

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETINGS

WHIDDON ADMINISTRATION BUILDING – PRESIDENT’S OFFICE (STE. 130), BOARD ROOM

MARCH 13, 2025
1:30 P.M.

AUDIT COMMITTEE MEETING– RON GRAHAM, CHAIR

- 1 Roll Call
- 2 Approve: [Minutes](#)
- 3 Report: KPMG Audit Reports, Year Ended September 30, 2024
 - [Basic Financial Statements](#)
 - [Independent Auditors’ Report on Internal Control Over Financial Reporting](#)
 - [Communication to the Audit Committee \(SAS #114 Letter\)](#)
 - [Bond Compliance Letter](#)
 - [Basic Financial Statements, USA Research and Technology Corporation](#)
 - [Basic Financial Statements, University of South Alabama Health Care Authority](#)
- 4 Report: [KPMG Report on Intercollegiate Athletics](#)
- 5 Report: Office of Internal Audit

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE MEETING– JIM YANCE, CHAIR

- 6 Roll Call
- 7 Approve: [Minutes](#)
- 8 Report: [Endowment and Investment Performance](#)
- 9 Recommendation to Approve: [Evaluation of the University’s Non-Endowment Long-Term Fund Investment Policy Statement](#)
- 10 Recommendation to Approve: [Authority to Sell Alcohol at Select Locations on Campus](#)
- 11 Recommendation to Approve: [Commendation of Mr. Joe Shewmake](#)
- 12 Report: Development and Alumni Relations

HEALTH AFFAIRS COMMITTEE MEETING – JIMMY SHUMOCK, CHAIR

- 13 Roll Call
- 14 Approve: [Minutes](#)
- 15 Recommendation to Approve: [USA Health Hospitals Medical Staff Appointments and Reappointments for November and December 2024 and January 2025](#)
- 16 Report: USA Health and Whiddon College of Medicine

ACADEMIC EXCELLENCE AND STUDENT SUCCESS COMMITTEE MEETING – MIKE WINDOM, CHAIR

- 17 Roll Call
- 18 Approve: [Minutes](#)
- 19 Recommendation to Approve: [Sabbatical Awards](#)
- 20 Recommendation to Approve: [Tenure](#)
- 21 Report: Academic Affairs
- 22 Report: Student Affairs
- 23 Report: Research and Economic Development

BUDGET AND FINANCE COMMITTEE MEETING – LENUS PERKINS, CHAIR

- 24 Roll Call
- 25 Approve: [Minutes](#)
- 26 Report: [Quarterly Financial Statements for the Three Months Ended December 31, 2024](#)
- 27 Recommendation to Approve: [Sale of Real Property to Bender Clinics, LLC](#)
- 28 Recommendation to Approve: [Sale of Real Property at the Brookley Complex](#)

LONG-RANGE PLANNING COMMITTEE MEETING – CHANDRA BROWN STEWART, CHAIR

- 29 Roll Call
- 30 Approve: [Minutes](#)
- 31 Recommendation to Approve: [Amended University of South Alabama Strategic Priorities](#)

COMMITTEE OF THE WHOLE MEETING – ARLENE MITCHELL, CHAIR

- 32 Roll Call
- 33 Approve: [Minutes](#)
- 34 Recommendation to Approve: [Commendation of Mrs. Kristin Daniels Dukes](#)
- 35 Approve: Executive Session

MARCH 14, 2025
9:30 A.M.

BOARD OF TRUSTEES MEETING – ARLENE MITCHELL, CHAIR PRO TEMPORE

- 1 Roll Call
- 2 Approve: [Minutes](#)
- 3 Report: University President
- 4 Report: Faculty Senate President
- 5 Report: Student Government Association President
- 6 Appoint: Nominating Committee
- 7 Approve: Consent Agenda Items:
 - [Authority to Sell Alcohol at Select Locations on Campus](#)
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- 8 Report: Audit Committee
- 9 Report: Development, Endowment and Investments Committee
- 10 Approve: [Evaluation of the University’s Non-Endowment Long-Term Fund Investment Policy Statement](#)
- 11 Report: Health Affairs Committee
- 12 Report: Academic Excellence and Student Success Committee
- 13 Approve: [Tenure](#)
- 14 Report: Budget and Finance Committee
- 15 Approve: [Sale of Real Property to Bender Clinics, LLC](#)
- 16 Approve: [Sale of Real Property at the Brookley Complex](#)
- 17 Report: Long-Range Planning Committee
- 18 Approve: [Amended University of South Alabama Strategic Priorities](#)
- 19 Approve: [Commendation of Mr. Joe Shewmake](#)
- 20 Approve: [Commendation of Mrs. Kristin Daniels Dukes](#)

UNIVERSITY OF SOUTH ALABAMA BOARD OF TRUSTEES



MEETING SCHEDULE

THURSDAY, MARCH 13, 2025:

1:30 p.m. Committee Meetings (consecutive)

**Whiddon Administration Bldg.
President's Office (Ste. 130), Board Room**

FRIDAY, MARCH 14, 2025:

9:30 a.m. Board of Trustees Meeting

**Whiddon Administration Bldg.
President's Office (Ste. 130), Board Room**



UNIVERSITY OF SOUTH ALABAMA

BOARD OF TRUSTEES

STANDING COMMITTEES

2022-2025

EXECUTIVE COMMITTEE:

- Arlene Mitchell, **Chair pro tempore**
- Katherine Alexis Atkins, **Vice Chair**
- Lenus Perkins, **Secretary**
- Chandra Brown Stewart
- Steven P. Furr, M.D.
- James H. Shumock
- James A. Yance

DEVELOPMENT, ENDOWMENT AND INVESTMENTS COMMITTEE:

- Chandra Brown Stewart, **Vice Chair**
- Scott A. Charlton, M.D.
- Luis Gonzalez
- James H. Shumock
- Steven H. Stokes, M.D.
- Michael P. Windom
- James A. Yance, **Chair**

ACADEMIC EXCELLENCE AND STUDENT SUCCESS CTE.:

- Scott A. Charlton, M.D.
- Steven P. Furr, M.D., **Vice Chair**
- Luis Gonzalez
- William Ronald Graham
- Robert D. Jenkins III
- Bill W. Lewis II
- Lenus M. Perkins
- Michael P. Windom, **Chair**

EVALUATION AND COMPENSATION COMMITTEE:

- Katherine Alexis Atkins
- Scott A. Charlton, M.D., **Vice Chair**
- Steven P. Furr, M.D.
- Luis Gonzalez
- Robert D. Jenkins III, **Chair**
- James H. Shumock
- Michael P. Windom

AUDIT COMMITTEE:

- Katherine Alexis Atkins, **Vice Chair**
- William Ronald Graham, **Chair**
- Meredith Mitchell Hamilton
- Robert D. Jenkins III
- Bill W. Lewis II
- Lenus M. Perkins

HEALTH AFFAIRS COMMITTEE:

- Chandra Brown Stewart
- Scott A. Charlton, M.D.
- Steven P. Furr, M.D., **Vice Chair**
- Meredith Mitchell Hamilton
- James H. Shumock, **Chair**
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- Meredith Mitchell Hamilton
- Lenus Perkins, **Chair**
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- Steven H. Stokes, M.D.

LONG-RANGE PLANNING COMMITTEE:

- Chandra Brown Stewart, **Chair**
- Robert D. Jenkins III
- Bill W. Lewis II
- Lenus M. Perkins
- Steven H. Stokes, M.D., **Vice Chair**
- Michael P. Windom
- James A. Yance

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**MEETING AGENDA
AND MINUTES**

UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES MEETINGS

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MARCH 14, 2025
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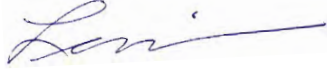
UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Board of Trustees

DATE: March 4, 2025

TO: USA Board of Trustees

FROM: Lenus M. Perkins 
Secretary, Board of Trustees

SUBJECT: Meeting Minutes

Included herein are the unapproved minutes for the Board of Trustees and standing committee meetings held on December 4 and 5, 2024, as well as for a special meeting of the Board of Trustees scheduled for January 6, 2025. Please review these documents for amendment or approval at the meetings on March 13 and 14, 2025.

