receives a pro rata income distribution from current fiscal year contributions. The payout is calculated and recorded at the end of each fiscal year. Actual endowment return earned in excess of distributions is reinvested. For years actual endowment return is less than the distribution payout, the shortfall is covered by realized returns from prior years.

### ***Institutional Advancement Assessment***

The System will annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The System's Board of Regents shall annually review and approve the fee. The fee will be based as a percentage of the fiscal year-end market value averaged over rolling 12 quarter periods. For the fiscal years 2025 and 2024, the assessment fee was 1.0%. If an endowment has been in existence less than 12 quarters, the average will be based on the number of quarters in existence.

The assessment is made at the end of each fiscal year to make funds available for the System's institutional advancement activities in the following fiscal year. The total amount assessed for the years ended August 31, 2025 and 2024 was \$8,100,383 and \$7,645,214, respectively.

### ***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

## **Note 3. Authorized Investments**

The System's Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the Endowment Fund. The System retains the services of a custodial financial institution under a master trust custodian agreement, as well as the services of independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The System's Board of Regents has adopted a written investment policy, including investment manager guidelines for each of the separately invested accounts of the Endowment Fund, regarding the investment of endowment assets as defined in the System's Investment Policies. The primary long-term financial objective for the Endowment Fund is to preserve the real (inflation adjusted) purchasing power of endowment assets when measured over rolling periods of at least five years. The medium-term objective is to outperform each of the capital markets in which the endowment assets are invested, measured over rolling periods of 3 to 5 years or complete market cycles, with emphasis on whichever measure is longer.

## **Note 4. Derivatives**

Derivatives are investment products that may be a security or contract that derives their value from another security, currency, commodity, or index, regardless of the source of funds used. The Endowment Fund did not directly invest in derivatives during the years ended August 31, 2025 or 2024 and held no direct derivative instruments at August 31, 2025 or 2024.

## Note 5. Cash and Investments

### Composition of Cash and Cash Equivalents

Cash and cash equivalents consist of money market funds and securities maturing within three months totaling \$61,994,289 and \$41,591,887 at August 31, 2025 and 2024, respectively. The money market funds are invested in commercial paper, certificates of deposit, treasuries, corporate notes, time deposits, and similar short-term investments considered generally acceptable and prudent for money market funds.

Cash and cash equivalents included in the statements of net position consist of the items reported below:

	<u>2025</u>	<u>2024</u>
Cash	\$ 24,970	\$ 6,411
Money market funds	61,969,319	41,585,476
Total cash and cash equivalents	<u>\$ 61,994,289</u>	<u>\$ 41,591,887</u>

### Reconciliation of Cash and Investments to Statements of Net Position

Total cash and investments are as follows at August 31:

<u>Type of Security</u>	<u>Fair Value</u>	
	<u>2025</u>	<u>2024</u>
Cash	\$ 24,970	\$ 6,411
Money market funds	61,969,319	41,585,476
U.S. nongovernment obligations	9,317,755	7,430,387
U.S. government agencies	13,132,051	14,451,598
Fixed income (nongovernment/agency)	12,290,610	21,920,162
U.S. equity securities	306,947,199	264,574,475
Global equities excluding U.S.	322,081,058	247,972,937
Hedged equity funds	55,923,187	30,075,590
Inflation hedge funds (including REITs)	-	21,139,998
Absolute return funds	12,022,998	41,710,152
Private equity investments	466,013,227	470,028,362
Total investments	1,259,722,374	1,160,895,548
Less cash and cash equivalents	<u>(61,994,289)</u>	<u>(41,591,887)</u>
Total noncurrent investments	<u>\$ 1,197,728,085</u>	<u>\$ 1,119,303,661</u>

## Investment Maturities

The Endowment Fund had the following investments and weighted-average maturities as of August 31:

Investment Type	2025		2024	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
U.S. government obligations <sup>(1)</sup>	\$ 9,317,755	4.92	\$ 7,430,387	4.96
U.S. government agencies <sup>(1)</sup>	13,132,051	24.67	14,451,598	24.76
U.S. fixed income (nongovernment/ agency) <sup>(1)</sup>	12,290,610	12.39	21,920,162	9.75
Equity, mutual funds, other investments	<u>1,224,981,958</u>	Untenured	<u>1,117,093,401</u>	Untenured
Total investments at fair value	<u>\$ 1,259,722,374</u>		<u>\$ 1,160,895,548</u>	
Weighted average maturity of tenured portfolio		14.65		13.89

(1) Includes tenured securities classified as cash equivalents and short-term investments.

## Asset Selection and Allocation

The Endowment Fund's Statement of Investment Objectives and Policies governs the overall allocation of endowment funds to asset classes and considerations of limits to investment risk exposures. Allocation of funds to asset classes is based on expected returns, risk levels, desired risk diversification, interaction of various asset classes, and income generation and capital appreciation potentials of each asset class. The market value of investments in each asset class is maintained within an approved range of ratios to the market value of the Endowment Fund's total investments, except for minor deviations due to fluctuations in market value. The Endowment Management Committee monitors asset allocation targets and limits and may authorize the reallocation of funds among investment managers. The Endowment Fund currently invests in a broad array of asset classes in order to diversify the portfolio's risk. Marketable securities, such as domestic or international common stocks, domestic bonds, equity money market funds, and cash equivalents, comprise 65% of the overall investment portfolio (portfolio) at the end of fiscal year 2025. Marketable alternative investments (*i.e.*, inflation hedges, commingled funds invested in marketable securities, absolute return, and hedged equity) represent 5% of the portfolio, and nonmarketable alternative investments (*i.e.*, venture capital, private equity, real estate, natural resources, energy) constitute 32% of the portfolio on a funded basis. The Endowment Fund's overall investment risk is diversified by asset class and within each class by strategy, economic sector, geography, industry, market capitalization, manager and, with regard to nonmarketable alternatives, by vintage year as well. Such diversification is aimed at managing the risks specifically associated with any single strategy, economic sector, geographic area, industry, vintage year, or manager.

## Investment-Related Risks

**Custodial Credit Risk** – Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Endowment Fund will not be able to recover its deposits. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Endowment Fund will not be able to recover the value of its investment or collateral securities that may be in the possession of another party. Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the System and the custodian pursuant to a written agreement approved by the Board of Regents. As of August 31, 2025 and 2024, the System did not have a securities-lending agreement with its custodian.

Managers may not enter into securities-lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board of Regents cannot dictate whether or not the manager will engage in securities lending. Therefore, the System and its investment consultant make every effort either to avoid commingled investments, or to otherwise limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and nonmarketable alternative investments are excluded from this limitation. At August 31, 2025 and 2024, the Endowment Fund's total investments at fair value under a master trust custodian agreement with a third-party financial institution were \$171,067,180 and \$201,403,099, respectively. The third-party custodian operates its business worldwide and, at August 31, 2025 and 2024, held risk insurance contracts with various local and foreign insurance organizations providing coverage for loss due to theft, fraud, and damage to securities while in the custodian's custody; loss of securities while in transit; property damage; and loss due to business interruption, acts of terrorism, officer negligence, and general liability. The insurance coverage limits ranged from \$1,000,000 to \$500,000,000. The coverage did not protect against market risks and fluctuations associated with market investments.

At August 31, 2025 and 2024, the Endowment Fund's investments at fair value not covered by the master trust custodian agreement were \$1,103,775,862 and \$960,099,509, respectively. These investments were under various custodian agreements between the investment managers and the investment funds or limited partnerships in which the Endowment Fund is invested. The investments are subject to custodial risks associated with those independent investment managers and to market risks and fluctuations associated with market investments. The System controls these risks through its credit and concentration risk policies as described in the credit risk and concentration of credit risk paragraph below.

*Interest Rate Risk* – Interest rate risk is the risk that changes in market interest rates will adversely affect the value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its value to changes in market interest rates. The System's investment policy, by way of the investment manager guidelines, requires the weighted-average duration of the portfolio should remain in a range of a minimum of 90% and a maximum of 110% of the Barclays Aggregate Bond Index for active fixed income managers in which a separate account structure exists. The System's investment policy is driven primarily by the goal to preserve the long-term real (inflation adjusted) purchasing power of endowment assets while achieving short-term maximum earnings with an acceptable level of risk. In order to balance these two primary goals, the Board of Regents is closely involved in managing the exposure to declines in investment fair value and earnings.

*Credit Risk and Concentration of Credit Risk* – Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization (NRSRO). Pursuant to GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and amendment to GASB Statement No. 3, unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality. In accordance with the System's investment policy and manager guidelines, where applicable, investments in securities within the fixed income allocation of the portfolio must have an average portfolio credit quality of AA or better, although active managers may choose to hold select investment grade securities with lower ratings. Securities should be readily marketable and liquid. The investment manager guidelines, where applicable, limit the amount each active manager may invest in any one issuer.

Other than U.S. government securities (including agency securities), no security may be purchased so that it will constitute more than 5% of the market value of the portfolio; however, obligations issued or guaranteed by the full faith and credit of the U.S. government may be held without limitation. The System's endowment funds also include an allocation to alternative investments, which by their nature, include higher levels of risk, including credit and concentration of credit risk, with the expectation of higher returns relative to traditional equities and fixed income securities. The investment policy does not specify limits as to credit quality or concentration for alternatives as these investments may include highly concentrated positions and may include investing in companies that are either privately held or in financial distress.

The credit quality (ratings) of tenured securities and concentration of credit exposure as a percentage of total investments are as follows as of August 31, 2025:

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
U S Treas-CPI Inflat	1.63%	04/15/2030	\$ 750,084	NA	0.06%
US Treasury Bond	2.38%	02/15/2042	126,656	NA	0.01%
U S Treasury Note	1.25%	12/31/2026	967,540	NA	0.08%
U S Treasury Note	2.63%	05/31/2027	810,340	NA	0.06%
U S Treasury Note	1.25%	04/30/2028	282,339	NA	0.02%
U S Treasury Note	2.38%	05/15/2029	1,842,283	NA	0.15%
U S Treasury Note	3.75%	06/30/2030	1,754,095	NA	0.14%
U S Treasury Note	3.50%	02/15/2033	2,422,550	NA	0.19%
U S Treasury Note	4.63%	02/15/2035	361,869	NA	0.03%
FHLMC Pool #G0-8667	3.50%	09/01/2045	74,553	NA	0.01%
FHLMC Pool #G0-8707	4.00%	05/01/2046	102,424	NA	0.01%
FHLMC Pool #G0-8732	3.00%	11/01/2046	278,164	NA	0.02%
FHLMC Pool #G6-7702	4.00%	01/01/2047	381,524	NA	0.03%
FHLMC Pool #RA-8249	5.50%	11/01/2052	969,926	NA	0.08%
FHLMC Pool #SB-8186	4.50%	09/01/2037	407,582	NA	0.03%
FHLMC Pool #SD-1392	3.50%	07/01/2052	597,564	NA	0.05%
FHLMC Pool #SD-1966	4.00%	11/01/2052	652,318	NA	0.05%
FHLMC Pool #SD-5420	6.00%	05/01/2054	262,990	NA	0.02%
FHLMC Pool #SD-7524	3.00%	08/01/2050	613,025	NA	0.05%
FHLMC Pool #SD-8349	5.50%	08/01/2053	1,128,101	NA	0.09%
FHLMC Pool #SD-8475	5.50%	10/01/2054	325,450	NA	0.03%
FHLMC Pool #SL-1202	5.50%	05/01/2055	419,367	NA	0.03%
FNMA Pool #0AE0949	4.00%	02/01/2041	36,162	NA	0.00%
FNMA Pool #0AH3384	3.50%	01/01/2041	202,833	NA	0.02%
FNMA Pool #0AL0160	4.50%	05/01/2041	47,722	NA	0.00%
FNMA Pool #0AL7521	5.00%	06/01/2039	144,876	NA	0.01%
FNMA Pool #0AL7767	4.50%	06/01/2044	80,943	NA	0.01%
FNMA Pool #0CB2283	2.00%	12/01/2051	535,026	NA	0.04%
FNMA Pool #0FM7973	4.00%	08/01/2051	501,618	NA	0.04%
FNMA Pool #0FS2535	2.50%	08/01/2052	344,350	NA	0.03%
FNMA Pool #0FS5635	4.00%	11/01/2052	861,762	NA	0.07%
FNMA Pool #0FS6523	5.50%	11/01/2038	297,113	NA	0.02%
FNMA Pool #0FS6838	5.50%	11/01/2053	419,887	NA	0.03%
FNMA Pool #0MA4562	2.00%	03/01/2052	280,697	NA	0.02%
FNMA Pool #0MA4656	4.50%	06/01/2052	248,140	NA	0.02%
FNMA Pool #0MA4785	5.00%	10/01/2052	482,073	NA	0.04%
FNMA Pool #0MA4807	5.50%	10/01/2052	507,064	NA	0.04%
FNMA Pool #0MA5443	5.00%	08/01/2054	840,619	NA	0.07%
GNMA II Pool #0MA8348	5.00%	10/20/2052	701,505	NA	0.06%
GNMA II Pool #0MA9018	6.00%	07/20/2053	386,672	NA	0.03%
AS Mileage Plan IP Ltd 144a	5.31%	10/20/2031	125,128	NA	0.01%
Baker Hughes Holdings LLC	3.34%	12/15/2027	172,232	A	0.01%
Bank of America Corp	4.47%	05/15/2061	335,560	AAA	0.03%
Bank of America Corp	3.42%	12/20/2028	614,069	A-	0.05%
Bank of New York Mellon Corp	1.92%	10/24/2031	264,837	A-	0.02%
Bank 2018-Bnk12 Bn12 As	5.61%	07/21/2039	232,578	A-	0.02%
Benchmark 2022-B33 Mort B33 A5	3.46%	03/15/2055	253,776	NA	0.02%
W R Berkley Corp	2.63%	12/15/2026	292,512	BBB-	0.02%
Blackstone Private Credit Fund	7.20%	12/12/2028	107,146	BBB-	0.01%

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
CME Group Inc	5.70%	02/01/2030	\$ 233,188	BBB	0.02%
Cantor Fitzgerald LP 144a	5.64%	05/19/2029	207,972	A-	0.02%
Capital One Financial Corp	5.38%	04/01/2038	98,390	BBB-	0.01%
Charter Communications Operations	3.98%	03/20/2030	197,432	BBB+	0.02%
Citigroup Inc	4.40%	03/15/2030	227,234	AA-	0.02%
Comision Federal de Elect 144a	6.45%	01/24/2035	226,463	BBB	0.02%
Cousins Properties LP	5.88%	10/01/2034	206,734	BBB	0.02%
Eastman Chemical Co	5.00%	08/01/2029	203,700	BBB	0.02%
Eversource Energy	5.13%	05/15/2033	225,538	BBB	0.02%
F&G Annuities & Life Inc	6.50%	06/04/2029	208,376	BBB-	0.02%
Fifth Third Bancorp	4.77%	07/28/2030	126,479	BBB+	0.01%
Ford Credit Auto Owner 2 A 144a	4.37%	02/15/2038	377,261	AAA	0.03%
Ford Motor Credit Co LLC	6.13%	03/08/2034	245,815	BBB-	0.02%
Fortitude Group Holdings 144a	6.25%	04/01/2030	51,976	NA	0.00%
General Motors Financial Co Inc	3.10%	01/12/2032	266,715	BBB	0.02%
Gerdau Trade Inc	5.75%	06/09/2035	117,128	BBB	0.01%
Goldman Sachs Group Inc	2.64%	02/24/2028	292,893	BBB+	0.02%
Goldman Sachs Group Inc	2.60%	02/07/2030	280,458	BBB+	0.02%
Home Partners Oo Amer 3 A 144a	2.20%	01/17/2041	307,961	NA	0.02%
Intel Corp	3.15%	05/11/2027	122,563	BBB	0.01%
JPMorgan Chase & Co	6.20%	04/14/2034	210,982	BBB	0.02%
Jefferies Financial Group Inc	5.14%	01/24/2031	618,138	A	0.05%
Kroger Co	5.00%	09/15/2034	124,658	BBB	0.01%
Leidos Inc	5.75%	03/15/2033	209,662	BBB	0.02%
Lincoln Financial Global 144a	5.30%	01/13/2030	207,220	A+	0.02%
Mars Inc 144a	5.20%	03/01/2035	151,337	A	0.01%
Micron Technology Inc	6.00%	05/07/2036	199,870	BBB	0.02%
Minera Mexico Sa de CV 144a	2.70%	04/15/2032	88,013	BBB-	0.01%
Morgan Stanley	5.63%	02/12/2032	203,460	BBB	0.02%
Morgan Stanley Bank of C29 A4	2.94%	01/21/2033	382,781	A-	0.03%
New York Life Global Fund 144a	3.33%	05/15/2049	643,819	NA	0.05%
Orbia Advance Corp SAB De 144a	4.76%	06/11/2027	75,154	AA+	0.01%
Charles Schwab Corp	6.80%	05/13/2030	204,098	NR	0.02%
South Bow USA Infrastructure Holdings	5.03%	10/01/2029	202,446	BBB-	0.02%
Synchrony Financial	5.94%	08/02/2030	258,850	BBB-	0.02%
Targa Resources Partners LP	6.88%	01/15/2029	305,841	BBB	0.02%
Textron Inc	5.50%	05/15/2035	152,712	BBB	0.01%
Triton Container Fin 1a A 144a	2.11%	09/20/2045	354,162	A	0.03%
United Airlines 2018-1 Class A	3.10%	01/07/2030	137,692	NA	0.01%
United Airlines 2016-1 Class A	3.50%	09/01/2031	86,497	NA	0.01%
Mexico Government International	6.25%	02/15/2037	213,202	BBB+	0.02%
Wells Fargo & Co	4.90%	01/24/2028	252,145	BBB+	0.02%
Wells Fargo & Co	5.39%	04/24/2034	385,762	BBB+	0.03%