LMP:mge

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**January 6, 2025
9:00 a.m.**

A special meeting of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Ms. Alexis Atkins, Vice Chair, on behalf of Ms. Arlene Mitchell, Chair *pro tempore*, on Monday, January 6, 2025, at 9:01 a.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Chandra Brown Stewart and Jim Yance were present and Ron Graham, Meredith Hamilton, Ron Jenkins, Bill Lewis, Arlene Mitchell, Lenus Perkins, Jimmy Shumock and Mike Windom participated remotely.

Members Absent: Scott Charlton, Steve Furr, Luis Gonzalez, Kay Ivey and Steve Stokes.

Administration & Guests: Owen Bailey, Jim Berscheidt, Jo Bonner, Melinda Gratwick (KPMG), Andi Kent, Spence Larche, John Marymont, Amanda Price (KPMG), Hank Rader (SGA), Kristen Roberts, Sandra Stenson (Faculty Senate), Christina Wassenaar (Faculty Senate), Bret Webb (Faculty Senate) and Ashley Willson (KPMG).

Following the attendance roll call, **Item 1**, Ms. Atkins conveyed condolences to Mr. Shumock on behalf of the Board for the recent passing of his mother. She then noted that, with quorum requirements not met, legal counsel had advised that the assembly could proceed as an educational session. Provost Kent made brief remarks and turned to Ms. Roberts, who introduced the KPMG engagement team – Ms. Ashley Willson, Ms. Amanda Price and Ms. Melinda Gratwick – for a report on the 2024 fiscal year audit, **Item 2**.

Attest to:

Respectfully submitted:

Lenus M. Perkins, Secretary

Katherine Alexis Atkins, Vice Chair

On behalf of:

Arlene Mitchell, Chair *pro tempore*

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

**December 5, 2024
10:30 a.m.**

A meeting of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Ms. Arlene Mitchell, Chair *pro tempore*, on Thursday, December 5, 2024, at 10:30 a.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Chandra Brown Stewart, Luis Gonzalez, Ron Graham, Meredith Hamilton, Bill Lewis, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Steve Stokes, Mike Windom and Jim Yance were present and Ron Jenkins participated remotely.

Members Absent: Scott Charlton, Steve Furr and Kay Ivey.

Administration & Guests: Olivia Andrews, Owen Bailey, Jim Berscheidt, Joél Billingsley, Jo Bonner, Michael Chambers, K.C. Crusoe (SGA), Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Jesse Holcomb, Anthony Jones, Buck Kelley, Andi and Andrew Kent, Maleigha Lewis, Mike Mitchell, Ed Panacek, Kristen Roberts, Ronnie Stallworth (USANAA), Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman, Gabrielle Tumbleston and Christina Wassenaar (Faculty Senate).

Upon calling the meeting to order and following the attendance roll call, **Item 1**, Chair Mitchell called for adoption of the revised agenda, **Item 1.A**. On motion by Judge Lewis, seconded by Mr. Shumock, the Board voted unanimously to adopt the revised agenda. Chair Mitchell called for consideration of the minutes for a Board of Trustees meeting held on September 13, 2024, **Item 2**. On motion by Ms. Atkins, seconded by Mr. Shumock, the Board voted unanimously to adopt the minutes.

Chair Mitchell called on President Bonner to deliver the President’s Report, **Item 3**. President Bonner recognized and extended well wishes to Capt. Jenkins, and turning to Trustees and guests present, noted his third year with the University was coming to a close. He reflected on an exciting fall semester, as well as on the opportunities that lay ahead for the University in 2025 and beyond. He welcomed Ms. Hamilton, USA alumna and new Trustee, to her first Board meeting and also announced that Ms. Dukes, General Counsel, was serving her last day ahead of retiring. He thanked Ms. Dukes for her 17 years of service to the University. He recognized Mr. Ronnie Stallworth, USA National Alumni Association President, as well as Ms. Gabrielle Tumbleston, Ms. Olivia Andrews and Mr. Andrew Kent, Southerner ambassadors.

President Bonner reported on recent and upcoming University events and activities. Among the topics discussed were Homecoming week; the American Heart Association’s Annual Heart Walk; holiday festivities; Fall Commencement with Mayor Sandy Stimpson as keynote speaker and celebration of USA’s 100,000th graduate; alumni and friends events and student recruitment activi-

ties taking place statewide, regionally and nationwide with support from Trustees; the football team's victory over Western Michigan in the *IS4S Salute to Veterans Bowl* in Montgomery, and the dedication of the *USA Health Kelly Butler ALS Center*.

President Bonner asked Provost Kent to join him in recognizing Dr. Ed Panacek, Chair of Emergency Medicine at USA Health University Hospital, for his service as President of the Medical Alumni Association for two years. Dr. Panacek was presented a certificate of appreciation.

President Bonner introduced USA's *Employee of the Quarter*, Mr. Anthony Jones, Generator Mechanic in the Electrical Distribution unit of the Division of Finance Administration. Also introduced was Mr. Jones' nominator, Mr. Jesse Holcomb, HVAC Mechanic in Central Utilities. President Bonner read an excerpt from the nomination, and he and Provost Kent presented Mr. Jones a certificate commemorating the award.

President Bonner yielded the floor to Provost Kent. Before her address, Mr. Perkins attested that he had participated in student recruiting events in Birmingham and saw firsthand the enthusiastic way that President Bonner, Provost Kent and the University team engage with prospective students and parents. Provost Kent thanked Mr. Perkins, Trustees and everyone who provided leads to make these events on the road possible.

Provost Kent conveyed pride in being a Jaguar and talked about the University's positive impact on students who then become alumni and make impactful contributions across the globe. She highlighted the accomplishments of a few faculty members, advising of the 500,000 career citations received by Dr. Joe Hair, Director of the Ph.D. program in Business Administration in the Mitchell College of Business, and of five faculty recognized for their scholarly work at the 3rd Annual Technology and Research Showcase: Dr. Todd McDonald, Professor of Computer Science; Dr. Alison Robertson, Associate Professor of Marine Science/Senior Marine Scientist at the Dauphin Island Sea Lab; Dr. Troy Stevens, Professor of Physiology and Cell Biology; and Dr. Bret Webb and Dr. Shenghua Wu, Professor and Associate Professor of Civil, Coastal and Environmental Engineering, respectively.

Provost Kent discussed the revival of the *Miss University of South Alabama* scholarship program and introduced Ms. Maleigha Lewis, senior Marketing major from Enterprise, Alabama, named *Miss University of South Alabama* for 2024, noting she would participate in the 2025 *Miss Alabama* competition. Ms. Lewis commented briefly on her platform and talent.

As part of an overview on student recruitment activities, Provost Kent shared that more than 700 high school honor band students visited campus for the USA vs. Georgia Southern football game and performed during halftime with the Jaguar Marching Band. She also discussed visiting elementary schools with President Bonner and teaching the students to show their Jaguar spirit.

Chair Mitchell called for a report from the President of the Faculty Senate (the "Senate"), **Item 4**. Dr. Christina Wassenaar, 2024-2025 Senate President, discussed the faculty's appreciation for the

salary increase and the salary supplement, headway being made in clarifying the role of the faculty as part of the University's Strategic Priorities and implementation of listening sessions to expand the voice of faculty.