The credit quality (ratings) of tenured securities and concentration of credit exposure as a percentage of total investments are as follows as of August 31, 2024:

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
U S Treas-CPI Inflat	0.13%	04/15/2025	\$ 831,836	NA	0.07%
U S Treasury Note	1.25%	12/31/2026	1,739,134	NA	0.15%
U S Treasury Note	2.63%	05/31/2027	72,683	NA	0.01%
U S Treasury Note	1.25%	04/30/2028	315,461	NA	0.03%
U S Treasury Note	2.38%	05/15/2029	1,811,829	NA	0.16%
U S Treasury Note	4.13%	11/15/2032	387,186	NA	0.03%
U S Treasury Note	3.50%	02/15/2033	2,272,259	NA	0.20%
FHLMC Multiclass Mtg 5231 Va	4.00%	07/25/2033	293,301	NA	0.03%
FHLMC Pool #G0-1837	5.00%	07/01/2035	10,004	NA	0.00%
FHLMC Pool #G0-8588	4.00%	05/01/2044	25,895	NA	0.00%
FHLMC Pool #G0-8615	3.50%	11/01/2044	10,431	NA	0.00%
FHLMC Pool #G0-8667	3.50%	09/01/2045	82,685	NA	0.01%
FHLMC Pool #G0-8681	3.50%	12/01/2045	183,388	NA	0.02%
FHLMC Pool #G0-8687	3.50%	01/01/2046	267,365	NA	0.02%
FHLMC Pool #G0-8698	3.50%	03/01/2046	49,782	NA	0.00%
FHLMC Pool #G0-8699	4.00%	03/01/2046	84,473	NA	0.01%
FHLMC Pool #G0-8707	4.00%	05/01/2046	117,745	NA	0.01%
FHLMC Pool #G0-8732	3.00%	11/01/2046	308,121	NA	0.03%
FHLMC Pool #G0-8747	3.00%	02/01/2047	306,759	NA	0.03%
FHLMC Pool #G1-8561	3.00%	07/01/2030	3,573	NA	0.00%
FHLMC Pool #G6-0024	3.50%	05/01/2043	48,151	NA	0.00%
FHLMC Pool #G6-7702	4.00%	01/01/2047	434,885	NA	0.04%
FHLMC Pool #Ra-8249	5.50%	11/01/2052	1,068,689	NA	0.09%
FHLMC Pool #Sb-8186	4.50%	09/01/2037	488,870	NA	0.04%
FHLMC Pool #Sd-1392	3.50%	07/01/2052	687,681	NA	0.06%
FHLMC Pool #Sd-1966	4.00%	11/01/2052	729,602	NA	0.06%
FHLMC Pool #Sd-5420	6.00%	05/01/2054	302,452	NA	0.03%
FHLMC Pool #Sd-7524	3.00%	08/01/2050	696,382	NA	0.06%
FHLMC Pool #Sd-8289	5.50%	01/01/2053	290,513	NA	0.03%
FNMA Pool #0254903	5.00%	10/01/2033	40,965	NA	0.00%
FNMA Pool #0555330	5.50%	04/01/2033	21,796	NA	0.00%
FNMA Pool #0725231	5.00%	02/01/2034	6,824	NA	0.00%
FNMA Pool #0725690	6.00%	08/01/2034	12,715	NA	0.00%
FNMA Pool #0725704	6.00%	08/01/2034	13,927	NA	0.00%
FNMA Pool #0725773	5.50%	09/01/2034	44,928	NA	0.00%
FNMA Pool #0735925	5.00%	10/01/2035	52,667	NA	0.00%
FNMA Pool #0745428	5.50%	01/01/2036	30,212	NA	0.00%
FNMA Pool #0995112	5.50%	07/01/2036	12,282	NA	0.00%
FNMA Pool #0Ad0198	5.50%	09/01/2038	16,130	NA	0.00%
FNMA Pool #0Ad7128	4.50%	07/01/2040	41,312	NA	0.00%
FNMA Pool #0Ae0698	4.50%	12/01/2040	5,559	NA	0.00%
FNMA Pool #0Ae0949	4.00%	02/01/2041	40,944	NA	0.00%
FNMA Pool #0Ah3384	3.50%	01/01/2041	229,316	NA	0.02%
FNMA Pool #0AI0160	4.50%	05/01/2041	53,838	NA	0.00%
FNMA Pool #0AI1697	4.00%	10/01/2041	6,275	NA	0.00%
FNMA Pool #0AI3322	4.00%	02/01/2043	8,386	NA	0.00%
FNMA Pool #0AI3519	4.50%	11/01/2041	7,514	NA	0.00%
FNMA Pool #0AI3802	3.00%	02/01/2028	27,546	NA	0.00%

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
FNMA Pool #0AI4911	3.00%	10/01/2027	\$ 11,456	NA	0.00%
FNMA Pool #0AI7306	4.50%	09/01/2042	29,378	NA	0.00%
FNMA Pool #0AI7521	5.00%	06/01/2039	175,185	NA	0.02%
FNMA Pool #0AI7767	4.50%	06/01/2044	91,229	NA	0.01%
FNMA Pool #0AI8383	4.50%	10/01/2045	15,166	NA	0.00%
FNMA Pool #0AI9578	4.00%	06/01/2045	12,023	NA	0.00%
FNMA Pool #0As5696	3.50%	08/01/2045	19,144	NA	0.00%
FNMA Pool #0Bm1909	4.00%	02/01/2045	172,261	NA	0.01%
FNMA Pool #0Cb2283	2.00%	12/01/2051	592,248	NA	0.05%
FNMA Pool #0Fm7973	4.00%	08/01/2051	555,171	NA	0.05%
FNMA Pool #0Fs2535	2.50%	08/01/2052	378,665	NA	0.03%
FNMA Pool #0Fs5635	4.00%	11/01/2052	674,929	NA	0.06%
FNMA Pool #0Fs6523	5.50%	11/01/2038	374,641	NA	0.03%
FNMA Pool #0Ma3088	4.00%	07/01/2047	41,133	NA	0.00%
FNMA Pool #0Ma4562	2.00%	03/01/2052	306,370	NA	0.03%
FNMA Pool #0Ma4656	4.50%	06/01/2052	274,003	NA	0.02%
FNMA Pool #0Ma4785	5.00%	10/01/2052	541,992	NA	0.05%
FNMA Pool #0Ma4807	5.50%	10/01/2052	561,359	NA	0.05%
GNMA li Pool #0005056	5.00%	05/20/2041	24,176	NA	0.00%
GNMA li Pool #0Ma3663	3.50%	05/20/2046	83,890	NA	0.01%
GNMA li Pool #0Ma8348	5.00%	10/20/2052	802,513	NA	0.07%
GNMA li Pool #0Ma8569	5.00%	01/20/2053	1,036,925	NA	0.09%
GNMA li Pool #0Ma9018	6.00%	07/20/2053	513,858	NA	0.04%
American Express Co	3.95%	08/01/2025	277,866	BBB+	0.02%
Baker Hughes Holdings LLC	3.34%	12/15/2027	169,743	A-	0.01%
Bank 2018-Bnk12 Bn12 As	4.47%	05/15/2061	324,867	AAA	0.03%
Bank of America Corp	3.42%	12/20/2028	602,619	A-	0.05%
Bank of America Corp	1.92%	10/24/2031	327,627	A-	0.03%
Bank of New York Mellon Corp	5.61%	07/21/2039	285,230	A-	0.02%
Blackstone Private Credit Fund	2.63%	12/15/2026	502,044	BBB-	0.04%
Boeing Co	3.25%	02/01/2035	161,480	BBB-	0.01%
California St	4.60%	04/01/2038	370,264	AA-	0.03%
Campbell Soup Co	5.40%	03/21/2034	139,458	BBB-	0.01%
Cantor Fitzgerald LP 144A	7.20%	12/12/2028	105,779	BBB-	0.01%
Capital One Financial Corp	5.70%	02/01/2030	231,541	BBB	0.02%
Carmax Auto Owner Trust 2 2 A3	3.49%	02/16/2027	305,582	AAA	0.03%
CBRE Services Inc	5.95%	08/15/2034	105,727	BBB+	0.01%
Charles Schwab Corp	5.64%	05/19/2029	387,983	A-	0.03%
Citigroup Inc	3.98%	03/20/2030	252,416	BBB+	0.02%
Citigroup Inc	3.79%	03/17/2033	180,086	BBB+	0.02%
Cousins Properties LP	5.88%	10/01/2034	367,256	BBB	0.03%
Eastman Chemical Co	5.00%	08/01/2029	304,395	BBB	0.03%
Eversource Energy	5.13%	05/15/2033	225,302	BBB+	0.02%
Exelon Corp	5.15%	03/15/2029	590,301	BBB	0.05%
F&G Annuities & Life Inc	6.50%	06/04/2029	204,012	BBB-	0.02%
Fifth Third Bancorp	4.77%	07/28/2030	124,261	BBB+	0.01%
GE Healthcare Technologies Inc	4.80%	08/14/2029	226,769	BBB	0.02%
General Motors Financial Co Inc	2.70%	08/20/2027	393,117	BBB	0.03%

Issuer	Coupon Rate	Maturity Date	Fair Value	S&P Risk Rating	Concentration of Credit Exposure
Goldman Sachs Group Inc	2.64%	02/24/2028	\$ 286,269	BBB+	0.02%
Goldman Sachs Group Inc	2.60%	02/07/2030	313,091	BBB+	0.03%
Home Partners Of Amer 3 A 144A	2.20%	01/17/2041	315,179	NA	0.03%
Hyundai Auto Receivables B A4	0.60%	02/16/2027	414,188	AAA	0.04%
Intel Corp	3.15%	05/11/2027	335,346	BBB+	0.03%
J.P. Morgan Mortgag 4 A12 144A	3.00%	10/25/2052	405,941	NA	0.03%
JBS Usa Holding Lux Sarl	5.50%	01/15/2030	151,074	BBB-	0.01%
Jefferies Financial Group Inc	6.20%	04/14/2034	315,738	BBB	0.03%
Jones Lang Lasalle Inc	6.88%	12/01/2028	107,714	BBB+	0.01%
Jpmorgan Chase & Co	4.01%	04/23/2029	515,093	A-	0.04%
Jpmorgan Chase & Co	2.07%	06/01/2029	311,154	A-	0.03%
Kroger Co	5.00%	09/15/2034	124,685	BBB	0.01%
Kyndryl Holdings Inc	3.15%	10/15/2031	559,138	BBB-	0.05%
Marsh & McLennan Cos Inc	5.15%	03/15/2034	181,410	A-	0.02%
Mexico Government International	6.00%	05/07/2036	201,432	BBB	0.02%
Microchip Technology Inc	5.05%	03/15/2029	229,412	NA	0.02%
Morgan Stanley	2.94%	01/21/2033	373,953	A-	0.03%
Morgan Stanley Bank of C29 A4	3.33%	05/15/2049	629,896	NA	0.05%
Morgan Stanley Bank of C32 A4	3.72%	12/15/2049	874,710	NA	0.08%
Morgan Stanley Capital I L5 A4	2.73%	05/15/2054	794,205	AAA	0.07%
Nov Inc	3.60%	12/01/2029	573,867	BBB	0.05%
Paypal Holdings Inc	5.15%	06/01/2034	436,611	A-	0.04%
Polaris Inc	6.95%	03/15/2029	160,866	BBB	0.01%
Public Storage Operating Co	2.25%	11/09/2031	530,522	A	0.05%
Simon Property Group LP	2.20%	02/01/2031	376,962	A-	0.03%
South Bow USA Infrastruct 144A	5.03%	10/01/2029	199,568	BBB-	0.02%
Southern California Edison Co	4.20%	03/01/2029	74,007	A-	0.01%
State Street Corp	5.16%	05/18/2034	307,152	A	0.03%
Synchrony Financial	5.94%	08/02/2030	254,475	BBB-	0.02%
Tapestry Inc	7.85%	11/27/2033	80,297	BBB	0.01%
Targa Resources Partners LP	6.88%	01/15/2029	411,180	BBB	0.04%
T-Mobile Usa Inc	3.38%	04/15/2029	380,128	BBB	0.03%
Towd Point Mortgage 2 A1 144A	3.25%	03/25/2058	174,828	NA	0.02%
Toyota Auto Receivables 2 A A3	1.23%	06/15/2026	130,928	NA	0.01%
Triton Container Fin 1A A 144A	2.11%	09/20/2045	397,728	A	0.03%
United Airlines 2016-1 Class A	3.10%	01/07/2030	146,216	NA	0.01%
United Airlines 2018-1 Class A	3.50%	09/01/2031	88,000	NA	0.01%
Unitedhealth Group Inc	5.00%	04/15/2034	137,263	A+	0.01%
Viatis Inc	2.70%	06/22/2030	132,048	BBB-	0.01%
Vmware LLC	3.90%	08/21/2027	781,334	BBB	0.07%
W R Berkley Corp	6.25%	02/15/2037	214,694	BBB+	0.02%
Wells Fargo & Co	5.57%	07/25/2029	294,297	BBB+	0.03%
Wells Fargo & Co	5.39%	04/24/2034	383,666	BBB+	0.03%
Wells Fargo Bank NA	6.17%	08/07/2026	252,218	A+	0.02%
Wisconsin Power and Light Co	3.95%	09/01/2032	395,959	A	0.03%

### ***Alternative Investments***

Investments reported at fair value of approximately \$411,995,160 and \$407,841,320 as of August 31, 2025 and 2024, respectively, are not publicly traded and have been estimated by management and fund managers in the absence of readily available market values. These funds are invested with external investment managers, generally in commingled funds, limited liability partnerships, or corporations in which the System has an interest, who invest, for example, in hedge funds, real estate, natural resources, private equity, managed futures, and distressed opportunities. These investments are domestic and international in nature, and some of the investments may not be realized for a period of several years after the investments are made. Risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk, and investment manager risk.

More specifically, the risks include the following:

#### ***Nonregulation Risk***

Historically, these funds were not required to register with the Securities and Exchange Commission (SEC) and, therefore, were not subject to regulatory control. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers are required to register with the SEC under the Investment Advisers Act of 1940. As of August 31, 2025, the Endowment Fund has no specific policy statement with respect to non-regulation risk. The policy does contain limitations on the percent that can be allocated to alternative investments.

#### ***Managerial Risk***

Fund managers for nonpublicly traded investments may fail to produce the intended returns and are not subject to oversight. However, the fund managers are subject to oversight by the Endowment Fund. The Endowment Fund has no specific policy statement with respect to managerial risk for alternative investments. However, the Endowment Fund diversifies across managers to mitigate systematic and organizational risk without creating over-diversification. The Endowment Fund further attempts to mitigate managerial risk by emphasizing the qualitative evolution of managers, discouraging the use of significant leverage, emphasizing managers with a demonstrated skill in generating returns.

#### ***Liquidity Risk***

Many of the Endowment Fund's investment funds impose restrictions on redemptions or require multi-year lock-up periods that restrict investors from redeeming their shares or may impose penalties to redeem. The Endowment Fund has no specific policy statement with respect to liquidity risk. The policy does contain limitations on the percent that can be allocated to alternative investments and liquidity is measured.

#### ***Limited Transparency***

Any unregistered investment vehicles are not required to disclose the holdings in their portfolios to investors. This risk is mitigated somewhat by the Dodd-Frank Act of 2010 and the increased transparency provided by the requirement to file Form ADV with the SEC. The Endowment Fund has no specific policy statement with respect to transparency risk.

#### ***Investment Strategy Risk***

Alternative investments often employ sophisticated and more risky investment strategies, as compared to traditional investments, and one or more may use leverage, which could result in volatile returns. To mitigate this risk, emphasis is placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance. The Endowment Fund has no specific policy statement with respect to investment strategy risk. The policy does contain limitations on the percent that can be allocated to alternative investments.

### **Foreign Currency Risk**

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of the Endowment Fund's non-U.S. dollar investments. Investment managers may hedge some, all, or none of their foreign currency risk. The Endowment Fund has no specific policy statement with respect to foreign currency risk.

### **Note 6. Fair Value Measurements**

The Endowment Fund applies GASB guidance on fair value measurements and disclosures, which requires enhanced disclosure about the investments that are measured and reported at fair value and establishes a hierarchical disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured for actively quoted prices generally will have a high degree of market price observability and a lesser degree of judgment used in measuring fair value.