Chair Mitchell called for a report from the Student Government Association (the "SGA") President, **Item 5**. On behalf Mr. Hank Rader, 2024-2025 SGA President, Mr. K.C. Crusoe, SGA Vice President, shared an overview on SGA projects funded and allocations made to student organizations for programming aimed at enhancing campus life.

Chair Mitchell called for consideration of consent agenda resolutions as follows, **Item 6**, all of which were unanimously recommended for Board approval by the respective committees that met on December 4, 2024. (To view additional documents authorized, refer to Appendix A.) On motion by Mr. Shumock, seconded by Ms. Atkins, the Board voted unanimously to approve the resolutions:

**RESOLUTION
UNIVERSITY OF SOUTH ALABAMA OFFICE OF INTERNAL AUDIT CHARTER**

WHEREAS, the University of South Alabama Office of Internal Audit Charter documents the mandate, organizational position, reporting relationships, scope of work, types of services, and other specifications for the Office of Internal Audit, and

WHEREAS, it is essential the Office of Internal Audit Charter remain current and reflective of best practices and organizational needs, and

WHEREAS, the Institute of Internal Auditors released the *Global International Audit Standards* which are effective January 9, 2025, and replace the *International Standards for the Professional Practice of Internal Auditing*, and

WHEREAS, the Office of Internal Audit has conducted a comprehensive review and update of the Office of Internal Audit Charter to align with the latest standards and requirements,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby approves the updates to the Office of Internal Audit Charter.

**RESOLUTION
EVALUATION OF THE UNIVERSITY'S ENDOWMENT FUND AND
NON-ENDOWMENT FUND INVESTMENT POLICY STATEMENTS**

WHEREAS, the Southern Association of Colleges and Schools Commission on Colleges requires that investment policy statements be evaluated regularly, and

WHEREAS, the University of South Alabama ("University") Board of Trustees has previously approved the University's endowment fund and non-endowment fund investment policy statements,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby acknowledges the annual evaluation of both policies for the current year by the Development, Endowment and Investments Committee; approves the Committee's recommendation to adopt the revised endowment fund investment policy statement; and affirms the Committee's recommendation that revision of the non-endowment fund investment policy statement is not needed at this time.

**RESOLUTION
USA HEALTH HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS
FOR AUGUST, SEPTEMBER AND OCTOBER 2024**

WHEREAS, the Medical Staff appointments and reappointments for August, September and October 2024 for the USA Health Hospitals are recommended for Board approval by the Medical Executive Committees and the USA Health Credentialing Board,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the appointments and reappointments as submitted.

**RESOLUTION
DEPARTMENT OF ANESTHESIA WAIVER OF ELIGIBILITY REQUEST**

WHEREAS, as the leading academic health system on the upper Gulf Coast, USA Health is transforming medicine to care for the unique needs of our community by providing the most advanced and comprehensive Cardiovascular Surgical Care for patients with heart, lung, esophageal and vascular conditions, and

WHEREAS, the expansion of the cardiovascular surgery service line requires the support of intensive care unit and anesthesia teams, and

WHEREAS, recruitment for anesthesiologists with the critical care sub-specialty has been difficult in previous years, and

WHEREAS, Vinay Pallekonda, MD, is an excellent candidate who could be a valuable faculty member, anesthesiologist and critical care specialist at University Hospital and Providence Hospital, as demonstrated by his curriculum vitae, and, while he does not meet the eligibility criteria to join the medical staff in that, due to his responsibilities as Chief Medical Officer with the Hospital Corporation of America (HCA), his board certifications lapsed in 2022, he is currently in the process of recertifying his board certifications, and

WHEREAS, a waiver of eligibility request for up to eighteen months, with the requirement that Dr. Pallekonda complete the recertifying process for one board certification within this period, is recommended for Board approval by the University Hospital and Children's & Women's Hospital Medical Executive Committees and Credentialing Board of the USA Health Hospitals,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the waiver of eligibility as submitted.

**RESOLUTION
SABBATICAL AWARDS**

WHEREAS, in accordance with University policy, proposals for sabbatical awards from the following faculty have been reviewed and recommended by the respective

faculty committees, departmental chair, and college dean; the Executive Vice President and Provost; and the University President,

- Claire Cage, Ph.D., History
- Pat Cesarini, Ph.D., English
- David Forbes, Ph.D., Chemistry
- Diane Gibbs, Art & Art History
- Lesley Gregoricka, Ph.D., Sociology, Anthropology and Social Work
- Khandokar Istiak, Ph.D., Economics, Finance, & Real Estate
- Min-Wook Kang, Ph.D., Civil, Coastal, and Environmental Engineering
- Saeed Latif, Ph.D., Electrical and Computer Engineering
- Christina Lindeman, Ph.D., Art & Art History
- David Meola, Ph.D., History
- Aviv Segev, Ph.D., Computer Science
- Ben Shamback, Art & Art History
- Elizabeth Shepard, University Library

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves the sabbatical awards for Fall 2025 through Spring 2026 as recommended.

**RESOLUTION
FACULTY EMERITUS**

WHEREAS, the following faculty members have retired from the University of South Alabama:

ACADEMIC AFFAIRS:

- David A. Bowers, Ph.D., Professor of Political Science and Criminal Justice
- Kristy M. Britt, Senior Instructor of Modern & Classical Languages & Literature
- Lanier S. Cauley, Ph.D., Associate Professor of Mechanical, Aerospace, and Biomedical Engineering
- David F. Garmon, Senior Instructor of Emergency Medical Services (Posthumous)
- John E. Kovaleski, Ph.D., Professor of Health, Physical Education, and Leisure Studies
- David A. Nelson, Ph.D., Professor of Mechanical, Aerospace, and Biomedical Engineering
- Teresa G. Weldy, Ph.D., Associate Professor of Management

and

WHEREAS, in recognition of their contributions to the University through extraordinary accomplishments in teaching and in the generation of new knowledge through research and scholarship; in serving to positively inspire students; and, regarding those with clinical backgrounds, for dedication to the treatment and healing of patients; all for which, in accordance with University policy, the respective faculty committees, departmental chair and college dean; the Executive Vice President and Provost; and the University President have duly recommended the aforementioned faculty retirees be appointed to the rank of Professor Emeritus, Associate Professor Emeritus, or Senior Instructor Emeritus,

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees hereby appoints these individuals to the rank of Professor Emeritus, Associate Professor Emeritus, or Senior Instructor Emeritus with the rights and privileges thereunto appertaining, and

BE IT FURTHER RESOLVED that the Board of Trustees conveys its deep appreciation to these individuals in recognition of their significant contributions and dedicated service to the University of South Alabama.

RESOLUTION

HONORARY DOCTORATE DEGREE FOR MAYOR WILLIAM SANDYS STIMPSON

WHEREAS, the University of South Alabama seeks to honor exceptional individuals who have devoted a substantial part of their lives to the service of others and who have distinguished themselves throughout their professional careers, and

WHEREAS, Mayor William Sandys Stimpson is a native of the state of Alabama and is a 1970 graduate of University Military School, and

WHEREAS, he graduated from the University of Alabama in 1975 with a degree in civil engineering before beginning a nearly 40-year career in his family's lumber business, and

WHEREAS, Mayor Stimpson married his wife, Jean, in 1975, and together they have four children and 14 grandchildren, and

WHEREAS, in 2013, Sandy Stimpson became the 108th Mayor of the City of Mobile with a bold vision to become One Mobile – a safer, more business- and family-friendly city, and

WHEREAS, since 2013, Mayor Stimpson has ushered in a new culture at City Hall, emphasizing transparency, effectiveness, and efficiency, and

WHEREAS, the accomplishments of Mayor Stimpson have drastically improved the city's financial position, resulting in credit rating increases and major reductions in city debt, and

WHEREAS, he has served on the boards of the Boys & Girls Club of Southwest Alabama, the Mobile Area Chamber of Commerce, the Alabama Policy Institute and the Business Council of Alabama, and is a member of the President's Cabinets at the University of South Alabama and the University of Alabama, and

WHEREAS, Mayor Stimpson has recognized the University of South Alabama as one of the largest economic drivers and employers in Mobile with nearly 12,000 employees and over 100,000 alumni, and

WHEREAS, Mayor Stimpson recognized that the Whiddon College of Medicine construction project served a greater public purpose by contributing to the availability of medical services and physicians for the citizens of Mobile, and

WHEREAS, in the fall of 2023, Mayor Stimpson and the City Council announced a \$10 million allocation to USA to assist with the construction of the new Whiddon College of Medicine facility, which is notably the first time in USA's history to receive an allocation of that size and significance from the City of Mobile,

THEREFORE, BE IT RESOLVED, for his dedication and for his many contributions to the State of Alabama and support for the University, the Board of Trustees of the University of South Alabama is proud to bestow upon Mayor William Sandys Stimpson, this day, the degree of Doctor of Humane Letters (L.H.D.), honoris causa.

**RESOLUTION
REVISED AMENDED BYLAWS OF THE USA RESEARCH AND TECHNOLOGY CORPORATION**

WHEREAS, the current Amended Bylaws ("Bylaws") of the USA Research and Technology Corporation ("RTC") provide that the University of South Alabama's ("USA," "University") Vice President for Finance and Administration serves as an ex-officio member of the RTC Board of Directors, and

WHEREAS, the University's Finance and Administration division was reorganized in 2023 and the duties related to RTC have been assigned to the new office of Chief Financial Officer, and

WHEREAS, the current Bylaws provide that the University Treasurer serves as an ex-officio member of the RTC Board of Directors, and

WHEREAS, the position of University Treasurer has been eliminated and, in its place, the position of Executive Vice President will be included as an ex-officio member of the RTC Board of Directors, and

WHEREAS, the RTC Board of Directors has unanimously approved the revised Amended Bylaws of the USA Research and Technology Corporation, attached hereto and incorporated herein by reference, updated to reflect the aforementioned changes in University personnel titles,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the revised Amended Bylaws of the USA Research and Technology Corporation, updated as set forth below:

1. Section 3.2 (a) (iii) is amended and the reference to "Vice President for Finance and Administration" is deleted and replaced with "Chief Financial Officer."
2. Section 3.2 (a) (iv) is amended and the reference to "University Treasurer" is deleted and replaced with "Executive Vice President of the University."

**RESOLUTION
DIRECTORS OF THE UNIVERSITY OF SOUTH ALABAMA
FOUNDATION FOR RESEARCH AND COMMERCIALIZATION**

WHEREAS, pursuant to the Bylaws of the University of South Alabama Foundation for Research and Commercialization ("USAFRAC"), which was approved by the Board of Trustees ("Board") of the University of South Alabama ("University") on June 7, 2013, the Board shall elect USAFRAC directors who are not officers, employees, or trustees of the University, and

WHEREAS, the following individuals who currently serve as USAFRAC directors have been nominated and are eligible and willing to serve another term, to become effective forthwith and expiring October 2026:

- Mr. David Trent
- Mr. Glyn Agnew

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the reappointment of the aforementioned individuals to serve as members of the USAFRAC Board of Directors as set forth herein.

Chair Mitchell called for a report from the Audit Committee, **Item 7**. Mr. Graham, Committee Chair, advised of a Committee meeting held on December 4, 2024, and he briefed the Board on the proceedings.

Chair Mitchell called for a report from the Development, Endowment and Investments Committee, **Item 8**. Mr. Yance, Committee Chair, noted that a Committee meeting took place on December 4, 2024, and he provided an overview on the business that occurred.

Chair Mitchell called for a report from the Health Affairs Committee, **Item 9**. Mr. Shumock, Committee Chair, stated that a Committee meeting was held on December 4, 2024, and presented a summary on the proceedings.

Chair Mitchell called for a report from the Academic Excellence and Student Success Committee, **Item 10**. Judge Windom, Committee Chair, said that the Committee met on December 4, 2024, and gave a recap of the work accomplished.

Chair Mitchell called for a report from the Budget and Finance Committee, **Item 11**. Mr. Perkins, Committee Chair, reviewed the matters that were addressed at a Committee meeting held on December 4, 2024.

Chair Mitchell called for a report from the Long-Range Planning Committee, **Item 12**. Ms. Brown Stewart, Committee Chair, advised of a Committee meeting held on December 4, 2024, and presented a summation on the report presented.

Chair Mitchell presented **Item 13** as follows and moved for its approval. Judge Windom seconded, and the Board voted unanimously to approve the resolution:

**RESOLUTION
COMMENDATION FOR JUDGE DON DAVIS**

WHEREAS, the University of South Alabama seeks to honor exceptional individuals who have devoted a substantial part of their lives to the service of others and who have distinguished themselves throughout their professional careers, and

WHEREAS, Judge Don Davis is a native Mobilian and is a 1978 graduate of the University of South Alabama with a B.A. in Political Science, and

WHEREAS, Judge Don Davis is a distinguished alumnus and loyal supporter of the University of South Alabama, and

WHEREAS, Judge Don Davis is a Lifetime member and Past President of the University of South Alabama National Alumni Association, and

WHEREAS, Judge Don Davis served on the board of both South Alabama Medical Science Foundation and the Jaguar Athletic Fund, and

WHEREAS, in 2012, Judge Don Davis was a recipient of University of South Alabama National Alumni Association's Distinguished Alumni Award, the highest honor the University bestows upon an alumnus, and

WHEREAS, Judge Don Davis has continuously served the University and its students as a guest speaker regarding the political sciences as well as hosting mock elections on campus, and

WHEREAS, Judge Don Davis and his wife Dr. Beth Davis are generous and steadfast donors to the University of South Alabama, as reflected in their giving for more than 35 years, and, having established an endowment supporting the Beth and Don Davis National Alumni Association Excellence in Advising Award, and having been recognized as members of the Legacy Society, which honors planned giving donors, and

WHEREAS, Judge Don Davis is retiring as Probate Judge of Mobile County after 24 years of public service,

THEREFORE, BE IT RESOLVED, for his dedication and for his many contributions to Mobile County and support for the University, the Board of Trustees of the University of South Alabama thanks you, Judge Don Davis, for your service and contributions, and wishes the best for you and Beth, your wife of forty-four years, on your retirement.

There being no further business, Chair Mitchell and President Bonner wished everyone a happy holiday season, and the meeting was adjourned at 11:37 a.m.

Attest to:

Respectfully submitted:

Lenus M. Perkins, Secretary

Arlene Mitchell, Chair pro tempore

APPENDIX A



UNIVERSITY OF SOUTH ALABAMA

**DISCLOSURE OF INFORMATION ON PURCHASE OF REAL PROPERTY
PURSUANT TO ALABAMA ACT 2014-133**

PROPERTY ADDRESS:

6201 Old Shell Road
Mobile, AL 36608

Parcel Number: R28 05 21 2 000 023.000 (Key#: 522447)

APPRAISAL INFORMATION:

| | |
|--------------------|---------------------|
| Appraiser: | Cushman & Wakefield |
| Date of Appraisal: | 11/26/2024 |
| Appraised Value: | \$3,250,000.00 |

CONTRACTS RELATED TO THE PURCHASE:

Attached hereto

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Unrestricted Funds

REAL ESTATE PURCHASE CONTRACT

University of South Alabama ("Buyer"), a public body corporate of the State of Alabama, whose principal address is 307 University Boulevard North, AD-170, Mobile, AL 36688 ("Buyer's Address"), hereby agrees to buy, and **Delaney Investments, Inc.** ("Seller"), whose principal address is 225 Springhill Memorial Place, Mobile, AL 36608 ("Seller's Address"), hereby agrees to sell for the consideration and upon the terms hereinafter set forth, the real estate commonly known as:

6201 Old Shell Road, Mobile, Alabama 36608
Parcel: R28 05 21 2 000 023.000 (Key#: 522447)

LOT 1 UNIVERSITY GRANDE SUBDIVISION MBK 119/74

TOGETHER WITH all rights, privileges, tenements, hereditaments and appurtenances thereunto belonging, or in anywise appertaining, subject to that certain ground lease for possession and improvement of the Property memorialized by that certain Amended and Restated Memorandum of Lease recorded as Instrument #2012034770 in the records in the Office of the Judge of Probate of Mobile County, Alabama (the "Ground Lease"), and subject to any leases (the "Apartment Leases") which the ground leasee has entered into with regard to the improvements on the Property. (collectively, the "Property"). Buyer acknowledges that the improvements on the Property (the "Improvements"), consisting primarily of apartment residences, are not owned by the Seller and do not constitute part of the "Property" as that term is utilized in this Contract.