All investments are measured and reported at fair value on a recurring basis and are classified and disclosed in one of the following categories:

- Level 1** Quoted prices in active markets for identical investments.
- Level 2** Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3** Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs use to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given instrument is based on the lowest level of input that is significant to the fair value measurement.

Investments held by the Endowment Fund for which market quotes are readily available are valued based on third-party pricing systems and reported at quoted prices as of the reporting date. Investments held for which market quotes are not readily available are reported based on appraised value. Investments with funds held and invested by external managers where the Endowment Fund holds a share of the external manager's fund are valued and reported at NAV and are not categorized according to fair market value.

Assets at fair value were as follows as of August 31.

**August 31, 2025**

<b>Investment Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$ 45,446	\$ -	\$ -	\$ 45,446
Externally managed domestic	55,252,786	-	-	55,252,786
Externally managed international	-	-	-	-
Fixed income – money market and bond mutual bonds	19,902,503	-	-	19,902,503
Corporate obligations	12,290,610	-	-	12,290,610
U.S. government agencies	13,132,051	-	-	13,132,051
U.S. government obligations	9,317,755	-	-	9,317,755
<b>Totals</b>	<b>\$ 109,941,151</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 109,941,151</b>

**August 31, 2024**

<b>Investment Category</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Equities	\$ 29,205,879	\$ -	\$ -	\$ 29,205,879
Externally managed domestic	67,910,007	-	-	67,910,007
Externally managed international	15,417,033	-	-	15,417,033
Fixed income – money market and bond mutual bonds	21,920,162	-	-	21,920,162
Corporate obligations	102,838,378	-	-	102,838,378
U.S. government agencies	14,451,598	-	-	14,451,598
U.S. government obligations	7,430,387	-	-	7,430,387
<b>Totals</b>	<b>\$ 259,173,444</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 259,173,444</b>

Investments measured at NAV were as follows as of August 31:

**August 31, 2025**

<b>Investment Category</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Equity funds	\$ 284,373,406	\$ -	As needed	30 60 days
Externally managed domestic	233,822,778	52,643,788	N/A	30–60 days
Externally managed international	243,983,548	55,615,915	N/A	30–60 days
International equities	322,904,863	-	As needed	5 days
Other commingled funds	2,702,339	-	As needed	3 days
<b>Totals</b>	<b>\$ 1,087,786,934</b>	<b>\$ 108,259,703</b>		

**August 31, 2024**

<b>Investment Category</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency</b>	<b>Redemption Notice Period</b>
Equity funds	\$ 130,023,875	\$ -	As needed	30 60 days
Externally managed domestic	222,956,123	70,944,548	N/A	30–60 days
Externally managed international	256,670,936	50,805,953	N/A	30–60 days
International equities	247,972,936	-	As needed	5 days
Other commingled funds	2,506,347	-	As needed	3 days
Totals	<u>\$ 860,130,217</u>	<u>\$ 121,750,501</u>		

**Equity Funds**

This type includes investments in one fund at August 31, 2025 and 2024 that invests primarily in U.S. equities. Managers have the ability to shift investments from small-cap to large-cap stocks and from a net long position to a net short position. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with 30 to 60 days' notice.

**Externally Managed Domestic**

This type includes investments in 47 and 52 funds at August 31, 2025 and 2024, respectively, that invest in inflation hedges, oil and gas, real estate properties, renewable natural resources, public and private equities, healthcare, and venture capital. Managers have the ability to invest in natural resources, venture capital, private equity real estate, multi-strategy funds, and the secondary market. Managers have the ability to shift investments in the portfolio to gain the best advantage in the market. Approximately 14% and 12% of this class is invested in natural resources, 20% and 2% in venture capital, 4% and 12% in real estate, 48% and 60% in private equity, and 13% and 13% in multi strategies at August 31, 2025 and 2024, respectively. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with 30 to 60 days' notice, but early redemption requires complete exit from the fund. Funds in this category have expected maturity dates that range from 5 to 10 years.

**Externally Managed International**

This type includes investments in 43 and 44 funds at August 31, 2025 and 2024, respectively, that invest in inflation hedges, hedged investments, oil and gas, real estate properties, technology, public and private domestic and international equities, fixed income securities, alternative market equities, long and short equities, global secondary, and global venture capital. Approximately 11% and 5% of the portfolio is invested in real estate, 56% and 46% in private equity, 27% and 16% in venture capital, 6% and 8% in the secondary market, 0% and 25% in public and private domestic and global equities, and 1% and 0% is invested in natural resources at August 31, 2025 and 2024, respectively. For those managers who invest in equities and real estate, they have the ability to shift investments from long to short term and international to domestic. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with 30 to 60 days' notice, but early redemption requires complete exit from the fund. Funds in the category have expected maturity dates that range from 5 to 10 years.

**Fixed Income – Money Market and Bond Mutual Funds**

This type includes temporary investments in cash equivalents such as money market funds by managers whose NAV is classified in another category. Managers have the ability to shift investments. The fair values of the

investments in this type have been determined using the cash value of the temporary investment. These investments are not intended for redemption as they represent a short-term transaction within a separate category.

**International Equities**

This type includes investments in six and five funds at August 31, 2025 and 2024, respectively, that invest in international equities. The managers have the ability to shift investments to gain a more favorable outcome. The fair value of the investment in this type has been determined using the NAV per share of the investment. The investment in this category can be redeemed with five days’ notice.

**Other Commingled Funds**

This type includes investments in three funds at August 31, 2025 and 2024 that invest primarily in equities. One equity fund is managed by University of Houston C.T. Bauer College of Business, and stocks are traded on a daily basis. The second fund is a bond fund that comprises 83% of this category. The fair values of the investments in this type have been determined using the NAV per share of the investments. All investments in this category can be redeemed with three days’ notice.

**Note 7. Receivable for Investments Purchased**

The Endowment Fund purchases and sells investments throughout the year and will occasionally have a receivable or payable at year-end related to the timing of investment ownership or cash being transferred to or from the Endowment Fund. As of August 31, 2025, management had paid \$12,500,000 to purchase an investment, but this investment transaction had not settled. A receivable was booked to account for the investment not yet received.

**Note 8. Deferred Revenue**

The Endowment Fund receives contributions throughout the year and records revenues in accordance with the description noted in Note 1. In certain circumstances, a donor will make a financial contribution to the Endowment Fund prior to the final execution of the endowment agreement. The Endowment Fund still expects to receive these amounts in the future, but until the final endowment agreement is executed, the contribution is not recorded in revenue. The amount of deferred revenue recorded was \$7,650,000 and \$0 as of August 31, 2025 and 2024, respectively.

**Note 9. Due to Other Components**

Due to other components consists of the following at August 31:

	<u>2025</u>	<u>2024</u>
Payable to System components under the income payout policy	\$ 43,058,537	\$ 40,816,337
Payable to System components for institutional advancement	8,100,383	7,645,214
Payable to System for related-party loan	<u>10,000,000</u>	<u>-</u>
Total due to other components	<u>\$ 61,158,920</u>	<u>\$ 48,461,551</u>

**Note 10. Related-Party Transactions**

In addition to the transfers-in described in the revenue recognition policy in Note 2 and distributions to other components described in Note 7, the Endowment Fund received in-kind contributions from the System in the form of personnel costs, office facilities, equipment, and supplies during the years ended August 31, 2025 and 2024. The total estimated value of these in-kind contributions received from the System was \$0 for fiscal years 2025 and 2024.

On October 25, 2024, a promissory note was signed between the University of Houston System (Lender) and University of Houston Department of Athletics (Borrower) for a loan in the amount of \$10,000,000. These funds were transferred from the University of Houston System Endowment Fund to the Borrower. The principal amount of this note shall bear interest at 5.1% per annum and mature on August 31, 2035. No interest or principal has been paid on this note as of August 31, 2025.

### **Note 11. Administrative Costs**

The Endowment Fund pays custodial fees and expenses to the financial institution, which acts as the custodian of the portion of the Endowment Fund's assets managed under a master trust custodian agreement. The fees are based on the number of accounts, market value of the securities, and transaction activities in accordance with the master trust custodian agreement.

Additionally, the Endowment Fund incurs asset management fees from the independent investment managers of the Endowment Fund. The fees are generally assessed on a quarterly basis on a percentage of the market value of investments held by each investment manager.

The Endowment Fund incurs other expenses related to its operations primarily consisting of professional service fees and expenses. The total fees and expenses incurred by the Endowment Fund for the years ended August 31, 2025 and 2024 were estimated to be \$8,515,453 and \$9,266,369, respectively, and were included in net appreciation of investments on the accompanying statements of revenues, expenses, and changes in net position.

### **Note 12. Income Taxes**

The System, of which the Endowment Fund is a division, is a university established as an agency of the State of Texas prior to 1969 and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code of 1986. However, as a state college or university, the System is subject to unrelated business income pursuant to Internal Revenue Code of 1986 Section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2025 and 2024. Accordingly, no provision for income taxes has been made in the accompanying financial statement.

### **Note 13. Subsequent Events**

In the months subsequent to the fiscal year-end, the U.S. and world's financial markets, as measured by the global stock markets, have continued to be unpredictable. These and other economic events have had an effect on the value of investments held by the Endowment Fund. Interim valuation information is not available for all investments through the date of this report.

At a regular meeting held on August 21, 2025, the University of Houston Board of Regents voted to delegate authority to the Chancellor to negotiate and execute any documents and take any and all actions to effectuate the

approved legislation to transition the University of Houston-Victoria to the Texas A&M University System beginning September 1, 2025 for Fiscal Year 2026.

In Fiscal Year 2026 a second loan to UHS Athletics Department to support operating expenses during the transition to the Big 12 conference will be provided, totaling \$8,865,859. This loan will also be repaid from self-generated revenues for ticket sales, conference distributions, media rights, advertising, and facility rental fees. The terms of the loan will be the same as the terms of the existing loan.



# **University of Houston System**

## **Independent Accountant's Report on Applying Agreed-Upon Procedures**

August 31, 2025

## Independent Accountant's Report on Applying Agreed-Upon Procedures

Board of Regents  
University of Houston System  
Houston, Texas

We have performed the procedures enumerated in the attachment to this report on the University of Houston System's (University) compliance with the requirements set forth in Section 12.4.4 of the Cancer Prevention and Research Institute of Texas's (CPRIT) *Grant Policies and Procedures Guide* as of and for the year ended August 31, 2025. The management of the University is responsible for its aforementioned compliance with the requirements set forth in Section 12.4.4 of CPRIT's *Grant Policies and Procedures Guide*.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assessing the University's compliance with Section 12.4.4 of CPRIT's *Grant Policies and Procedures Guide* as of and for the year ended August 31, 2025. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report, and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and the associated findings are described in the attachment to this report.

We were engaged by the University to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on compliance with Section 12.4.4 of CPRIT's *Grant Policies and Procedures Guide*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the specified parties above and is not intended to be, and should not be, used by anyone other than these specified parties.

**Forvis Mazars, LLP**

**Houston, Texas  
February 4, 2026**

***Processes and Controls***

***Procedures***

1. Inquire of the University's management about whether they have assessed the adequacy of internal controls addressing grant noncompliance, errors, and fraud. Observe documentation of that assessment. Compare the items listed in the risk assessment to the following controls and assess whether the following were included:
  - a. Contract compliance, including submission;
  - b. Expenditures, including payroll and equipment;
  - c. Project income; and
  - d. Reporting, including performance measurement, matching, indirect cost application, and early termination.
2. Confirm that the University has documented policies and procedures to account for the receipts and disbursement of the CPRIT funds.

***Finding***

No exceptions noted.

***Contract***

***Procedures***

1. Obtain the contract for each grant tested and determine to see if the contract included internal Institutional Review Board approval for the use of human subjects, animals, or biohazards. If so, obtain documentation from the grantee showing that the applicable review was done by the appropriate board prior to contract execution as evidenced by signature of board meeting minutes.
2. Determine, through comparison to the University's policies, whether the University is required to have a written standard of conduct and comply with federal law to promote objectivity in research. If so, verify that a conflict of interest statement(s) for all individual principal investigators was signed prior to the effective date of the grant and that the conflict of interest statement(s) was (were) updated as necessary to comply with these provisions.
3. Inquire of management and/or those charged with grant oversight whether the grantee completed all assurances and certifications in Attachment C, Assurances and Certifications, of the grant contract.

***Finding***

No exceptions noted.

***Indirect Costs***

***Procedures***

1. Obtain and read each grant contract and assess whether there is an indirect cost rate specified.

2. To test the indirect cost rate, select a sample of the lesser of 10% or 25 indirect costs charged to the grant(s) and perform the following:
  - a. Obtain a list of eligible indirect costs from the University. Agree the description of the costs in the sample to the list of eligible costs. Obtain supporting documentation for the transactions in the sample and assess whether the description is valid. Document any exceptions.
  - b. Obtain from the University's accounting records the listing of direct costs charged to the grant. Compare the sample of indirect costs to the listing of direct costs to assess whether they were not included as direct costs. Document any exceptions.
3. Select a sample of two (2) financial status report (Form 269a) submissions for each grant and recompute the indirect cost rate used based on the requirements noted in the grant contract obtained in procedure 1 above. Compare the recalculated rate to the rate used and document any variance.

**Finding**

No exceptions noted. In procedure 2, the sample size is 7, 12, and 4 items for grants R210148, RP240401, and RP200409, respectively.

**Matching**

**Procedures**

1. Obtain each grant contract and assess whether it includes a matching fund requirement. If it does not, no further procedures in this section are necessary. Note: Matching fund requirements applicable to public and private institutions of higher education allow the grantee to receive partial or full matching funds credit. See section Matching Funds – Certification and Verification.
2. Inquire of management and/or those charged with grant oversight whether a tracking mechanism, such as a separate fund/account, was created to track matching fund expenditures. Document management's response.
3. Obtain the grantee's matching certification to assess whether matching funds (as noted in the grant contract obtained in procedure 1 above) were certified prior to grant start. View the grantee's documentation supporting that the matching funds were set aside to be spent on the funded grant only. Document any variance in the amount of matching funds.
4. As of the end of the CPRIT program year, view the grantee's documentation supporting that the matching funds were set aside to be spent on the funded grant(s) only that is/are the subject of the award(s). Obtain the bank statement(s) related to the account(s) that holds the matching funds and tie in the total bank balance per the grantee's records to the month-end reconciliation.

**Finding**

Selected grants had matching fund requirements: R210148, RP240401, and RP200409. No exceptions noted.

**Expenditures (Excluding Payroll-Related Transactions)**

**Procedures**

1. Inquire of management and/or those charged with grant oversight as to whether the University has a purchasing policy that establishes a competitive procurement process and safeguards against bias or conflicts of interest.

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2. Inquire of management and/or those charged with grant oversight whether the University has a process in place to ensure that entities only purchase from a vendor list (which excludes vendors that are federally debarred or suspended) that has been approved by management and/or those charged with governance as evidenced by signature and date. Document management's response.
  3. To test nonpayroll direct expenditures for each grant, select a sample of the lesser of 10% or 60 nonpayroll-related expenditures. For each item selected, perform the following:
    - a. Agree the sample disbursement to the receipt or invoice supporting the amount and payee.
    - b. Observe physical or electronic evidence of approval to determine that the purchase was approved and/or reviewed by management or those involved with oversight of the grant (with knowledge of the grant requirements).
    - c. Trace the description of the purchased goods and/or services received to the underlying supporting documentation and agree the description to items allowable per Texas Grant Management Standards (TxGMS), the grant contract, and the CPRIT *Policies and Procedures Guide*.
    - d. If the item selected is travel related, assess whether the travel was related to the grant based on the inquiry of management or review of supporting documentation. Compare the description of the travel to the narrative and assess whether any discrepancy exists.
    - e. If the item selected is related to international travel, observe physical or electronic evidence of approval to determine whether it was approved by CPRIT prior to the initiation of the travel.
    - f. If the expended item was transacted prior to the related CPRIT grant being awarded, assess whether the costs were authorized by CPRIT per review of correspondence or other verification documentation.
    - g. Assess whether the vendor was preapproved by the University prior to the purchase by agreeing the vendor to the preapproved vendor list noted in procedure 2 above.
    - h. Compare the purchase to the approved grant budget and assess whether the purchase was included in the approved grant budget provided to CPRIT.
    - i. Obtain supporting documentation that the transaction occurred during the period covered by the grant award.

**Finding**

No exceptions noted. In procedure 3, the sample size is 6, 14, and 6 items for grants R210148, RP240401, and RP200409, respectively.

**Expenditures (Payroll-Related Transactions)**

**Procedures**

1. Inquire of management and/or those charged with grant oversight to assess whether the University has a formal system to track time and effort of employees associated with the grant.
2. To test payroll direct expenditures for each grant, select a sample of the lesser of 10% or 60 payroll-related transactions from the fiscal year.