ARTICLE I - Purchase Price and Condition of Property

1.1 The purchase price for the Property shall be the greater of (a) **THREE MILLION TWO HUNDRED AND NO/100 DOLLARS (\$3,200,000.00)** (the "Floor Amount") or (b) the amount obtained from an appraisal of the fair market value of the Property procured from a licensed appraiser of Seller's choosing at Seller's expense (the "Appraisal Amount", and either, the "Purchase Price"). The Purchase Price, up to the Floor Amount, shall be payable on the day of closing ("Closing Date") by cash, cashier's check, certified check or wire transfer. Buyer shall pay the cost of acquiring a current title insurance policy for the benefit of Buyer, and the cost of document preparation, including a general warranty deed. Buyer further agrees to pay other

closing and settlement costs but shall not be responsible for Seller's attorney's fees, if any. Property taxes and the rents and expenses pursuant to the Ground Lease shall be prorated as of the Closing Date.

1.2 To the extent that the appraised fair market value of the Property exceeds the Purchase Price, Seller intends to make a charitable contribution to Buyer. For purposes of the preceding sentence, the fair market value will be established by the independent appraisal of Seller at its sole cost and expense. In the event of such a charitable contribution, Buyer hereby agrees, upon the closing of the Contract, to execute and deliver to Seller the following: Buyer's standard donation acknowledgment letter, an IRS Form 8283, and any other documentation customary to such a contribution.

1.3 Buyer agrees to deliver earnest money in the amount of Five Thousand Dollars (\$5,000.00) to the Title Insurance Company within ten (10) business days of the execution of this Real Estate Purchase Contract (the "Contract"), said earnest money to be returned to Buyer in full if the Closing of this transaction does not occur by the time specified herein due to Seller's failure to meet all conditions to Closing.

1.4 Seller agrees that the proceeds of this sale shall be used to satisfy any and all outstanding mortgages and/or liens that exist on the Property at the Closing of this transaction (the "Closing") before any remaining proceeds from the sale are given to Seller.

ARTICLE II- Closing

2.1 Unless otherwise extended by the provisions of the Contract or by agreement in writing by the parties, the Closing shall be held within sixty (60) days of the signing of this Contract.

2.2 The Closing shall be held at the office of Guarantee Title Company, LLC located at 4300 Downtowner Blvd., Mobile, Alabama, 36609.

ARTICLE III - Possession

3.1 Possession shall be delivered to Buyer at Closing, subject to the Ground Lease and the Apartment Leases. Seller and Buyer acknowledge and agree that until the Closing Date, Seller shall have possession of the Property and shall continue to pay any and all expenses incurred by Seller, such as yard maintenance, and Seller agrees to indemnify and hold Buyer harmless from any and all costs

associated with same. Seller shall be responsible for insuring the property during the period of Seller's possession. Buyer shall bear no responsibility for risk of loss prior to Closing.

ARTICLE IV - Deed and Other Documents

4.1 Seller shall convey the Property to Buyer by recordable General Warranty Deed (the "Deed"), conveying good and marketable title of record to the Property, in fee simple, free and clear of all liens and encumbrances except for the lien of real property taxes not yet due and payable, any existing easements of record, and other exceptions approved in writing by Buyer. As stated above, if the Purchase Price is greater than the Floor Amount, the deed to be delivered shall be part in sale and part in gift. The Ground Lease and the Apartment Leases shall not merge with the Deed.

4.2 Seller shall execute and deliver with the Deed such other documents as may be reasonably required by any governmental entity or by the title insurance company as a condition to the issuance of its policy of title insurance in accordance with Article VI, including, but not limited to:

- (a) The standard affidavit required by the title insurance company for the removal of the standard preprinted exceptions from the title insurance policy; and
- (b) A Certificate of Non-Foreign Status or other evidence satisfactory to Buyer and the title insurance company confirming that Buyer is not required to withhold or pay to the Internal Revenue Service any part of the "amount realized" as such term is defined in the Internal Revenue Code of 1986, as amended, and the regulations promulgated pursuant thereto.

ARTICLE V - Title Insurance

5.1 Buyer shall order a title insurance commitment or preliminary title report issued by Guarantee Title Company (referred to as "Title Insurance Company") in which the Title Insurance Company commits that upon delivery and recordation of the Deed and other documents provided for in this Contract, it will issue, at its usual rate, a standard form ALTA owner's commitment with extended coverage or comparable form, insuring access to the Property and such other endorsements as Buyer may request (the "Policy"), insuring Buyer in the total amount of the Purchase Price, fee simple title to the Premises subject only to (a) the lien for real estate taxes not yet due and payable; (b) exceptions approved in writing by Buyer; and/or (c) such liens as are to be released and discharged at the Closing. The Ground Lease and the Apartment Leases shall be approved title exceptions. Seller agrees to provide to Buyer and the Title Insurance Company all title information in Seller's possession

relating to the Property together with a copy of the most recent tax bills relating to the Property.

5.2 Without limiting the foregoing or being limited thereby, the standard exceptions for parties in possession, mechanics' and materialmen's liens and matters which would be disclosed by an accurate survey shall be eliminated from said Policy.

5.3 While Buyer shall bear the costs and expenses incurred in connection with the issuance of said title commitment and Policy, Seller shall bear all costs and expenses incurred in connection with any endorsements thereto which are reasonably required to conform the Policy to the terms and conditions of this Contract.

5.4 If the title commitment or report shows any exceptions to title other than those referred to in Article 5.1 above, Buyer shall notify Seller in writing of the defects in title within ten (10) days after receipt of the title commitment (with copies of all documents referred to therein). Seller shall then have ten (10) days after receipt of such notice in which to (a) cure such defects and furnish to Buyer satisfactory proof that such defects have been cured, or (b) elect not to cure such defects and notify Buyer of same. If Seller fails, is unable to, or elects not to cure such title defects within such ten (10) day period or, at Seller's election, to obtain title insurance which will give affirmative coverage to Buyer against loss as a result of such title defects, Buyer shall have the option, to be exercised in its sole discretion, to (i) proceed with Closing of this transaction subject to such title defects and bearing the risk of same, or (ii) terminate this Contract.

ARTICLE VI - Taxes and Assessments

6.1 Seller shall pay or credit against the Purchase Price all unpaid real estate taxes, including penalties and interest, for all tax years preceding the Closing Date, and shall credit a portion of such taxes for the tax year in which the Closing is held, prorated through the Closing Date. The proration of such taxes shall be based on a 365-day year and on the most recently available rate and valuation and the amount so computed and adjusted shall be final.

6.2 Seller shall pay any special assessments pertaining to Property only and not pertaining to the Improvements which (a) are a lien on the Property on the Closing Date, whether such assessments are past due, then due or thereafter to become due or (b) are not a lien but are then known and will be payable in whole or in part after the Closing Date.

ARTICLE VII - Utility Charges

7.1 Seller is without information with regard to any utility charges which may be due and owing, which pertain to the Improvements.

ARTICLE VIII - Risk of Loss

8.1 The risk of loss, damage or destruction to the Property and any improvements thereon through condemnation, fire or otherwise shall be borne by Seller until the Closing.

ARTICLE IX - Conditions to Closing

9.1 Buyer's obligation to close this transaction is subject to the following conditions and covenants:

- (a) Easements. Buyer may obtain at or prior to Closing all other easements or licenses deemed necessary by Buyer upon terms and conditions acceptable to Buyer. Seller agrees to reasonably cooperate with Buyer in obtaining any such easements or licenses.
- (b) Survey. Buyer may obtain, at Buyer's sole cost, a certified ALTA survey, being a legal description, made by a licensed surveyor, showing the area, dimensions and location of the Property to the nearest monuments, streets, alleys or property, the location of all improvements, utilities and encroachments, and the location of all proposed and recorded easements against or appurtenant to the Property. If a survey is obtained and discloses any condition rendering the Property unusable, in Buyer's sole judgment, for the intended purpose of Buyer, Buyer may terminate this Contract with no penalty.
- (c) Title Insurance. Buyer shall have obtained from the title company a satisfactory title insurance commitment or preliminary title report in accordance with Article V above.
- (d) Seller's Performance. Seller shall have performed all terms, covenants and obligations required of Seller hereunder.
- (e) Environmental Audit and Testing. Buyer, at Buyer's expense, may obtain a current satisfactory Phase I or Phase II Environmental Audit of the Property and any other environmental testing which Buyer deems reasonably necessary to evaluate potential environmental risks. If such audit or tests reveal the existence of any toxic or

hazardous waste, material or substance on, under or surrounding the Property, Buyer may terminate this Contract with no further liability to Seller.

(f) Liens. Satisfaction of all existing mortgages and/or liens.

ARTICLE X - Notices

10.1 Unless otherwise provided herein, all notices shall be in writing and shall be deemed effective upon the earlier of either (a) personal delivery (b) facsimile or (c) deposit with a commercial carrier to Seller at 225 Springhill Memorial Place, Mobile, AL 36608 and to Buyer at 775 N. University Blvd., Suite 150, Mobile, AL 36608.

ARTICLE XI - Representations and Warranties

11.1 Seller represents, warrants and covenants to Buyer as to the following matters, and shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date.

- (a) To Seller's actual knowledge, all covenants, conditions, restrictions, easements and similar matters affecting the Property have been complied with.
- (b) To Seller's actual knowledge, there is no pending or threatened litigation, arbitration, administrative action or examination, claim, or demand whatsoever relating to the Property, and no attachments, execution proceedings, liens, assignments or insolvency proceedings are pending, threatened or contemplated against Seller or the Property. Seller is not contemplating the institution of insolvency proceedings.
- (c) Seller has no actual knowledge of any pending or contemplated eminent domain, condemnation, or other governmental or quasi-governmental taking of any part or all of the Property.
- (d) Seller has not been notified of any possible future improvements by any public authority, any part of the cost of which might be assessed against any part of the Property.
- (e) To the best of Seller's knowledge, Seller: (i) has not used the Property for the storage, treatment, generation, production or disposal of any toxic or hazardous waste, material or substance nor does Seller have knowledge of such use by others; (ii) has not caused or permitted and has no knowledge of the release of any toxic or hazardous waste,

material or substance on or off site of the Property; (iii) has not received any notice from any governmental authority or other agency concerning the removal of any toxic or hazardous waste, material or substance from the Property; and (iv) has disclosed to Buyer the location of all underground storage tanks on the Property of which it has knowledge (if any).

- (f) To Seller's actual knowledge, no event has occurred with respect to the Property which would constitute a violation of any applicable environmental law, ordinance or regulation.
- (g) The execution and delivery of this Contract has been duly authorized and validly executed and delivered by Seller, and will not (i) constitute or result in the breach of or default under any oral or written agreement to which Seller is a party or which affects the Property; (ii) constitute or result in a violation of any order, decree or injunction with respect to which either Seller and/or the Property is/are bound; (iii) cause or entitle any party to have a right to accelerate or declare a default under any oral or written agreement to which Seller is a party or which affects the Property; and/or (iv) violate any provision of any municipal, state or federal law, statutory or otherwise, to which either Seller or the Property may be subject.

11.2 As an inducement to Seller to enter into this Contract, Buyer represents that Buyer has the right, power, and authority to purchase the Property in accordance with the terms and conditions of this Contract and that Buyer has validly executed and delivered this Contract.

11.3 Except as is expressly provided in this Contract, Buyer acknowledges that neither Seller nor any agent, attorney, employee or representative of Seller has made any representations as to the physical nature or condition of the Property.

ARTICLE XII – Termination, Default, and Remedies.

12.1 If Buyer fails or refuses to consummate the purchase of the Property pursuant to this Contract at the Closing or fails to perform any of Buyer's other obligations hereunder either prior to or at the Closing for any reason other than termination of this Contract by Buyer pursuant to a right so to terminate expressly set forth in this Contract or Seller's failure to perform Seller's obligations under this Contract, then the Seller, as Seller's sole and exclusive remedy, shall have the right to

terminate this Contract by giving written notice thereof to Buyer prior to or at the Closing, whereupon neither party hereto shall have any further rights or obligations hereunder.

12.2 If Seller fails or refuses to consummate the sale of the Property pursuant to this Contract at the Closing or fails to perform any of Seller's other obligations hereunder either prior to or at the Closing for any reason other than the termination of this Contract by Seller pursuant to a right so to terminate expressly set forth in this Contract, or Buyer's failure to perform Buyer's obligations under this Contract, then Buyer, in its sole discretion, may (i) demand specific performance of Seller's obligations hereunder, as Seller's breach of this Contract would cause Buyer irreparable damage; or (ii) terminate this Contract by giving written notice thereof to Seller prior to or at the Closing, whereupon neither party hereto shall have any further rights or obligations hereunder.

ARTICLE XIII - Miscellaneous

13.1 This Contract shall inure to the benefit of and bind the parties hereto, their respective heirs, executors, administrators, personal and/or legal representatives, successors and assigns.

13.2 This Contract constitutes the entire agreement between the parties and there are no representations, oral or written, relating to the Property or to this transaction which have not been incorporated herein. Any agreement hereafter made shall be ineffective to change, modify, or discharge this Contract in whole or in part unless such agreement is in writing and signed by the party against whom enforcement of any change, modification or discharge is sought.

13.3 The headings of the Articles hereof have been inserted for convenience only and shall in no way modify or restrict any provisions hereof or be used to construe any such provisions.

13.4 If two or more persons constitute the Seller, the word "Seller" shall be construed as if it reads "Sellers" throughout this Contract.

13.5 This Contract shall be construed, interpreted and enforced in accordance with the laws of the State of Alabama. The parties agree and acknowledge that the only forum for any claim against Buyer pursuant to this Contract is the Alabama State Board of Adjustment.

13.6 This Contract may be executed in multiple counterparts, each of which shall be considered to be an original document.

13.7 The Effective Date shall be the date of the last execution hereof.

13.8 Time is of the essence hereof.

13.9 Any condition or right of termination, cancellation, or rescission granted by this Contract to Seller or Buyer may be waived by such party provided such waiver is in writing.

13.10 If the time period or date by which any right, option or election provided under this Contract must be exercised, or by which any act required hereunder must be performed, or by which the Closing must be held, expires or occurs on a Saturday, Sunday, or legal or bank holiday, then such time period or date shall be automatically extended through the close of business on the next regularly scheduled business day.

13.11 If any provision of this Contract, or the application thereof to any person, place, or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Contract and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.