3. For employees that work solely in a single award/funding stream or cost objective, observe documentation covering the period in which the transaction occurred showing that the employee had a semi-annual certification signed by the employee or a supervisory official.
  - a. Note that the budgeted payroll costs pertaining to the selected employee or the position, related to the selected employee, have been included in the approved grant budget;
  - b. Obtain supporting documentation that the transaction occurred during the period covered by the grant award;
  - c. Agree the time allocated to the grant for the related pay period to the employee's time sheet or similar support;
  - d. Assess whether the employee's time sheet or similar documentation was approved by a supervisor;
  - e. Agree the employee's pay rate per the transaction to the employee's pay rate per their employee file and that the rate was properly approved; and
  - f. Assess whether the grantee has reported each employee whose salary or partial salary is paid by a CPRIT grant in the original Personnel Level of Effort (PLOE) submitted with the grant application.

### ***Finding***

In procedure 2, the sample size is 7, 14, and 7 items for grants R210148, RP240401, and RP200409, respectively. Exceptions noted. For all selected items, the University was unable to provide semi-annual certifications signed by an employee or supervisory official having first-hand knowledge of the work performed by the employee. According to the Director, Research Administrative Services, effort reports were temporarily suspended as the University reviews prior practices for generating effort reports, assesses the functionality of the current system, and identifies opportunities for improvement.

### ***Equipment***

#### ***Procedure***

1. For each grant, select a sample of the lesser of 10% or 25 equipment purchases during the fiscal year and assess whether:
  - a. The purchase was included in a category in the contract approved budget.
  - b. The University's internal procedures for recording the receipt of the equipment were followed.
  - c. The item was included in the grant inventory report submitted to CPRIT.
  - d. If the purchase was greater than \$5,000, verify that the purchase was authorized by CPRIT prior to the purchase.
  - e. Observe the purchase documentation and assess whether the University has title to the equipment purchased or fabricated with grant funds.
  - f. If the University still owns the equipment, observe the equipment's physical location, assess whether it is located at the University, and agree the equipment's property tag to the property identification number reported in the inventory report to CPRIT.

- g. Obtain supporting documentation that the transaction occurred during the period covered by the grant award.

**Finding**

None of the selected grants had equipment purchases.

**Revenue Sharing and Project Income**

**Procedures**

1. Inquire of management whether any revenue was generated by the grant project during the preceding fiscal year.
2. Assess whether revenue or project income collected by the University for the year has been identified for each grant in accordance with the grant contract or CPRIT approval and reported on the annual Revenue Sharing/Program Income Report form to CPRIT.
3. For revenue sharing, obtain documentation to assess whether revenue generated by the sale or licensing of products or research developed through a CPRIT grant resulted in payment made to CPRIT and that the payment is accurate based on the grant contract and Revenue Sharing/Program Income Report form.

**Finding**

According to the Director, Research Administrative Services, no grants generated program income.

**Reporting**

**Procedures**

1. Inquire of the University's management and those charged with oversight over the CPRIT grant as to whether they are aware of any instances related of fraud, illegal acts, or noncompliance and whether they have been properly reported to the granting agency. Document management's response regarding any such acts that were reported.
2. To test the reporting requirements, select a sample of reporting time periods for the following reports:
  - a. **Quarterly** – Select two Financial Status Reports (due within 90 days of the end of the fiscal quarter). For Prevention Grants, also select two quarters of Data Elements.
  - b. **Annual** – Select the current year's Grant Progress Report and Project Data and other required annual reports (due within 60 days of the anniversary date of the Contract). The Grant Progress Report is filed along with the Single Audit Determination form, Historically Underutilized Business report, listing of equipment, inventory, and Revenue Sharing/Program Income Report form.
  - c. **End of Contract Term** – Grant Final Report, a final grant progress report, shall be filed no more than 90 days after the termination date of the Contract. The final grant progress report shall include a comprehensive description of the grantee's progress toward completing the scope of work specified by the Contract, as well as other information specified by CPRIT.
  - d. **Tranche Grant Progress Report (Product Development grantees only)** – In addition to annual Grant Progress Reports, Product Development grantees may submit a Grant Progress Report at the completion of specific tranches of funding specified in the Award Contract. A Tranche Grant Progress Report is not required when the completion of the tranche coincides with the end of the grant year. In that event, the annual Grant Progress Report is sufficient.

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3. Perform the following procedures over the reports:
- a. Obtain applicable documentation and/or correspondence and assess whether required reports were filed within required timeframes as noted above.
  - b. Obtain documentation and/or correspondence to assess whether the reports were reviewed and approved by management and/or those charged with oversight over the grant prior to submission.
  - c. Agree all financial information included in reimbursement request reports for each request, and cumulatively for the reporting period, to the University's general ledger.
  - d. If applicable, assess whether any reimbursement payments have been withheld by inquiring of management and/or those charged with grant oversight. Document management's response for the reason for a delay in payment related to not complying with a grant contract requirement or any state or federal law. If funds had been withheld, note whether the withheld payments were released per applicable documentation.
  - e. For the Grant Progress Reports, in addition to the procedures above, assess whether the progress report includes a Single Audit Determination form, an inventory form, a Revenue Sharing/Program Income Report, and a Historically Underutilized Business/Texas Supplier report. Note any missing reports.
  - f. For the Grant Progress Reports, in addition to the procedures above, confirm that the other key data points related to project data (*i.e.*, publications, patent information, commercialization, etc.) are accurate for the period and supported by documentation from the University. Note any incorrect amounts.

**Finding**

No exceptions noted. According to the Director, Research Administrative Services, the University did not receive any product development grants.

**Grant Closeout**

**Procedures**

1. Obtain correspondence and/or related documentation showing the date the grantee submitted all required reports (as defined by the contract) to CPRIT to assess whether the submission was completed within the 145-day closeout period following the end of the contract term for each grant.
2. Select the last financial status report for the grant and assess whether it was submitted in a timely manner (as defined by the Contract) and that the related payment was received. If payment was delayed, inquire of management the reason for the delay and document the response.

**Finding**

Grant RP210148 ended 5/31/2025. Grant RP2100409 ended 8/31/2025. No exceptions noted.

**Sampling**

When selecting a sample, we followed CPRIT’s recommendation and used the guidance from the AICPA’s Audit and Accounting Guide: *Government Auditing Standards* and Circular A-133 Audits, Chapter 11 – Audit Sampling Considerations of Circular A-133 Compliance Audits:

Table 7: Audit Sampling Considerations

Frequency or Population Size	Sample Size
Quarterly (4)	2
Monthly (12)	3
Semimonthly (24)	6
Weekly (52)	8
<b>Greater than 52 transactions:</b>	
Expenditures	Lesser of 10% or 60
All other	Lesser of 10% or 25

We chose three grants from the schedule of CPRIT awards for testing as follows:

1. RP210148: Novel Pharmacodynamic Assay to Predict Response to CDK4/6 Inhibitor Therapy
2. RP240401: Lead Optimization, Target Engagement and Efficacy Studies of Locally Bioavailable COX-2 Inhibitors for Preventing Color Cancer Progression in FAP Children
3. RP200409: Transdiagnostic Cognitive Behavioral Therapy for Smokers with Anxiety and Depression

# Forvis Mazars Report to the Board of Regents, Audit and Compliance Committee, and Management

Houston Public Media and Houston Public Media Foundation

Results of the 2025 Financial Statement Audit, Including Required Communications

August 31, 2025

## Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

### Overview & Responsibilities

Matter	Discussion
<b>Scope of Our Audit</b>	<p>This report covers audit results related to your financial statements and supplementary information:</p> <ul style="list-style-type: none"><li>• As of and for the year ended August 31, 2025.</li><li>• Conducted in accordance with our contract dated April 17, 2025.</li></ul>
<b>Our Responsibilities</b>	<p>Forvis Mazars is responsible for forming and expressing opinions about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
<b>Audit Scope &amp; Inherent Limitations to Reasonable Assurance</b>	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>
<b>Extent of Our Communication</b>	<p>In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.</p>
<b>Independence</b>	<p>The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.</p>

Matter	Discussion
<b>Your Responsibilities</b>	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
<b>Distribution Restriction</b>	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> <li>• Board of Regents, Audit and Compliance Committee, and Management</li> <li>• Others within the Entity</li> </ul>

## Qualitative Aspects of Significant Accounting Policies & Practices

### Significant Accounting Policies

Significant accounting policies are described in Note 2 of the audited financial statements.

### Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature), we noted the following:

- No matters are reportable

### Alternative Accounting Treatments

- No matters are reportable

### Management Judgments & Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management’s estimation process and our procedures for testing the reasonableness of those estimates include:

- Fair value of endowment investments

### Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Component Unit – Houston Public Media Foundation

### Our Judgment About the Quality of the Entity’s Accounting Principles

- No matters are reportable

## Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

## Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- Houston Public Media
  - Sick leave accrual – increased by \$41,635
  - Accounts Receivable – increased by \$56,259
  - Net position reclassifications – decreased by \$80,786

## Uncorrected Misstatements

- No uncorrected misstatements to report

## Other Required Communications

### Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

### Recent Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. The requirements of this statement will take effect for financial statements starting with the fiscal year that ends August 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, focuses on enhancing disclosure requirements for certain capital assets held by state and local governments. It aims to improve transparency regarding new asset types, particularly those created by recent GASB Statements like Nos. 87, 94, and 96, which introduced "right-to-use" assets. Key provisions of Statement 104 include the requirement that certain types of capital assets be disclosed separately in the capital asset note disclosures required by GASB Statement No. 34. These include lease assets reported under Statement 87; intangible right-to-use assets recognized under Statement 94; and subscription assets reported under Statement 96. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Statement 104 establishes requirements for capital assets held for sale. An asset qualifies if the government has decided to pursue the sale of the capital assets and the sale is expected to be completed within one year of the financial statement date. Governments should disclose the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Governments must disclose the historical cost and accumulated depreciation of these assets, organized by major asset class. The requirements of the Statement will take effect for financial statements starting with the fiscal year that ends August 31, 2026.

# Required Communications Regarding Internal Control (AU-C 265)

## Consideration of Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements of Houston Public Media and Houston Public Media Foundation as of and for the year ended August 31, 2025, in accordance with GAAS, we considered the Entity's internal control over financial reporting (internal control).

This consideration served as a basis for designing audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements.

However, this consideration was **not** for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

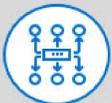
This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:

- Board of Regents, Audit and Compliance Committee, and Management
- Others within the Entity

## Categorizing Deficiencies by Severity

### Deficiency

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.



### Significant Deficiency

A significant deficiency is a deficiency, or 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.



### Material Weakness

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material misstatements of the Entity's financial statements will not be prevented or detected and corrected on a timely basis.



## Identified Deficiencies

We identified a certain deficiency in internal control that we consider to be a significant deficiency.

Management's written response to the significant deficiency identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

### **Significant Deficiency**

- The System erroneously recorded multiple transactions directly to net position causing a variance of \$80,786 between August 31, 2024, ending net position and September 1, 2024, beginning net position. Adjustments were proposed and recorded by management to decrease beginning net position by \$80,786.

#### Management's Response

Corrective Action: Financial Reporting, Treasury, and Endowment will jointly review and correct the HPM endowment reporting structure to ensure that all required accounts for HPM endowments flow properly into the trial balance and this structure will be monitored on a periodic basis to confirm ongoing accuracy and completeness. Financial Reporting will make recommendations as appropriate, to transactions recorded to net positions. Furthermore, Financial Reporting will initiate the rollforward trial balance process earlier in the fiscal year to prevent similar changes to net position.

## Attachments

### Management Representation Letter (Attachment A)

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.



**Attachment A**

**Management Representation Letter**

*Representation of:*  
Houston Public Media  
4343 Elgin Street  
Houston, Texas 77204

*Provided to:*  
**Forvis Mazars, LLP**  
Certified Public Accountants  
2700 Post Oak Boulevard, Suite 1500  
Houston, TX 77056

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audits of our financial statements as of and for the year ended August 31, 2025 and prior year end dates covered by our auditor’s report.

Our representations are current and effective as of the date of Forvis Mazars’ report: February 27, 2026.

Our engagement with Forvis Mazars is based on our contract for services dated: April 17, 2025.

### **Our Responsibility & Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America .

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

### **Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report**

We confirm, to the best of our knowledge and belief, the following:

#### ***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.
3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data,

documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of member's meetings, if any, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
  - e. All significant contracts.
4. We have disclosed to you all instances in which artificial intelligence (AI) systems or tools were used related to financial reporting, internal controls, and other processes relevant to the financial statements. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls related to the use of AI.
  5. We have responded fully and truthfully to all your inquiries.

#### **Government Auditing Standards**

6. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
7. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
8. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
9. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
10. We have a process to track the status of audit findings and recommendations.
11. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
12. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

#### **Misappropriation, Misstatements, & Fraud**

13. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, liabilities, or net position.

14. We have no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management or employees who have significant roles in internal control over financial reporting, or
  - b. Others when the fraud could have a material effect on the financial statements.
15. We understand that the term “fraud” includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity’s assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, SEC or other regulators, citizens, suppliers, or others.
17. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

***Ongoing Operations***

18. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year of the date of the financial statements and known facts thereafter without consideration of potential mitigating effects of management’s plans and concluded substantial doubt does not exist.
19. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, contributions, constraints on liquidity, significant credit quality problems, etc. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable,, etc., that could negatively impact the entity’s ability to meet debt covenants or maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity’s financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments and other assets; reviewing allowances for uncollectible amounts; evaluating liquidity plans; etc.

***Related Parties***

20. We have disclosed to you the identity of all of the entity’s related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of

America.

21. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Principal owners and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

22. Related-party transaction(s) asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in good faith to unrelated parties, and support regarding the assertion has been provided.

### ***Litigation, Laws, Rulings & Regulations***

23. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.

24. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

25. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.

26. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due. Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*.

27. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to

enforce environmental laws and regulations.

***Nonattest Services***

28. You have provided nonattest services, including the following, during the period of this engagement:
- Preparing a draft of the financial statements and related notes and supplementary information
29. With respect to these services:
- a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
  - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - d. We have evaluated the adequacy of the services performed and any findings that resulted.
  - e. We have established and maintained internal controls, including monitoring ongoing activities.
  - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

***Financial Statements & Reports***

30. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
31. The entity has revised the 2024 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that required correction in the financial statements.
32. With regard to supplementary information:
- a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
33. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

***Transactions, Records, & Adjustments***

34. All transactions have been recorded in the accounting records and are reflected in the financial statements.
35. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
36. We have everything we need to keep our books and records.
37. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
38. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

***Governmental Accounting & Disclosure Matters***

39. With regard to deposit and investment activities:
  - a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
  - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
  - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
  - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
  - e. Risk disclosures associated with deposit and investment securities and derivative instrument transactions are presented in accordance with GASB requirements.
40. The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
41. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
42. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
43. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
44. Leases have been properly identified, recorded, and disclosed in accordance with GASB Statement No. 87, *Leases*.
45. The government has properly measured, recorded, and disclosed compensated absences and

other salary-related payments in accordance with GASB Statement No. 101, *Compensated Absences*.

46. The government has appropriately considered and disclosed its vulnerabilities due to certain concentrations or constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.
47. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.

### ***Accounting & Disclosure***

48. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
49. Except as reflected in the financial statements, there are no:
  - a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net position.
  - b. Material transactions omitted or improperly recorded in the financial records.
  - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
  - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
  - e. Agreements to purchase assets previously sold.
  - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
  - g. Guarantees, whether written or oral, under which the entity is contingently liable.
  - h. Known or anticipated asset retirement obligations.
50. Except as disclosed in the financial statements, the entity has:
  - a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
  - b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

***Revenue, Accounts Receivable, & Inventory***

51. Adequate provisions, allowances, or other adjustments in basis have been recorded for any material losses from:
- a. Uncollectible receivables.

***Estimates***

52. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
53. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to a lack of diversity related to employers, industries, inflows of resources, workforce covered by collective bargaining agreements, providers of financial resources, or suppliers of material, labor or services loans, investments, or deposits, or constraints, which refer to a limitation imposed by an external party or by formal action of a government’s highest level of decision-making authority related to limitations on raising revenue, limitations on spending, limitations on the incurrence of debt, or mandated spending, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

***Fair Value***

54. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
- a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
  - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
  - c. The significant assumptions appropriately reflect market participant assumptions.
  - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
  - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

***GASB Statement 101, Compensated Absences***

55. In connection with the adoption of GASB Statement No. 101, *Compensated Absences* (GASB 101), we represent that footnotes to the financial statements appropriately describe the adoption of GASB 101 and include all disclosures required under GASB 101.

***GASB Statement 103, Financial Reporting Model Improvements***

56. In connection with the adoption of GASB Statement No. 103, *Financial Reporting Model Improvements* (GASB 103), we represent that footnotes to the financial statements appropriately describe the adoption of GASB 103 and include all disclosures required under GASB 103.



Derrick Wilson (Feb 27, 2026 09:16:51 CST)

Derrick Wilson, Executive Director - HPM Business Operations

dwilson@houstonpublicmedia.org



Joshua B Adams (Feb 27, 2026 09:19:07 CST)

Joshua Adams, AVP, General Manager HPM

jbadams@houstonpublicmedia.org

*Representation of:*  
Houston Public Media Foundation  
4343 Elgin Street  
Houston, Texas 77204-0901

*Provided to:*  
**Forvis Mazars, LLP**  
Certified Public Accountants  
2700 Post Oak Boulevard, Suite 1500  
Houston, TX 77056

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audits of our financial statements as of and for the year ended August 31, 2025 and prior year end dates covered by our auditor’s report.

Our representations are current and effective as of the date of Forvis Mazars’ report: February 27, 2026.

Our engagement with Forvis Mazars is based on our contract for services dated: April 17, 2025.

### **Our Responsibility & Consideration of Material Matters**

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America .

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

### **Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report**

We confirm, to the best of our knowledge and belief, the following:

#### ***Broad Matters***

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
  - a. Internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - b. Internal control to prevent and detect fraud.
3. We have provided you with:
  - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data,

documentation, and other matters.

- b. Additional information that you have requested from us for the purpose of the audit.
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. All minutes of member's meetings, if any, held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the board, if applicable, and maintained as part of our records.
  - e. All significant contracts.
4. We have disclosed to you all instances in which artificial intelligence (AI) systems or tools were used related to financial reporting, internal controls, and other processes relevant to the financial statements. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls related to the use of AI.
  5. We have responded fully and truthfully to all your inquiries.

***Misappropriation, Misstatements, & Fraud***

6. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
  - a. Misappropriation of assets.
  - b. Misrepresented or misstated assets, liabilities, or net position.
7. We have no knowledge of fraud or suspected fraud affecting the entity involving:
  - a. Management or employees who have significant roles in internal control over financial reporting, or
  - b. Others when the fraud could have a material effect on the financial statements.
8. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
9. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, customers, analysts, SEC or other regulators, suppliers, or others.
10. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

***Ongoing Operations***

11. We have evaluated whether there are conditions or events known or reasonably knowable, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year of the date of this letter without consideration of potential mitigating effects of management's plans not yet fully implemented and concluded substantial doubt does not exist.

12. We acknowledge the current economic volatility presents difficult circumstances and challenges for our industry. Entities are potentially facing declines in the fair values of investments and other assets, declines in the volume of business, constraints on liquidity, and difficulty obtaining financing. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values, allowances for accounts receivable, capital, etc., that could negatively impact the entity's ability to maintain sufficient liquidity.

We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the entity's financial statements. Further, management and governance are solely responsible for all aspects of managing the entity, including questioning the quality and valuation of investments, and other assets, reviewing allowances for uncollectible amounts; evaluating capital needs and liquidity plans; etc.

***Related Parties***

13. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware.

In addition, we have disclosed to you all related-party transactions and amounts receivable from or payable to related parties of which we are aware, including any modifications during the year that were made to related-party transaction agreements which existed prior to the beginning of the year under audit, as well as new related-party transaction agreements that were executed during the year under audit.

Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

14. We understand that the term related party refers to:

- Affiliates
- Entities for which investments are accounted for by the equity method
- Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
- Principal owners and members of their immediate families
- Management and members of their immediate families
- Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

15. Related-party transaction(s) asserted to or disclosed in the financial statements as arm's length were conducted on terms equivalent to those prevailing for comparable transactions with unrelated parties or, in the absence of comparable transactions, terms that would be offered in

good faith to unrelated parties, and support regarding the assertion has been provided.

***Litigation, Laws, Rulings & Regulations***

16. We are not aware of any pending or threatened litigation or claims whose effects should be considered when preparing the financial statements. We have not sought or received attorney's services related to pending or threatened litigation or claims during or subsequent to the audit period. Also, we are not aware of any litigation or claims, pending or threatened, for which legal counsel should be sought.
17. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
18. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
19. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due. Adequate provisions have been accrued for potential penalties or payments due under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*.
20. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.

***Nonattest Services***

21. You have provided nonattest services, including the following, during the period of this engagement:
  - Preparing a draft of the financial statements and related notes and supplementary information
  - All federal information return preparation
22. With respect to these services:
  - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
  - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
  - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
  - d. We have evaluated the adequacy of the services performed and any findings that resulted.
  - e. We have established and maintained internal controls, including monitoring ongoing activities.
  - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over

these deliverables.

***Financial Statements & Reports***

23. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
24. The entity has revised the 2024 financial statements to conform with accounting principles generally accepted in the United States of America. Management has provided you with all relevant information regarding the revision. We are not aware of any other known matters that required correction in the financial statements.
25. With regard to supplementary information:
  - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
  - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.
  - c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
26. We do not issue an annual report, nor do we have plans to issue an annual report at this time.

***Transactions, Records, & Adjustments***

27. All transactions have been recorded in the accounting records and are reflected in the financial statements.
28. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
29. We have everything we need to keep our books and records.
30. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.
31. We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the entity's accounts.

***Nonprofit Accounting & Disclosure Matters***

32. Adequate provisions and allowances have been accrued for any material losses from uncollectible pledges.
33. We are an entity exempt from income tax under Section 501(c) of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated

business income or excise tax on prohibited transactions and events.

34. We acknowledge the entity is not a conduit debt obligor whose debt securities are listed, quoted, or traded on an exchange or an over-the-counter market. As a result, we acknowledge the entity does not meet the definition of a "public entity" under generally accepted accounting principles for certain accounting standards.

***Accounting & Disclosure***

35. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.

36. Except as reflected in the financial statements, there are no:

- a. Plans or intentions that may materially affect carrying values or classifications of assets, liabilities, or net position.
- b. Material transactions omitted or improperly recorded in the financial records.
- c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure in accordance with Accounting Standards Codification (ASC) Topic 450, *Contingencies*, including those arising from environmental remediation obligations.
- d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
- e. Agreements to purchase assets previously sold.
- f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
- g. Guarantees, whether written or oral, under which the entity is contingently liable.
- h. Known or anticipated asset retirement obligations.

37. Except as disclosed in the financial statements, the entity has:

- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
- b. Complied with all aspects of contractual agreements, for which noncompliance would materially affect the financial statements.

***Revenue & Accounts Receivable***

38. Adequate provisions, allowances, or other adjustments in basis have been recorded for any material losses from:

- a. Uncollectible receivables.

**Estimates**

39. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
40. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, investments, or deposits, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

**Fair Value**

41. The determination of fair value of entity was based on reasonable and supportable assumptions.
42. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
  - a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
  - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
  - c. The significant assumptions appropriately reflect market participant assumptions.
  - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
  - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

**Tax Matters**

43. We understand the potential penalties for failure to disclose reportable tax transactions to the taxing authorities and have fully disclosed to Forvis Mazars any and all known reportable tax transactions.



[Derrick Wilson \(Feb 27, 2026 09:24:04 CST\)](#)

Derrick Wilson, Executive Director HPM Business Operations

[dwilson@houstonpublicmedia.org](mailto:dwilson@houstonpublicmedia.org)



[Joshua B Adams \(Feb 27, 2026 09:19:49 CST\)](#)

Joshua Adams, AVP, General Manager HPM

[jbadams@houstonpublicmedia.org](mailto:jbadams@houstonpublicmedia.org)

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Independent Auditor's Report and Financial Statements  
August 31, 2025 and 2024

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)

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## Independent Auditor's Report

Board of Regents  
University of Houston System  
Houston, Texas

### ***Opinions***

We have audited the financial statements of the business-type activities and the discretely presented component unit of Houston Public Media (Stations), a division of the University of Houston System (UH System), as of and for the years ended August 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Stations' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the Stations as of August 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the financial statements of the Stations, and do not purport to, and do not, present fairly the financial position of the UH System as of August 31, 2025 and 2024, or the changes in its 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 opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Stations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Stations' basic financial statements. The Primary Institution Schedule of Functional Expenses, Component Unit Schedule of Functional Expenses, and Combining Schedule of Revenues and Expenses by Station are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the Primary Institution Schedule of Functional Expenses, Component Unit Schedule of Functional Expenses, and Combining Schedule of Revenues and Expenses by Station are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Forvis Mazars, LLP**

**Houston, Texas  
February 27, 2026**

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Management's Discussion and Analysis  
Years Ended August 31, 2025 and 2024

## INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides an overview of the activities and the financial position of Houston Public Media (Stations), a division of the University of Houston (UH) System (UH System), as of and for the years ended August 31, 2025 and 2024. This MD&A offers a summary of significant current year activities of the Stations, resulting changes in net position, and currently known economic conditions and facts. This analysis should be read in conjunction with the Stations' financial statements and the notes to the financial statements. Responsibility for the financial statements, related note disclosures, and MD&A rests with the Stations' management.

The Stations, licensed to the Board of Regents (Board) of the UH System, are located at the UH System's Central campus and are a division of UH. Houston Public Media Foundation (HPMF) is a legally separate and tax-exempt entity meeting the criteria to be discretely presented as a component unit.

## OVERVIEW OF THE FINANCIAL STATEMENTS

The Stations herewith present their financial statements for fiscal years ended August 31, 2025 and 2024. The financial statements have been prepared in accordance with the standards of the Governmental Accounting Standards Board, which establishes accounting principles generally accepted in the United States of America for state and local governments. The three primary financial statements presented are the statement of net position; statement of revenues, expenses, and changes in net position; and statement of cash flows. The information contained in the financial statements of the Stations is incorporated within the UH System's Annual Financial Report.

## FINANCIAL STATEMENTS

The financial statements consist of the following:

The *statement of net position* reflects the Stations' assets and liabilities using the accrual basis of accounting and represents the financial position as of the conclusion of the fiscal year. Net position is equal to assets minus liabilities. Unrestricted net position is available to the Stations for any lawful purpose. Unrestricted net position often has constraints imposed by management, which can be removed or modified. Net investment in capital assets represents the original acquisition value of capital assets including leased assets, net of accumulated depreciation and amortization, reduced by the outstanding debt obligations and lease liabilities related to those capital assets. Restricted net position represents net position that can be utilized only in accordance with third-party imposed restrictions.

The *statement of revenues, expenses, and changes in net position* identifies operating revenues received by the Stations. Additionally, the operating expenses incurred by the Stations during the fiscal year are displayed. Any revenues or expenses resulting from other than operations would also be displayed on this statement.

**HOUSTON PUBLIC MEDIA**  
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Years Ended August 31, 2025 and 2024  
(Continued)

The *statement of cash flows* reflects the inflows and outflows of cash and cash equivalents and shows the various cash activities by type, reconciling the beginning cash and cash equivalents amount to the ending cash and cash equivalents amount, which is shown on the statement of net position described above. In addition, this statement reconciles cash flows from operating activities to operating income (loss) on the statement of revenues, expenses, and changes in net position described above.

This MD&A uses the prior fiscal year as a reference point in illustrating issues and trends for determining whether the Stations' financial health may have improved or deteriorated.

**CONDENSED FINANCIAL INFORMATION**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets:			
Current assets	\$ 5,479,810	\$ 8,167,448	\$ 9,128,474
Capital assets, net	7,069,778	4,933,821	4,888,082
Other noncurrent assets	3,414,057	2,798,765	2,189,902
Total assets	<u>15,963,645</u>	<u>15,900,034</u>	<u>16,206,458</u>
Liabilities:			
Current liabilities	1,643,976	1,637,174	1,332,220
Noncurrent liabilities	<u>3,318,196</u>	<u>3,500,481</u>	<u>3,673,061</u>
Total liabilities	<u>4,962,172</u>	<u>5,137,655</u>	<u>5,005,281</u>
Net position:			
Net investment in capital assets	3,569,298	1,260,761	1,051,958
Restricted for endowment funds	1,951,008	1,363,888	822,064
Unrestricted	<u>5,481,167</u>	<u>8,137,730</u>	<u>9,327,155</u>
Total net position	<u><u>\$ 11,001,473</u></u>	<u><u>\$ 10,762,379</u></u>	<u><u>\$ 11,201,177</u></u>

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Management's Discussion and Analysis  
Years Ended August 31, 2025 and 2024  
(Continued)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating revenues	\$ 25,087,045	\$ 23,793,236	\$ 22,525,307
Operating expenses	24,981,497	24,412,446	22,653,185
Operating income (loss)	<u>105,548</u>	<u>(619,210)</u>	<u>(127,878)</u>
Nonoperating income (loss):			
Endowment distributions	(73,586)	(69,496)	(67,081)
Gain (loss) from endowment	263,989	261,221	142,569
Interest expense on lease obligations	(56,933)	(59,772)	(62,135)
Other nonoperating income	<u>76</u>	<u>48,459</u>	<u>341,094</u>
Change in net position	239,094	(438,798)	226,569
Net position, beginning of year	<u>10,762,379</u>	<u>11,201,177</u>	<u>10,974,608</u>
Net position, end of year	<u>\$ 11,001,473</u>	<u>\$ 10,762,379</u>	<u>\$ 11,201,177</u>

Operating revenues include sources that are primarily used to provide services to the Stations' viewers and listeners. The following schedule presents a summary and comparison of revenues for the fiscal years ended August 31, 2025, 2024, and 2023:

Revenues by Source	FY25		FY24		FY23		2025-2024 Increase (Decrease)		2024-2023 Increase (Decrease)	
	(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
<u>Operating revenues:</u>										
Contributions	\$ 13,024,375	52%	\$ 10,693,695	45%	\$ 12,247,242	54%	\$ 2,330,680	180%	\$ (1,553,547)	-123%
General support from the UH System	3,281,744	13%	3,377,552	14%	3,280,515	15%	(95,808)	-6%	97,037	9%
Program underwriting	5,184,468	21%	6,137,778	26%	3,201,009	14%	(953,310)	-73%	2,936,769	232%
Production service	578,398	2%	766,254	3%	1,067,333	5%	(187,856)	-15%	(301,079)	-24%
Corporation for Public Broadcasting (CPB) grants	2,382,400	9%	2,213,129	9%	2,143,861	10%	169,271	13%	69,268	5%
Other	635,660	3%	604,828	3%	585,347	3%	30,832	2%	19,481	2%
	<u>\$ 25,087,045</u>	<u>100.0%</u>	<u>\$ 23,793,236</u>	<u>100%</u>	<u>\$ 22,525,307</u>	<u>100%</u>	<u>\$ 1,293,809</u>	<u>100%</u>	<u>\$ 1,267,929</u>	<u>100%</u>

**HOUSTON PUBLIC MEDIA**  
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Management's Discussion and Analysis  
Years Ended August 31, 2025 and 2024  
(Continued)

Operating expenses are the costs necessary to provide those services and to fulfill the mission of the Stations. Alternatively, operating expenses categorized using the natural classification method are disclosed in the schedules of functional expenses. The following schedule presents a summary and comparison of expenses for the fiscal years ended August 31, 2025, 2024 and 2023:

Expenses by Function	FY25		FY24		FY23		2025-2024 Increase (Decrease)		2024-2023 Increase (Decrease)	
	(A) Amount	% of Total	(B) Amount	% of Total	(C) Amount	% of Total	(A-B) Amount	% of Total	(B-C) Amount	% of Total
<b>Operating expenses:</b>										
Programming and production (PRD)	\$ 10,587,770	42%	\$ 11,048,944	46%	\$ 9,908,287	45%	\$ (461,174)	-81%	\$ 1,140,657	64%
Broadcasting, engineering and technical (BET)	2,771,752	11%	2,805,330	11%	2,768,209	12%	(33,578)	-6%	37,121	2%
Occupancy and physical plant operations (BET)	325,429	1%	325,429	1%	325,429	1%	-	0%	-	0%
Program information (PGM)	-	0%	-	0%	19	0%	-	0%	(19)	0%
Fundraising and membership development (FND)	1,453,494	6%	1,341,682	5%	1,397,178	6%	111,812	20%	(55,496)	-3%
Underwriting and grant solicitation (UND)	872,914	3%	1,011,370	4%	1,124,345	5%	(138,456)	-24%	(112,975)	-6%
Management and general (MGT)	5,619,205	22%	4,438,051	18%	3,257,627	14%	1,181,154	207%	1,180,424	67%
Institutional support (MGT)	2,956,315	13%	3,052,123	13%	2,955,086	13%	(95,808)	-17%	97,037	6%
Depreciation/amortization	394,618	2%	389,517	2%	917,005	4%	5,101	1%	(527,488)	-30%
<b>Total operating expenses</b>	<b>\$ 24,981,497</b>	<b>100%</b>	<b>\$ 24,412,446</b>	<b>100%</b>	<b>\$ 22,653,185</b>	<b>100%</b>	<b>\$ 569,051</b>	<b>100%</b>	<b>\$ 1,759,261</b>	<b>100%</b>

**FINANCIAL HIGHLIGHTS AND ANALYSIS**

**Assets and Liabilities – Fiscal Year 2025 Compared to Fiscal Year 2024**

- Current assets (cash and cash equivalents) slightly decreased due to one-time initiatives. Year-over-year fundraising decreased in program underwriting and production service. Staffing levels increased as vacancies were filled in several departments, and HPM's Advancement, News/Content, and Technology teams expanded to meet the strategic goals of digital and financial growth.
- Current liabilities increased slightly due to advanced payment of an annual underwriting schedule.

**Assets and Liabilities – Fiscal Year 2024 Compared to Fiscal Year 2023**

- Current assets (cash and cash equivalents) slightly decreased due to one-time initiatives. Year-over-year fundraising increased in program underwriting. Staffing levels increased as vacancies were filled in several departments, and HPM's Advancement and Digital teams expanded to meet the strategic goals of digital and financial growth.
- Current liabilities increased slightly due to advanced payment of an annual underwriting schedule.