ARTICLE XIV - Acceptance

14.1 In the event this Contract is not signed simultaneously by both parties, it shall be considered to be an offer made by the party first executing it. In such event this offer shall expire at 12:00pm NOON, Friday, November 8, 2024 Central Daylight Time following the offer unless one copy of this Contract, executed by the party to whom this offer had been made, shall have been mailed (in accordance with Article X hereof) or personally delivered to the party making the offer.

SIGNATURES ON THE NEXT PAGE

Signed by Buyer this 1st day of
November _____, 2024.

BUYER:

UNIVERSITY OF SOUTH ALABAMA

By: 

Trae Catrett
Contract Officer

Signed by Seller(s) this 1st day of
November, 2024.

SELLER:

DELANEY INVESTMENTS, INC.

By: 

Name: JOSEPH S. FOREST
Title: executive V.P.



UNIVERSITY OF SOUTH ALABAMA

**DISCLOSURE OF INFORMATION ON PURCHASE OF REAL PROPERTY
PURSUANT TO ALABAMA ACT 2014-133**

PROPERTY ADDRESS:

See attached Exhibit "A"

APPRAISAL INFORMATION:

Appraised by: Cushman & Wakefield

Appraisal Date: September 1, 2024

Appraised Value: \$23,550,000.00

CONTRACTS RELATED TO THE PURCHASE:

Attached as Exhibit "A"

PURCHASE TERMS:

Cash Purchase

SOURCES OF FUNDS USED IN THE PURCHASE:

Unrestricted Funds

PURCHASE AND SALE AGREEMENT

(Traditions at South, Mobile, Alabama)

THIS PURCHASE AND SALE AGREEMENT (this “**Agreement**”) is dated and entered into as of October 31, 2024 (the “**Effective Date**”), by and between **DISTRICT AT SOUTH, LLC**, a Delaware limited liability company, as seller (“**Seller**”), and **UNIVERSITY OF SOUTH ALABAMA**, an Alabama public body corporate, as purchaser (“**Buyer**” and, together with Seller, the “**Parties**” and each a “**Party**”).

RECITALS:

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to buy from Seller, all of Seller’s right, title and interest in and to the Project (as defined below), subject to and in accordance with the terms and provisions hereinafter set forth.

NOW, THEREFORE, Seller and Buyer, in consideration of the forgoing Recitals (which are incorporated herein by this reference), and in consideration of the keeping and performing by the respective Parties of their respective obligations as hereinafter set forth, as well as for Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, hereby agree as follows:

1. THE PROPERTY

Upon the terms and provisions and subject to the conditions of this Agreement, Seller agrees to sell and convey to Buyer, on the Closing Date (hereinafter defined), and Buyer agrees to purchase from Seller, for the Purchase Price herein set forth, all of Seller’s right, title and interest, if any, in and to the following (collectively, the “**Project**”):

(a) Seller’s leasehold interest under that certain Lease Agreement dated July 3, 2008, by and between Delaney Investments Inc., as ground lessor (the “**Ground Lessor**”) and University Grande of Mobile, LLC, as lessee (the “**Original Lessee**”), as amended by that certain First Amendment to Long Term Ground Lease by and between Ground Lessor and Original Lessee dated April 1, 2009, as further amended by that certain Second Amendment to Long Term Ground Lease by and between Ground Lessor and Original Lessee dated June 1, 2011, as further amended by that certain Third Amendment to Long Term Ground Lease by and between Ground Lessor and Original Lessee dated April 5, 2012, as assigned from Original Lessee, as assignor, to University Grande Associates, L.P., as assignee (“**Interim Lessee**”), pursuant to that certain Assignment and Assumption of Ground Lease dated June 12, 2012 and recorded in the Probate Office of Mobile County, Alabama (the “**Probate Office**”) as Instrument No. 2012034769 (Book 6903, Page 113), as further amended by that certain Fourth Amendment to Long Term Ground Lease by and between Ground Lessor and Interim Lessee dated March 3, 2016, and as further assigned by that certain Assignment and Assumption of Ground Lease from Interim Lessee, as assignor, to G&I VIII The Edge LLC, as assignee (“**Interim Lessee II**”), dated April 27, 2016, and recorded in the Probate Office as Instrument No. 2016022983 (Book 7374, Page 481), and as further assigned by that certain Assignment and Assumption of Ground Lease from Interim Lessee II, as assignor, to Seller, as assignee, dated July 8, 2021, and recorded in the Probate Office as Instrument No. 2021044204 (as amended and assigned, the

“**Ground Lease**”), pursuant to which Seller leases from Ground Lessor that certain parcel of land described on Exhibit “A-1” annexed hereto (the “**Ground Leased Parcel**”) together with Seller’s interest in the improvements erected thereon;

(b) fee title to that certain real property located in the City of Mobile, County of Mobile, State of Alabama, as more particularly described on Exhibit “A-2” attached hereto and made a part hereof (the “**Fee Parcel**” and, together with the Ground Leased Parcel, the “**Land**”) and all of the buildings and improvements on the Land and appurtenances thereto (the “**Improvements**” and, together with the Land, the “**Property**”), which Property is commonly known as The District at South located at 6201 Old Shell Road, Mobile, Alabama;

(c) the Leases (as defined in Section 4(c) below), including all refundable security and other deposits and guaranties relating to the Leases, as listed on the rent roll attached hereto as Exhibit “B” and made a part hereof, as updated from time to time and as part of Closing (“**Rent Roll**”);

(d) any and all fixtures, machinery, equipment, furnishings, tangible items of personal property and other tangible property, if any, located on or about the Property and used exclusively in connection with the Project and owned by Seller as of the Closing Date (the “**Tangible Personal Property**”), which Tangible Personal Property existing as of the Effective Date is listed on Exhibit “C” attached hereto and made a part hereof, and which Tangible Personal Property specifically excludes: (i) software; (ii) cash, bank accounts, certificates of deposit, or other similar income other than refundable security and other deposits of tenants; and (iii) any equipment, machinery, computers or other tangible items of personal property owned or leased by the Property’s management company or any other third parties as listed on Exhibit “C-1”; and,

(e) to the extent assignable and transferable by Seller to Buyer, and that Buyer elects to assume as set forth in Section 3(g) hereof in addition to the Required Service Contract, all contracts entered into by Seller which are applicable to the operation of the Project but specifically excluding any management and/or leasing contracts (the “**Service Contracts**”), which Service Contracts existing as of the Effective Date, if any, are listed on Exhibit “J” attached hereto and made a part hereof.

2. PURCHASE PRICE; DEPOSIT

(a) The purchase price for the Property shall be Seventeen Million Five Hundred Thousand and 00/100 Dollars (\$17,500,000.00) (the “**Purchase Price**”), payable by Buyer to Seller as hereinafter provided. For the purposes of completing the Real Estate Validation Form only, Seller will allocate in its reasonable discretion a percent of the Purchase Price to the fee parcel of the Property and a percent of the Purchase Price to the leasehold parcel of the Property.

(b) Within three (3) business days after the Effective Date, Buyer shall deposit with Rushton, Stakely, Johnston & Garrett, P.A. (“**Escrow Agent**”), whose address is listed in Section 11 below, a good faith earnest money deposit in immediately available funds in the amount of One Hundred Seventy-Five Thousand and 00/100 Dollars (\$175,000.00)

(“**Deposit**”). The Deposit shall be held by Escrow Agent pursuant to Section 13 below. At Closing, the Deposit shall be paid to Seller and applied to the Purchase Price. The Deposit will be non-refundable to Buyer after November 30, 2024 except as may otherwise be expressly provided in this Agreement.

(c) Upon the Closing, the Purchase Price shall be paid to, or for the account of, Seller in immediately available funds by wire transfer in an amount equal to the Purchase Price less the amount of the Deposit, plus or minus any closing adjustments to which either Buyer or Seller are entitled pursuant to this Agreement.