**Operating Revenues – Fiscal Year 2025 Compared to Fiscal Year 2024**

The Stations' revenue decreased year over year in underwriting and increased in contributions due to strategic advancement initiatives and overall giving commitments. Revenue from UH General Support slightly decreased, and CPB grants slightly increased. In FY25, total operating revenue was ahead of FY24 revenue.

**HOUSTON PUBLIC MEDIA**  
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(Continued)

***Operating Revenues – Fiscal Year 2024 Compared to Fiscal Year 2023***

The Stations' revenue increased year over year in underwriting and decreased in contributions due to strategic advancement initiatives and overall giving commitments. Revenue from UH General Support and CPB grants increased. In FY24, total operating revenue was slightly ahead of FY23 revenue.

***Operating Expenses – Fiscal Year 2025 Compared to Fiscal Year 2024***

The Stations' expenses in FY25 slightly increased due to several initiatives that were associated with FY24/FY23 "continuation" (staffing, technical, and studio production upgrades).

***Operating Expenses – Fiscal Year 2024 Compared to Fiscal Year 2023***

The Stations' expenses in FY24 increased due to several initiatives that were associated with FY23 "continuation" (staffing, technical, and studio production upgrades).

**CAPITAL ASSET AND DEBT ADMINISTRATION**

As of the end of fiscal 2025 and 2024, the Stations had \$7,069,778 and \$4,933,821, respectively, of capital assets, net of accumulated depreciation. These assets included buildings and building improvements, furniture and equipment, vehicles, land, and indefinite-lived intangible assets.

Title to these assets resides with the UH System, which allocates custody of the assets to the Stations for its operational needs. Accountability for capital assets is consistent with policies established by the State of Texas. Assets are depreciated over their recommended useful lives. The Stations capitalize assets when the acquisition cost exceeds certain threshold values. Funds for the acquisition of capital assets are provided from the Stations' operating revenues.

**STATEMENT FROM CORPORATE FOR PUBLIC BROADCASTING ON ITS 2026 DISSOLUTION**

On January 5, 2026, Public Media Station General Managers and System Leaders received notification of the dissolution of Corporation for Public Broadcasting (CPB). Over the past year, CPB has faced sustained political and legal attacks from the Administration, including efforts to terminate the CPB Board and undermine the Corporation's statutory independence; the cancellation of the Ready To Learn program; presidential executive orders attempting to direct CPB's operations; repeated interference with and freezing of the Next Generation Warning System (NGWS) grant program; and, ultimately, Congress's catastrophic decision to advance the Administration's objective by rescinding \$1.1 billion in already-appropriated federal funding for CPB and public media through the *Rescissions Act of 2025*. We faced a choice between remaining dormant or shutting down operations. After extensive deliberation, legal counsel, and input from public media leaders past and present, the Board decided to dissolve.

**REQUESTS FOR INFORMATION**

Questions regarding the information provided in this Annual Financial Report or requests for additional financial information should be addressed to the Executive Director – HPM Business Operations, Houston Public Media at: KUHF-FM & KUHT-TV, 4343 Elgin, Houston, Texas 77204-0008.

## **BASIC FINANCIAL STATEMENTS**

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Statements of Net Position  
August 31, 2025 and 2024

	<u>2025</u>		<u>2024</u>	
	<u>Primary Institution</u>	<u>Component Unit (HPMF)</u>	<u>Primary Institution</u>	<u>Component Unit (HPMF)</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 4,445,471	\$ 687,204	\$ 4,587,091	\$ 593,779
Accounts receivable	166	529,365	-	390,128
Restricted cash and cash equivalents for capital projects	757,857	-	3,210,593	-
Restricted cash and cash equivalents	17,903	604,043	110,002	531,972
Film rights, net	221,092	-	259,762	-
Other current assets	37,321	14,753	-	-
Total current assets	<u>5,479,810</u>	<u>1,835,365</u>	<u>8,167,448</u>	<u>1,515,879</u>
Noncurrent assets:				
Capital assets, net	7,069,778	14,100	4,933,821	14,100
Investments restricted for endowment	3,414,057	2,089,841	2,798,765	1,988,951
Total noncurrent assets	<u>10,483,835</u>	<u>2,103,941</u>	<u>7,732,586</u>	<u>2,003,051</u>
<b>Total assets</b>	<u>15,963,645</u>	<u>3,939,306</u>	<u>15,900,034</u>	<u>3,518,930</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	179,489	164,445	282,831	199,500
Accrued payroll	699,927	-	667,265	-
Employees' compensable leave	577,700	-	509,699	-
Unearned revenue	-	127,424	-	245,995
Lease liability - current portion	182,285	-	172,579	-
Interest payable	4,575	-	4,800	-
Total current liabilities	<u>1,643,976</u>	<u>291,869</u>	<u>1,637,174</u>	<u>445,495</u>
Noncurrent liabilities:				
Lease liability, less current portion	3,318,196	-	3,500,481	-
<b>Total liabilities</b>	<u>4,962,172</u>	<u>291,869</u>	<u>5,137,655</u>	<u>445,495</u>
<b>Net Position</b>				
Net investment in capital assets	3,569,298	14,100	1,260,761	14,100
Restricted:				
Nonexpendable	1,440,819	1,462,489	1,015,930	1,462,489
Expendable	510,189	638,138	347,958	551,726
Unrestricted	5,481,167	1,532,710	8,137,730	1,045,120
<b>Total net position</b>	<u>\$ 11,001,473</u>	<u>\$ 3,647,437</u>	<u>\$ 10,762,379</u>	<u>\$ 3,073,435</u>

See accompanying notes to basic financial statements.

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Statements of Revenues, Expenses, and Changes in Net Position  
Years Ended August 31, 2025 and 2024

	<b>2025</b>		<b>2024</b>	
	<b>Primary Institution</b>	<b>Component Unit (HPMF)</b>	<b>Primary Institution</b>	<b>Component Unit (HPMF)</b>
Operating revenues:				
Contributions	\$ 13,024,375	\$ 13,778,405	\$ 10,693,695	\$ 11,997,104
General support from the UH System	3,281,744	-	3,377,552	-
Program underwriting	5,184,468	3,711,918	6,137,778	4,289,622
Production service	578,398	62,200	766,254	112,912
Corporation for Public Broadcasting (CPB) grants	2,382,400	-	2,213,129	-
Royalties	-	-	136	-
Other	635,660	80,226	604,692	72,934
Total operating revenues	<u>25,087,045</u>	<u>17,632,749</u>	<u>23,793,236</u>	<u>16,472,572</u>
Operating expenses:				
Grants to primary institution	-	14,623,766	-	13,975,110
Programming and production (PRD)	10,587,770	266,071	11,048,944	184,913
Broadcasting, engineering, and technical (BET)	2,771,752	4,405	2,805,330	247,736
Occupancy and physical plant operations (BET)	325,429	-	325,429	-
Fundraising and membership development (FND)	1,453,494	1,190,239	1,341,682	1,065,693
Underwriting and grant solicitation (UND)	872,914	872,914	1,011,370	1,095,416
Management and general (MGT)	5,619,205	202,242	4,438,051	349,985
Institutional support (MGT)	2,956,315	-	3,052,123	-
Depreciation and amortization	394,618	-	389,517	-
Total operating expenses	<u>24,981,497</u>	<u>17,159,637</u>	<u>24,412,446</u>	<u>16,918,853</u>
Operating income (loss)	<u>105,548</u>	<u>473,112</u>	<u>(619,210)</u>	<u>(446,281)</u>
Nonoperating income (expense):				
Endowment distributions	(73,586)	-	(69,496)	-
Gain from endowment	263,989	100,890	261,221	242,733
Interest expense on lease obligations	(56,933)	-	(59,772)	-
Other nonoperating income	76	-	48,459	-
Total nonoperating income	<u>133,546</u>	<u>100,890</u>	<u>180,412</u>	<u>242,733</u>
Change in net position	<u>239,094</u>	<u>574,002</u>	<u>(438,798)</u>	<u>(203,548)</u>
Net position, beginning of year	<u>10,762,379</u>	<u>3,073,435</u>	<u>11,201,177</u>	<u>3,276,983</u>
Net position, end of year	<u>\$ 11,001,473</u>	<u>\$ 3,647,437</u>	<u>\$ 10,762,379</u>	<u>\$ 3,073,435</u>

See accompanying notes to basic financial statements.

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
**Statements of Cash Flows**  
Years Ended August 31, 2025 and 2024

	<b>2025</b>	<b>2024</b>
	<b>Primary institution</b>	<b>Primary institution</b>
Cash flows from operating activities:		
Proceeds from contributions	\$ 13,024,375	\$ 10,693,695
Proceeds from CPB grant	2,382,400	2,213,129
Proceeds from program underwriting	5,184,302	6,138,071
Proceeds from other revenues	1,214,058	1,371,082
Payments to suppliers for goods and services	(7,458,774)	(7,005,324)
Payments to employees	(8,572,293)	(8,446,405)
Payments for broadcasting fees	(5,186,314)	(4,785,991)
Net cash provided by operating activities	587,754	178,257
Cash flows from capital and related financing activities:		
Purchase of capital assets	(2,530,575)	(435,256)
Purchase of film rights	(51,763)	(224,622)
Interest paid on lease obligations	(56,933)	(59,771)
Payments for right-to-use lease asset	(172,579)	(163,063)
Net cash used in capital and related financing activities	(2,811,850)	(882,712)
Cash flows from (used in) noncapital and related financing activities:		
Proceeds from UH System	-	100,000
Payments to UH System	(462,359)	(468,894)
Net cash provided by (used in) noncapital and related financing activities	(462,359)	(368,894)
Change in cash and cash equivalents	(2,686,455)	(1,073,349)
Cash and cash equivalents, beginning of year	7,907,686	8,981,035
Cash and cash equivalents, end of year	\$ 5,221,231	\$ 7,907,686
Cash and cash equivalents are presented on the Statement of Net Position as:		
Statement of Net Position as:		
Cash and cash equivalents	\$ 4,445,471	\$ 4,587,091
Restricted cash and cash equivalents for capital projects	757,857	3,210,593
Restricted cash and cash equivalents	17,903	110,002
	\$ 5,221,231	\$ 7,907,686
Reconciliation of operating loss to net cash provided by operating activities:		
operating activities:		
Operating income/(loss)	\$ 105,548	\$ (619,210)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense	394,618	389,517
Amortization of film rights	90,433	112,006
Decrease (increase) in accounts receivable	(166)	293
Increase (decrease) in accounts payable	(103,342)	235,312
Increase in accrued payroll	32,662	17,442
Increase in employees' compensable leave	68,001	42,897
Total adjustments	482,206	797,467
Net cash provided by operating activities	\$ 587,754	\$ 178,257

See accompanying notes to basic financial statements.

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Notes to Basic Financial Statements  
August 31, 2025 and 2024

**(1) Entity**

Houston Public Media (Stations or Primary Institution) of the University of Houston (UH) System (UH System), which consists of a noncommercial, listener-supported radio station (KUHF), and a viewer-supported television station (KUHT), serves as Houston's National Public Radio (NPR) affiliate and classical music source and Houston's Public Broadcasting Services (PBS) affiliate. KUHF signed on the air in 1950 as a public radio station. KUHT signed on the air on May 25, 1953 as the nation's first noncommercial educational television station. KUHF provides news and cultural programming at both local and national levels. KUHT provides the building blocks for the Stations' schedule with locally produced and acquired programs selected primarily for their appeal to a national audience; programs chosen on the basis of quality and audience interests are presented uninterrupted by commercial announcements. The Stations, licensed to the Board of the UH System, are located at the UH System's Central campus and are a division of the UH System. As a division of the UH System, the Stations are exempt from federal income taxes other than taxes on unrelated business income, if any. The Stations operate 24 hours a day. The Stations are located in the fourth largest metropolitan area of the United States. These financial statements present financial information that is attributable to the Stations and do not purport to, and do not, present fairly the financial position of the UH System.

The Stations are dedicated to education and outreach through a wide variety of activities, such as community advancement, and expanding and strengthening partnerships and collaborations with key arts organizations in Houston. In pursuing all the dissimilar goals, the Stations have consistently used cutting edge technology to extend the value of its services.

KUHT is a full-service television station licensed to UH. The studio facilities are on the UH campus in the LeRoy and Lucile Melcher Center for Public Broadcasting. The transmitter facilities are located in Missouri City, Texas. The digital video services offered today include one high-definition program service and two standard-definition services. KUHT was the first Houston television station to offer closed captioning for hearing impaired viewers and descriptive video for visually impaired persons. It was the first in Houston to offer stereo broadcasts and the first to make use of the Second Audio Program capabilities to provide additional services to the Greater Houston area, including access to the Houston Taping for the Blind radio service. The broadcast signal reaches 33 counties in southeast Texas and is carried on numerous cable television systems, as well as both the Dish Network and DirecTV satellite services.

KUHF's new media technologies are rapidly developing with the changing landscape of on-demand media around the world. Services include all news and all music internet streams; podcasts; on-demand shows; user interactive event calendars; RSS feeds; and iPhone, Android, and iPad applications.

Houston Public Media Foundation (HPMF), formerly known as the Association for Community Broadcasting (ACB) and as the Association for Community Television (ACT), was organized in 1969 as a Texas nonprofit corporation, primarily for the purpose of providing financial and other support to KUHT, Channel 8, in Houston, Texas. On January 25, 2005, the Board of the UH System and ACT agreed that the same services provided to KUHT would also be provided to KUHF and thus adopted the ACB name. On January 30, 2014, ACB changed its name to HPMF to be more aligned with the Stations' new branding under the newly formed Houston Public Media division of UH.

The UH System and HPMF, as part of an ongoing agreement, have stipulated that all grants for the Stations' programming and other activities will be deposited with the UH System's Office of Sponsored Programs or, at the discretion of the general manager of the Stations, deposited in accounts maintained by HPMF and immediately and exclusively available to the Stations.

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HPMF is directed by a Board of Directors, who are elected by other HPMF Directors, and is managed on a daily basis by a combination of Board Officers and the Stations' employees. There are no separately issued financial statements of HPMF.

HPMF is a legally separate and tax-exempt entity meeting all of the following criteria to be discretely presented as a component unit. These criteria are as follows:

- The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.
- The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The financial statements of the Primary Institution and its component unit, HPMF, are presented using the same categories in order to provide consistency. HPMF is not a governmental entity, and as such, current year data has been made to conform to reporting under Governmental Accounting Standards Board (GASB) standards.

**(2) Summary of Significant Accounting Policies**

The following is a summary of the more significant accounting policies of the Stations, which affect significant elements of the accompanying financial statements:

**a. Basis of Accounting**

The financial accounting records of the Stations and HPMF are maintained by the UH System's Office of the Associate Vice Chancellor for Finance in accordance with accounting principles generally accepted in the United States of America for colleges and universities.

The financial statements for both the Stations and HPMF are presented using the economic resources measurement focus and the accrual basis of accounting whereby revenues are recorded when earned and all expenses are recorded when they have been incurred.

**b. Reporting Guidelines**

The Stations are reported as a single-purpose business-type activity entity. In addition, the Stations' financial statements have been prepared in accordance with the CPB's *Application Principles of Accounting and Financial Reporting to Public Telecommunications Entities*.

**c. Net Position**

In the statements of net position, net position includes the following:

- (i) *Net investment in capital assets* – represents the Stations' or HPMF's original acquisition value of capital assets, including leased assets, net of accumulated depreciation and amortization, reduced by the outstanding debt obligations and lease liabilities related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

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(ii) *Restricted* – reports the constraints placed on the use of net position by either parties and/or enabling legislation, reduced by any liabilities to be paid from these assets.

*Nonexpendable restricted net position* – represents endowment principal which cannot be used for operational purposes and which is restricted in perpetuity.

*Expendable restricted net position* – represents income received from an endowment, which are available for purposes restricted by the donors, and can include grants and gifts restricted by the donor for a specific purpose.

(iii) *Unrestricted net position* – represents resources that are available for the support of the Stations' or HPMF's operations.

When the Stations or HPMF incur an expense for which both restricted and unrestricted resources may be used, it is the policy of management to use restricted resources first then unrestricted resources.

**d. Revenues**

Appropriations from the University are recorded as revenues within production services, program underwriting, and other in the statement of revenues, expenses, and changes in net position when an expenditure is recorded.

Unrestricted contributions and gifts do not have binding agreements and are recorded as revenues when received. Unrestricted grants are recorded as revenues at the time the grant awards are received and when eligibility requirements have been met. Restricted support and revenues are recognized upon incurring the appropriate expenses or meeting the eligibility requirements.

Underwriting revenues are contributions and are recognized as support in the period received.

**e. Accounts Receivable**

Accounts receivable are stated at the amount billed to customers or grantors. Accounts receivable are ordinarily due 30 days after the issuance of an invoice. There was no allowance for doubtful accounts recorded at August 31, 2025 and 2024.

**f. Cash and Cash Equivalents**

Cash and cash equivalents are considered to be claims on cash, cash on hand, and demand deposits with original maturities of three months or less from the date of acquisition.

Cash and cash equivalents and restricted cash for the Stations represent the Stations' prorated share of commingled cash and cash equivalents held and invested by the UH System acting as the Stations' fiscal agent to optimize the rate of return. All of the funds included in cash and cash equivalents are insured or registered or are securities held by the UH System or its agent in the UH System's name.

Immediately upon formal written notification of an approved appropriation or grant, the UH System permits the Stations to draw cash against the full appropriation or grant (in compliance with the terms of the appropriation or grant) regardless of whether the UH System has received the related funds.

For current accounts, the UH System allocated a percentage of the interest income earned to the Stations at a fixed rate based on its monthly average cash balance.

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**g. Capital Assets**

Capital assets represent buildings and equipment acquired primarily for the operation of the Stations. Title of the buildings and equipment rests with the State of Texas (State) in the name of the UH System and, therefore, such assets can be transferred to or from the Stations at the discretion of the UH System. The threshold for capitalization of assets is \$5,000 and over. Capital assets are stated at cost at the date of acquisition or estimated acquisition value at the date of donation. Expenditures for repairs and maintenance are charged to current operating expenses as incurred.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and building improvements	15-22 years
Furniture and equipment	3-15 years
Intangible and other assets	10 years
Land	Not depreciable
Indefinite-lived intangible assets	Not depreciable

Useful lives are established by a uniform classification system maintained by the State and are measured from the date of acquisition.

Right-of-use (ROU) lease assets are included in capital assets and amortized over the shorter of the lease term or the useful life of the underlying asset.

**h. Film Rights**

Film rights purchased are amortized over the respective contract periods on a straight-line basis or over the period of expected usage. Estimated useful lives of such rights range from one to five years.

**i. In-kind Contributions**

Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Stations report gifts of equipment, materials, professional services, and other nonmonetary contributions as support in the accompanying statement of revenues, expenses, and changes in net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined, they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expenses, as there is no objective basis available to measure the value of such services.

Contributed advertising and promotion are recorded at the fair value of the contribution portion of the total value received.

In-kind contributions included in revenues and expenses in the accompanying statements of revenues, expenses, and changes in net position consist of general support from the UH System, which is further described in *Note 7*.

The fair value of merchandise contributed by third parties in connection with the Stations' fundraising activities is not included in the accompanying financial statements. Donated in-kind contributions of services and other intangibles, as well as promotional merchandise and donated personal services, are also not included in the accompanying financial statements.

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**j. Corporation for Public Broadcasting Community Service Grants**

The Corporation for Public Broadcasting (CPB) is a private, nonprofit grant-making organization responsible for funding more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSG) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the *Communications Act*, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

Any remaining CSG funds and other restricted CPB grant funds at fiscal year-end are reported as restricted cash and restricted-expendable net position on the statements of net position.

**k. General Support from the UH System**

General support from the UH System consists of allocated institutional support and physical plant costs (indirect administrative support) incurred by the UH System for which the Stations receive benefits.

Indirect administrative support is calculated using CPB's Standard Method. For purposes of this calculation, expenses for non-broadcasting activities and unrelated business income taxes are removed from the Stations' total operating expenses, along with depreciation, amortization, in-kind contributions, and donated property and equipment to determine the Station's net direct expenses.

For the years ended August 31, 2025 and 2024, there were no non-broadcasting activities or unrelated business income taxes.

**l. Operating Activities**

The Stations' policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting services to the Stations' audience or to further HPMF's exempt purpose. Revenues associated with, or restricted by donors to use for, capital improvements, and revenues and expenses that result from financing and investing activities are recorded as nonoperating revenues. *American Rescue Plan Act* (ARPA) stabilization funds are also included within nonoperating activities, as these funds did not result from normal operations of the Stations or HPMF.

**m. Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenues, expenses, and changes in net position. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

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**n. *Employees' Compensable Leave***

The liability for employees' compensable leave represents employees' accrued annual leave based on length of service subject to certain limitations as defined by state statute and UH System policies.

**o. *Unearned Revenues***

Grant and program underwriting revenues received relating to the period after fiscal year-end are reported as unearned revenues.

**p. *Advertising***

Advertising costs are charged to operations when incurred. The Stations' advertising expense for the years ended August 31, 2025 and 2024 was \$141,600 and \$196,531, respectively.

**q. *Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**r. *Pension and Other Postemployment Benefits***

As the Stations are a department of the UH System, any pension and other postemployment benefits liabilities are reported by the UH System. The UH System Annual Financial Statements may be obtained from: <https://uh.edu/office-of-finance/finance-reporting/>.

**s. *New Accounting Pronouncements***

In June 2022, GASB issued Statement No.101, *Compensated Absences*, effective for fiscal years beginning after December 15, 2023. This Statement supersedes prior guidance based on vesting and instead requires recognizing a liability only when leave is more likely than not to be used, paid in cash, or otherwise settled. The Stations adopted this Statement for the fiscal year ended August 31, 2025, which changed the methodology used to calculate compensated absences. The adoption resulted in a sick leave accrual of \$41,634 for the year ended August 31, 2025. The Stations did not restate the FY24 because it had no material impact on the financials.

In December 2023, GASB issued Statement No.102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. This Statement requires governments to disclose potential risks arising from vulnerabilities due to certain concentrations or constraints when those conditions make the government vulnerable to a substantial impact, and when associated events have occurred, are in process, or are more likely than not to occur within 12 months of the issuance of the financial statements. The Stations adopted this Statement for the fiscal year ended August 31, 2025. The adoption did not impact amounts previously reported in net position, and no new disclosures were required, as management was not aware of any concentrations or constraints with related events that met all of the disclosure criteria as of the issuance of these financial statements.

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**t. Recent Accounting Pronouncements**

GASB Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement will take effect for financial statements starting with fiscal year ending August 31, 2026.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, focuses on enhancing disclosure requirements for certain capital assets held by state and local governments. It aims to improve transparency regarding new asset types, particularly those created by recent GASB Statements like Nos. 87, 94, and 96, which introduced "right-to-use" assets. Key provisions of Statement 104 include the requirement that certain types of capital assets be disclosed separately in the capital asset note disclosures required by GASB Statement No. 34. These include lease assets reported under Statement 87; intangible right-to-use assets recognized under Statement 94; and subscription assets reported under Statement 96. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. Statement 104 establishes requirements for capital assets held for sale. An asset qualifies if the government has decided to pursue the sale of the capital assets and the sale is expected to be completed within one year of the financial statement date. Governments should disclose the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. Governments must disclose the historical cost and accumulated depreciation of these assets, organized by major asset class. The requirements of the Statement will take effect for financial statements starting with fiscal year ending August 31, 2026.

**u. Revision**

Certain immaterial revisions have been made to the 2024 financial statements of HPMF for invoices in the amount of \$84,046 that should have been accrued in 2024. These revisions did not have a significant impact on the financial statement line items impacted.

**v. Income Taxes**

The UH System, of which the Stations are a division, is a university established as an agency of the State of Texas prior to 1969 and is qualified as a governmental entity not generally subject to federal income tax by reason of being a state or political subdivision thereof, or an integral part of a state or political subdivision thereof or an entity whose income is excluded from gross income for federal income tax purposes under Section 115 of the Internal Revenue Code of 1986 (IRC). However, as a state college or university, the UH System is subject to unrelated business income pursuant to IRC Section 511(a)(2)(B). No material unrelated business income tax was incurred for the years ended August 31, 2025 and 2024.

HPMF, whose purpose is to raise money for the Stations, is exempt from income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3). No material unrelated business income tax was incurred by HPMF for the years ended August 31, 2025 and 2024.

Accordingly, no provision for income taxes has been made in the accompanying financial statements.

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**(3) Endowment Funds**

**a. Primary Institution**

Gifts to the UH System are placed in the UH System's endowment fund (Endowment Fund), which is a pooled investment of individual endowments benefiting the entire UH System.

The Endowment Fund allocated income (net of management fees) to the individual endowments based on an income allocation policy that establishes the income payment rate as a percentage of the average of the outstanding endowment's fair value in the previous 12 fiscal quarters. That percentage was 4% in fiscal years 2025 and 2024. If an endowment was in existence less than 12 quarters, the average was based on the number of quarters in existence.

The deposits and investments of the Stations and HPMF are exposed to certain inherent risks, such as credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The deposits and investments with the Endowment Fund are exposed to risks that have the potential to result in losses.

Those risks and their definitions are:

- Credit risk – the risk an insurer or counterparty to an investment will not fulfill its obligation.
- Custodial credit risk – the risk that in the case of default by the counterparty a government will be unable to recover its deposit/investment or collateralizing securities in the possession of an outside party. The Federal Depository Insurance Corporation (FDIC) covered cash on deposit up to \$250,000 at each financial institution. As of August 31, 2025 and 2024, HPMF had cash deposits held by Amegy Bank in the amount of \$1,041,246 and \$875,751, respectively, that were uninsured and uncollateralized. The Stations did not have any balances that were uninsured or uncollateralized as of August 31, 2025 or 2024, as all cash balances represent the claim of cash at UH and not balances held at a financial institution.
- Concentration risk – the risk of loss attributable to the size of a government's investment in a single issuer.
- Interest rate risk – the risk that changes in interest rates will adversely affect the fair value of investments.
- Foreign currency risk – the risk that changes in exchange rates will adversely affect the fair value of a deposit or investment.

During fiscal years 2025 and 2024, the Endowment Management Committee of the UH System Board continued to review existing objectives, risks, asset allocation, and manager structure within the endowment portfolio. The Endowment Fund Statement of Investment Objectives and Policies, among other things, establishes financial objectives for the endowment and an asset allocation with targets and ranges and categorizes each asset class as either a risk reducer or a driver of return. Further information regarding the investment balances and risks with the Endowment Fund, which does not have a credit rating, may be obtained from the UH System Office of the Treasurer.

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August 31, 2025 and 2024

The following summarizes the Stations' investment activity for the years ended August 31, 2025 and 2024:

Balance, September 1, 2023	\$	2,189,902
FY24 distributions		(69,496)
FY24 contributions		417,138
FY24 realized/unrealized gains		261,221
		2,798,765
Balance, August 31, 2024		2,798,765
FY25 distributions		(73,586)
FY25 contributions		424,889
FY25 realized/unrealized gains		263,989
		3,414,057
Balance, August 31, 2025	\$	3,414,057

Unrealized gains and losses for each year are recorded in the accompanying statements of revenues, expenses, and changes in net position.

**b. Component Unit (HPMF)**

The gifts received by HPMF to create endowed accounts are invested in the HPMF Endowment Fund Investment Pool (the Investment Pool), which is operated and overseen by the HPMF Endowment Fund (Endowment) and Gift Committee and held by the University of Houston Foundation (the U of H Foundation). The Investment Pool combines the assets of all endowment fund accounts and is allocated to external investment managers. The U of H Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Thus, in any given year, any excess over the amount distributed from the Endowment will be reinvested to protect the capital against erosion by inflation.

The Endowment's spending policy is consistent with its investment objective of achieving long-term real growth in its assets. In order to achieve such long-term real growth, the Endowment should have as a goal that its total distributions and expenses not exceed the Endowment's total inflation-adjusted return on investments. Consistent with the Endowment's long-term investment objectives, the Board of Directors established the spending policy, which generally permits total distributions and expenses (including but not limited to investment management fees) not in excess of an amount equal to 4% of the average net asset value of the Endowment over the prior three years (or the life of the Endowment if shorter than three years). The Board of Directors may authorize distributions in excess of the 4% when the Stations have the need to fund one-time capital expenditures.

The Endowment has a related operating account to which annual income distributed from the endowment funds is deposited and to which expenditures, in accordance with the donor's wishes, may be charged. In the event that there is a balance in the Endowment operating account at fiscal year-end, it will automatically be transferred back to the endowment funds on a prorated basis (according to the income distributed). This procedure is called Endowment Capitalization. It is in the Endowment's best interest that surplus funds are capitalized, since they will yield new units and thus generate additional income in future years.

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The Investment Pool is invested with an external investment manager in commingled funds who invests, for example, in marketable securities, fixed income, alternative investments, real estate, and cash equivalents. The Investment Pool reported a fair value of \$2,089,841 and \$1,988,951 as of August 31, 2025 and 2024, respectively, which has been estimated by fund managers in the absence of readily available market values and is not publicly traded. These investments are domestic and international in nature and risks associated with these investments include liquidity risk, market risk, event risk, foreign exchange risk, interest rate risk, and investment manager risk.

The U of H Foundation holds the Investment Pool and does not have a credit rating. Further information regarding the investment balances and risks with the U of H Foundation may be obtained from HPMF business offices by calling 713.748.8888.

The following summarizes HPMF's activity for the years ended August 31, 2025 and 2024:

Balance, September 1, 2023	\$ 1,746,218
FY24 realized/unrealized gains	<u>242,733</u>
Balance, August 31, 2024	1,988,951
FY25 realized/unrealized gains	<u>100,890</u>
Balance, August 31, 2025	<u><u>\$ 2,089,841</u></u>

**(4) Capital Assets**

Capital asset balances and activity for the year ended August 31, 2025 were as follows for the Stations:

	<b>2024</b>	<b>Additions</b>	<b>Dispositions</b>	<b>2025</b>
Capital assets:				
Buildings and building improvements	\$ 12,706,461	\$ -	\$ -	\$ 12,706,461
Furniture and equipment	8,994,710	77,838	44,984	9,027,564
Intangible and other assets	75,000	-	-	75,000
Construction in progress	<u>309,235</u>	<u>2,452,737</u>	<u>-</u>	<u>2,761,972</u>
Total capital assets	22,085,406	2,530,575	44,984	24,570,997
Less accumulated depreciation and amortization	<u>17,151,585</u>	<u>394,618</u>	<u>44,984</u>	<u>17,501,219</u>
Net capital assets	<u><u>\$ 4,933,821</u></u>	<u><u>\$ 2,135,957</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,069,778</u></u>

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Capital asset balances and activity for the year ended August 31, 2025 were as follows for HPMF:

	<u>2024</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2025</u>
Capital assets:				
Land	\$ 14,100	\$ -	\$ -	\$ 14,100
Program costs	652,089	-	-	652,089
Furniture and equipment	424,249	-	-	424,249
Other assets	4,050	-	-	4,050
Accounting software – FM	55,105	-	-	55,105
Accounting software – TV	55,105	-	-	55,105
	<u>1,204,698</u>	<u>-</u>	<u>-</u>	<u>1,204,698</u>
Total capital assets	1,204,698	-	-	1,204,698
Less accumulated depreciation	<u>1,190,598</u>	<u>-</u>	<u>-</u>	<u>1,190,598</u>
	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>
Net capital assets	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>

Capital asset balances and activity for the year ended August 31, 2024 were as follows for the Stations:

	<u>2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2024</u>
Capital assets:				
Buildings and building improvements	\$ 12,706,461	\$ -	\$ -	\$ 12,706,461
Furniture and equipment	8,957,722	289,516	252,528	8,994,710
Intangible and other assets	75,000	-	-	75,000
Construction in progress	163,495	145,740	-	309,235
	<u>21,902,678</u>	<u>435,256</u>	<u>252,528</u>	<u>22,085,406</u>
Total capital assets	21,902,678	435,256	252,528	22,085,406
Less accumulated depreciation and amortization	<u>17,014,596</u>	<u>389,517</u>	<u>252,528</u>	<u>17,151,585</u>
	<u>\$ 4,888,082</u>	<u>\$ 45,739</u>	<u>\$ -</u>	<u>\$ 4,933,821</u>
Net capital assets	<u>\$ 4,888,082</u>	<u>\$ 45,739</u>	<u>\$ -</u>	<u>\$ 4,933,821</u>

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Capital asset balances and activity for the year ended August 31, 2024 were as follows for HPMF:

	<u>2023</u>	<u>Additions</u>	<u>Dispositions</u>	<u>2024</u>
Capital assets:				
Land	\$ 14,100	\$ -	\$ -	\$ 14,100
Program costs	652,089	-	-	652,089
Furniture and equipment	424,249	-	-	424,249
Other assets	4,050	-	-	4,050
Accounting software – FM	55,105	-	-	55,105
Accounting software – TV	55,105	-	-	55,105
Total capital assets	<u>1,204,698</u>	<u>-</u>	<u>-</u>	<u>1,204,698</u>
Less accumulated depreciation	<u>1,190,598</u>	<u>-</u>	<u>-</u>	<u>1,190,598</u>
Net capital assets	<u>\$ 14,100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,100</u>

**(5) Investments Restricted for Endowment and Programs**

The Stations’ investments restricted for endowment are placed in the Endowment Fund, which is a pooled investment of individual endowments. HPMF has investments restricted for endowment and investments restricted for programs in an external investment pool held with the U of H Foundation. None of the external investment pools are publicly registered and the investments may only be redeemed by action of the Board of Directors. The Endowment Fund attempts to preserve the real (inflation adjusted) purchasing power of endowment assets, when measured over rolling periods of at least five years, and to outperform the capital markets in which the endowment assets are invested, measured over rolling periods of three to five years. The U of H Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The U of H Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Stations’ and HPMF’s investments are carried at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with GASB No. 72, *Fair Value Measurement and Application*, for investments in pooled funds, the fair value is determined as the number of units or shares held in the fund multiplied by the price per unit or shares as publicly quoted. Investments restricted for endowment in which a public market does not exist are based on the Stations’ and HPMF’s ownership interest in the net asset value (NAV) of each fund as reported by the fund managers. Investments are reported at NAV and are not categorized according to fair value.

The Stations had the following recurring fair value measurements as of August 31, 2025 and 2024:

- Pooled investments of \$3,414,057 and \$2,798,765, respectively, are valued at fair value per share of the pool’s underlying portfolio.

HPMF had the following recurring fair value measurements as of August 31, 2025 and 2024:

- Pooled investments of \$2,089,841 and \$1,988,951, respectively, are valued at fair value per share of the pool’s underlying portfolio.

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There were no unfunded commitments related to the endowment funds, and the redemption period for the funds is daily.

**(6) Film Rights**

KUHT pays for the right to use certain films in its broadcasting activities. The costs of those rights are amortized over the purchased periods. Changes in the costs of film rights for the years ended August 31, 2025 and 2024 were as follows:

Balance, September 1, 2023	\$ 147,146
FY24 additions	224,622
FY24 amortization	<u>(112,006)</u>
Balance, August 31, 2024	259,762
FY25 additions	51,763
FY25 amortization	<u>(90,433)</u>
Balance, August 31, 2025	<u><u>\$ 221,092</u></u>

**(7) General Support from the UH System**

General support from the UH System includes building and related occupancy costs donated by the UH System and is recorded in operating revenues and expenses. The occupancy costs are determined based on the net book value of the building and tower, as well as the square footage of the building and tower utilized by the Stations. Occupancy cost was \$325,429 in 2025 and 2024. The UH System also provides indirect administrative support and maintenance support to the Stations, which are recorded in operating revenues and expenses based on the UH System’s allocation methods. Indirect administrative support amounted to \$3,281,744 and \$3,377,552 in 2025 and 2024, respectively.

**(8) Leases**

The Stations recognize ROU assets and corresponding lease liabilities for all significant leases that are not considered short-term. The Stations lease tower and antenna usage through a lease agreement that extends through the Stations’ fiscal year 2039. The ROU lease asset has been discounted at a rate of 1.59%. As of August 31, 2025 and 2024, the ROU asset was \$4,271,530 and accumulated amortization was \$1,144,160 and \$915,328, respectively. The ROU lease asset is included in note (4) Capital Assets and categorized in furniture and equipment.

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Future maturities of lease payments are as follows:

<u>Year Ending August 31:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>
2026	\$ 182,286	\$ 54,107	\$ 236,630
2027	192,356	51,122	243,729
2028	202,669	48,107	251,041
2029–2033	1,184,635	186,610	1,372,795
2034–2038	1,509,836	79,637	1,591,446
2039	228,699	1,072	230,069
	<u>\$ 3,500,481</u>	<u>\$ 420,655</u>	<u>\$ 3,925,710</u>

**(9) Transactions Between Primary Institution and Component Unit**

Cash expenditures made by HPMF on behalf of the Stations, such as expenditures associated primarily with fundraising for the Stations and production of the Stations' local programs, are recorded as revenues and expenses for the Stations. Such cash expenditures for the fiscal years ended August 31, 2025 and 2024 amounted to \$2,535,870 and \$2,859,697, respectively, and have been included in the contributions, and production service revenues and in operating expenses in the accompanying statements of revenues, expenses, and changes in net position.

**(10) Significant Concentrations**

Information related to significant concentrations of revenues for the Stations and HPMF, except as otherwise disclosed, is as follows:

**a. Revenues**

The Stations received significant revenue from two sources in 2025 and 2024. CPB provided approximately 9% of revenues, and UH provided approximately 13% in cash, support, and donated facilities. For the year ended August 31, 2024, CPB provided approximately 9% of revenues, and UH provided approximately 14% in cash, support, and donated facilities.

There were no significant concentrations of revenues for HPMF.

**(11) Community Service Grants (CSG)**

The Station receives CSGs from CPB annually. The CSGs received and expended during the most recent fiscal years were as follows:

<u>Year of Grant</u>	<u>Grants Received</u>	<u>Expended</u>			<u>Uncommitted Balance at August 31, 2025</u>
		<u>2021-2023</u>	<u>2023-2024</u>	<u>2024-2025</u>	
2022-23	\$ 2,404,872	\$ 2,141,706	\$ 153,164	\$ 92,099	\$ 17,903

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**(12) Restrictions on Net Position**

Included in restricted expendable net position at August 31, 2025 is restricted cash from unspent CSG grants of \$17,903 and endowment earnings of \$492,286 for the Stations and endowment earnings of \$638,138 for HPMF. Included in restricted expendable net position at August 31, 2024 is restricted cash from unspent CSG grants of \$110,002 and endowment earnings of \$237,956 for the Stations and endowment earnings of \$551,726 for HPMF. The restricted nonexpendable net position at August 31, 2025 and 2024 contains the endowment balances of \$1,440,819 and \$1,015,930, respectively, for the Stations. The restricted nonexpendable net position at August 31, 2025 and 2024 contains the endowment balance of \$1,462,489 for HPMF for both years.

**(13) Subsequent Events**

On January 5, 2026, Public Media Station General Managers and System Leaders received notification of the dissolution of Corporation for Public Broadcasting.

## **SUPPLEMENTARY INFORMATION**

**HOUSTON PUBLIC MEDIA**  
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Primary Institution Schedule of Functional Expenses  
Year Ended August 31, 2025

Schedule 1

Class	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Program Information (PGM)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Salaries and wages	\$ 4,016,102	\$ 660,039	\$ -	\$ 4,676,141	\$ 194,066	\$ 1,891,050	\$ -	\$ 2,085,116	\$ 6,761,257
Fringe benefits	1,177,213	167,737	-	1,344,950	57,854	508,895	-	566,749	1,911,699
Financial and legal services	2,918	1,196	-	4,114	119	334,082	-	334,201	338,315
Fundraising	8,328	4,980	-	13,308	183,160	19,964	-	203,124	216,432
Membership fees	157	80	-	237	10,485	79,248	-	89,733	89,970
Other expenses	724,867	287,122	-	1,011,989	640,115	478,706	872,914	1,991,735	3,003,724
Mail services	1,298	384	-	1,682	182,494	1,735	-	184,229	185,911
Printing and reproduction services	-	-	-	-	48,611	19,140	-	67,751	67,751
Professional services	1,034,610	101,254	-	1,135,864	32,224	854,132	-	886,356	2,022,220
Program rights	3,364,493	407,383	-	3,771,876	-	1,164,871	-	1,164,871	4,936,747
Rental and leases	30,743	283,160	-	313,903	(14,620)	(197,407)	-	(212,027)	101,876
Repairs and maintenance	175,000	237,068	-	412,068	-	364,743	-	364,743	776,811
Supplies and materials	23,713	247,176	-	270,889	119,039	59,734	-	178,773	449,662
Telephone	-	123,477	-	123,477	-	4,273	-	4,273	127,750
Travel	28,328	8,709	-	37,037	(53)	28,459	-	28,406	65,443
Utilities	-	241,987	-	241,987	-	7,580	-	7,580	249,567
<b>Total expenses before in-kind</b>	<b>10,587,770</b>	<b>2,771,752</b>	<b>-</b>	<b>13,359,522</b>	<b>1,453,494</b>	<b>5,619,205</b>	<b>872,914</b>	<b>7,945,613</b>	<b>21,305,135</b>
In-kind	-	325,429	-	325,429	-	2,956,315	-	2,956,315	3,281,744
<b>Total expenses before depreciation and amortization</b>	<b>10,587,770</b>	<b>3,097,181</b>	<b>-</b>	<b>13,684,951</b>	<b>1,453,494</b>	<b>8,575,520</b>	<b>872,914</b>	<b>10,901,928</b>	<b>24,586,879</b>
Depreciation and amortization	-	77,838	-	77,838	-	316,780	-	316,780	394,618
<b>Total operating expenses</b>	<b>\$ 10,587,770</b>	<b>\$ 3,175,019</b>	<b>\$ -</b>	<b>\$ 13,762,789</b>	<b>\$ 1,453,494</b>	<b>\$ 8,892,300</b>	<b>\$ 872,914</b>	<b>\$ 11,218,708</b>	<b>\$ 24,981,497</b>
Percentage of total expenses before depreciation	43%	13%	0%	56%	6%	35%	4%	44%	100%

**HOUSTON PUBLIC MEDIA**  
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Component Unit (HPMF) Schedule of Functional Expenses  
Year Ended August 31, 2025

Schedule 2

Class	Grants to Primary Institution	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Financial and legal services	\$ -	\$ 11	\$ -	\$ 11	\$ 2	\$ 93,141	\$ -	\$ 93,143	\$ 93,154
Fundraising	-	3,464	59	3,523	183,127	19,564	-	202,691	206,214
Grants to KUHF-FM	7,311,883	-	-	7,311,883	-	-	-	-	7,311,883
Grants to KUHT-TV	7,311,883	-	-	7,311,883	-	-	-	-	7,311,883
Membership fees	-	157	80	237	10,485	7,619	-	18,104	18,341
Other expenses	-	256,995	3,016	260,011	633,717	53,282	872,914	1,559,913	1,819,924
Mail services	-	794	-	794	163,744	42	-	163,786	164,580
Printing and reproduction services	-	-	-	-	48,611	17,445	-	66,056	66,056
Professional services	-	520	-	520	32,224	59	-	32,283	32,803
Rental and leases	-	252	-	252	-	-	-	-	252
Supplies and materials	-	3,700	1,250	4,950	118,402	9,912	-	128,314	133,264
Travel	-	178	-	178	(73)	1,178	-	1,105	1,283
<b>Total operating expenses</b>	<b>\$ 14,623,766</b>	<b>\$ 266,071</b>	<b>\$ 4,405</b>	<b>\$ 14,894,242</b>	<b>\$ 1,190,239</b>	<b>\$ 202,242</b>	<b>\$ 872,914</b>	<b>\$ 2,265,395</b>	<b>\$ 17,159,637</b>

**HOUSTON PUBLIC MEDIA**  
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Primary Institution Schedule of Functional Expenses  
Year Ended August 31, 2024

Schedule 3

Class	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Program Information (PGM)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Salaries and wages	\$ 3,988,839	\$ 664,165	\$ -	\$ 4,653,004	\$ 201,846	\$ 1,801,633	\$ -	\$ 2,003,479	\$ 6,656,483
Fringe benefits	1,145,143	170,488	-	1,315,631	61,515	473,115	-	534,630	1,850,261
Financial and legal services	2,296	409	-	2,705	8	315,357	-	315,365	318,070
Fundraising	25,608	1,588	-	27,196	164,723	200,373	578	365,674	392,870
Membership fees	547	80	-	627	35,294	74,765	-	110,059	110,686
Other expenses	444,268	516,910	-	961,178	534,923	299,003	1,010,303	1,844,229	2,805,407
Mail services	665	307	-	972	80,162	648	489	81,299	82,271
Printing and reproduction services	2,048	-	-	2,048	128,591	1,585	-	130,176	132,224
Professional services	1,148,682	59,876	-	1,208,558	35,923	1,263,223	-	1,299,146	2,507,704
Program rights	4,206,935	388,726	-	4,595,661	(13,434)	52,862	-	39,428	4,635,089
Rental and leases	24,323	286,866	-	311,189	-	(192,066)	-	(192,066)	119,123
Repairs and maintenance	107	246,891	-	246,998	-	65,810	-	65,810	312,808
Supplies and materials	27,630	187,312	-	214,942	111,980	53,655	-	165,635	380,577
Telephone	-	119,953	-	119,953	-	-	-	-	119,953
Travel	31,853	10,857	-	42,710	151	28,088	-	28,239	70,949
Utilities	-	150,902	-	150,902	-	-	-	-	150,902
Total expenses before in-kind	11,048,944	2,805,330	-	13,854,274	1,341,682	4,438,051	1,011,370	6,791,103	20,645,377
In-kind	-	325,429	-	325,429	-	3,052,123	-	3,052,123	3,377,552
Total expenses before depreciation and amortization	11,048,944	3,130,759	-	14,179,703	1,341,682	7,490,174	1,011,370	9,843,226	24,022,929
Depreciation and amortization	-	-	-	-	-	389,517	-	389,517	389,517
Total operating expenses	<u>\$ 11,048,944</u>	<u>\$ 3,130,759</u>	<u>\$ -</u>	<u>\$ 14,179,703</u>	<u>\$ 1,341,682</u>	<u>\$ 7,879,691</u>	<u>\$ 1,011,370</u>	<u>\$ 10,232,743</u>	<u>\$ 24,412,446</u>
Percentage of total expenses before depreciation	46%	13%	0%	59%	6%	31%	4%	41%	100%

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Component Unit (HPMF) Schedule of Functional Expenses  
Year Ended August 31, 2024

Schedule 4

Class	Grants to Primary Institution	Programming and Production (PRD)	Broadcasting, Engineering, and Technical (BET)	Total	Fundraising and Membership Development (FND)	Management and General (MGT)	Underwriting and Grant Solicitation (UND)	Total	Grand Total
Financial and legal services	\$ -	\$ 2	\$ -	\$ 2	\$ 8	\$ 82,986	\$ -	\$ 82,994	\$ 82,996
Fundraising	-	25,087	1,588	26,675	164,723	199,629	84,624	448,976	475,651
Grants to KUHF-FM	6,987,555	-	-	6,987,555	-	-	-	-	6,987,555
Grants to KUHT-TV	6,987,555	-	-	6,987,555	-	-	-	-	6,987,555
Membership fees	-	80	80	160	35,294	1,577	-	36,871	37,031
Other expenses	-	141,786	242,193	383,979	534,649	45,974	1,010,303	1,590,926	1,974,905
Mail services	-	100	-	100	67,877	86	489	68,452	68,552
Printing and reproduction services	-	2,048	-	2,048	128,590	1,495	-	130,085	132,133
Professional services	-	520	-	520	35,924	-	-	35,924	36,444
Program rights	-	-	-	-	(13,434)	-	-	(13,434)	(13,434)
Supplies and materials	-	15,179	3,875	19,054	111,911	17,433	-	129,344	148,398
Travel	-	111	-	111	151	805	-	956	1,067
	-	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>\$ 13,975,110</b>	<b>\$ 184,913</b>	<b>\$ 247,736</b>	<b>\$ 14,407,759</b>	<b>\$ 1,065,693</b>	<b>\$ 349,985</b>	<b>\$ 1,095,416</b>	<b>\$ 2,511,094</b>	<b>\$ 16,918,853</b>

**HOUSTON PUBLIC MEDIA**  
(A Division of the University of Houston System)  
Combining Schedule of Revenues and Expenses by Station  
Year Ended August 31, 2025

**Schedule 5**

	<b>KUHF-FM</b>	<b>KUHT-TV</b>	<b>Totals</b>
<b>Operating revenues:</b>			
Contributions	\$ 6,415,309	\$ 6,609,066	\$ 13,024,375
General support from the UH System	1,545,297	1,736,447	3,281,744
Program underwriting	2,858,992	2,325,476	5,184,468
Production service	181,631	396,767	578,398
Corporation for Public Broadcasting grants	593,735	1,788,665	2,382,400
Other	339,267	296,393	635,660
Total operating revenues	<u>11,934,231</u>	<u>13,152,814</u>	<u>25,087,045</u>
<b>Operating expenses:</b>			
Financial and legal services	173,247	165,068	338,315
Fringe benefits	955,855	955,844	1,911,699
Fundraising	35,766	180,666	216,432
Mail services	92,322	93,589	185,911
Membership fees	42,922	47,048	89,970
Other expenses	1,654,957	1,348,767	3,003,724
Printing and reproduction services	33,876	33,875	67,751
Professional services	964,343	1,057,877	2,022,220
Program rights	2,521,943	2,414,804	4,936,747
Rental and leases	5,345	96,531	101,876
Repairs and maintenance	141,351	635,460	776,811
Salaries and wages	3,379,315	3,381,942	6,761,257
Supplies and materials	222,901	226,761	449,662
Telephone	63,875	63,875	127,750
Travel	50,621	14,822	65,443
Utilities	126,708	122,859	249,567
In-kind	1,545,297	1,736,447	3,281,744
Depreciation	107,795	286,823	394,618
Total operating expenses	<u>12,118,439</u>	<u>12,863,058</u>	<u>24,981,497</u>
Operating income/(loss)	<u>(184,208)</u>	<u>289,756</u>	<u>105,548</u>
<b>Nonoperating income (expense):</b>			
Interest expense on lease obligations	(28,466)	(28,467)	(56,933)
Endowment distribution	(61,957)	(11,629)	(73,586)
Gain on endowments	25,093	37,924	63,017
Realized gain on endowments, net	90,776	110,196	200,972
Other nonoperating income	43	33	76
Total nonoperating income	<u>25,489</u>	<u>108,057</u>	<u>133,546</u>
Change in net position	<u>\$ (158,719)</u>	<u>\$ 397,813</u>	<u>\$ 239,094</u>