(d) Notwithstanding anything to the contrary herein, a portion of the Deposit equal to One Hundred and No/100 Dollars (\$100.00) (the “**Independent Consideration**”) shall be paid to Seller, which Independent Consideration Seller and Buyer have bargained for and agreed to as independent and sufficient consideration for Seller’s execution and delivery of this Agreement.

3. CLOSING AND RELATED MATTERS

(a) The delivery of the Deed (hereinafter defined), Ground Lease Assignment (hereinafter defined), and other documents provided in this Section 3, and other acts necessary to complete the transactions provided for in this Agreement, all as subject to the terms and conditions of this Agreement, shall be referred to herein as the “**Closing**.” Subject to the provisions of this Section 3(a), the Closing shall take place by no later than 3:00 PM (Central Time) on December 17, 2024, or such earlier date as the parties may agree in writing (the “**Closing Date**”). The Closing shall be held through an escrow closing arrangement effected via a “mail away” closing (i.e., in which funds are sent via wire transfer to Escrow Agent and closing documents are delivered via overnight delivery or courier delivery service to Escrow Agent, as agent for First American Title Insurance Company.

(b) At Closing, Seller shall execute and deliver, or cause to be executed and delivered, to the Escrow Agent the following:

(i) a limited warranty deed substantially in the form of Exhibit “D” attached hereto (“**Deed**”) with the Real Estate Sales Validation Form to be completed and attached;

(ii) a title affidavit substantially in the form of Exhibit “E” attached hereto;

(iii) a certification from Seller as required by the Foreign Investment in Real Property Tax Act (Section 1445 of the Internal Revenue Code of 1986, as amended);

(iv) a Bill of Sale, Assignment and Assumption substantially in the form of Exhibit “F” attached hereto covering the Personal Property (“**Bill of Sale and Assignment**”);

(v) either (1) originals or copies of each Lease maintained in the Property's management office, which shall be deemed delivered in accordance with this Agreement if left in the on-site Property's management office at Closing, or (2) access to electronic or digital copies of each Lease (which shall survive Closing for thirty (30) days);

(vi) a tenant notice letter to Tenants notifying them of the change in ownership of the Project, substantially in the form of **Exhibit "G"** attached hereto and made a part hereof ("**Tenant Notice Letter**");

(vii) a notice to Ground Lessor of the assignment of the Ground Lease, substantially in the form of **Exhibit "H"** attached hereto (which notice Seller will deliver to Ground Lessor unless otherwise mutually agreed to by Seller and Buyer) ("**Notice to Ground Lessor**");

(viii) the Assignment and Assumption of Ground Lease substantially in the form of **Exhibit "I"** attached hereto (the "**Ground Lease Assignment**");

(ix) certificates or resolutions of Seller authorizing the sale of the Property pursuant to this Agreement and the authority of the officer executing the closing documents on behalf of Seller;

(x) a settlement statement with respect to the Closing;

(xi) an updated rent roll and accompanying certification executed by Seller that it is a true and correct copy of the most recent rent roll prepared by or for Seller in the ordinary course of business and to be the rent roll used or relied on by Seller in connection with the operation of the Project, which rent roll shall be dated not more than one (1) business day prior to Closing;

(xii) a certificate affirming the truthfulness and accuracy as of the Closing Date of Seller's representations and warranties contained herein in all material respects in the form of **Exhibit "K"** attached hereto (the "**Seller Bring Down Certificate**");

(xiii) a broker's lien waiver affidavit from Broker (hereinafter defined) as provided in Section 12.

At Closing, there shall be withheld from Seller's proceeds at Closing the amount of Alabama withholding tax required to be collected by or on behalf of Buyer on account of Ala. Code § 40-18-86 (1975), unless Seller executes and delivers at Closing an affidavit required under said Ala. Code § 40-18-86 (1975) that qualifies Seller as exempt from this withholding.

To the extent not attached as an exhibit to this Agreement, all of the foregoing conveyance documents shall be on Seller's form documents for similar transactions, but subject to the reasonable approval of Buyer.

Seller shall deliver possession of the Project to Buyer at the Closing subject only to the Permitted Exceptions (hereinafter defined). Seller shall also arrange for delivery to Buyer of, to the extent in Seller's possession or control, originals or, to the extent no originals are available, copies of the following: all books and records pertaining to the Property, keys and other similar items pertaining to the Property, including, but not limited to, all Leases, Licenses and Permits, Assumed Service Contracts, the Required Service Contract, combinations and passwords. Seller shall cooperate with Buyer after Closing to transfer to Buyer any such information stored electronically. The obligations of Seller set forth in this paragraph shall expressly survive Closing for ten (10) business days.

- (c) Intentionally Deleted;
- (d) At Closing, Buyer shall execute and deliver to the Escrow Agent, the following:
 - (i) the Purchase Price as specified in Section 2 hereof, which shall be delivered to the Escrow Agent;
 - (ii) signed counterparts of the (1) Bill of Sale and Assignment, (2) Tenant Notice Letter, (3) Notice to Ground Lessor, and (4) Ground Lease Assignment;
 - (iii) a settlement statement with respect to the Closing; and,
 - (iv) such other closing documents as may be reasonably necessary to consummate the transactions contemplated herein, including, but not limited to appropriate entity resolutions and approvals.
- (e) As part of Closing, the Escrow Agent, as applicable, shall:
 - (i) deliver the Deed and the Ground Lease Assignment to Buyer by filing the Deed and Ground Lease Assignment for record in the public records for the jurisdiction in which the Property is located;
 - (ii) pay to Seller the Purchase Price less any credits to which Buyer is entitled, charge Seller and Buyer for the closing costs as set forth in Section 4 below, and disburse the Deposit to Seller, all in accordance with the agreed upon settlement statement; and
 - (iii) cause the Title Company (hereinafter defined) to issue the Title Policy.
- (f) Within three (3) days following the Closing Date, Buyer shall assemble a fully executed version of the Tenant Notice Letter and deliver copies to the Tenants pursuant to the Leases. Copies of the fully executed Tenant Notice Letter shall be provided to Seller. The provisions of this Section 3(f) shall survive Closing.
- (g) On or before the end of the Due Diligence Period, Buyer shall deliver a notice to Seller setting forth which of such Service Contracts, if any, that Buyer elects to

assume (the “**Service Contract Notice**”). If Buyer fails to deliver timely the Service Contract Notice, then Buyer shall be deemed to have elected to assume any such Service Contracts. Notwithstanding the foregoing or anything to the contrary in this Agreement, Buyer shall be obligated to assume the following Service Contract as of the Closing Date (the “**Required Service Contract**”): that certain Services Agreement by and between Comcast of Alabama, LLC and University Grande Associates, LP dated as of October 1, 2014. For the Required Service Contract and any other Service Contracts that Buyer has properly elected to assume pursuant to this Section 3(g) (such Service Contracts, together with the Required Service Contract, being the “**Assumed Service Contracts**”), pursuant to the Bill of Sale and Assignment to be executed as of the Closing Date, Seller shall assign to Buyer and Buyer shall assume, at Buyer’s sole cost and expense, such Assumed Service Contracts; provided, however, that if and to the extent any Assumed Service Contract requires a different form of assignment instrument, any modifications to the Bill of Sale and Assignment with respect to such Assumed Service Contract or grants any third party approval rights over the provisions of such assignment instrument, then and to such extent, as applicable, Buyer and Seller shall use such different form, make such modifications or make such revisions to the Bill of Sale and Assignment as may be reasonably requested by such third party. Except for the Assumed Service Contracts, Seller shall, at or prior to Closing, terminate all Service Contracts with respect to the Property at Seller’s sole cost and expense. Notwithstanding the foregoing provisions of this Section 3(g) or anything to the contrary in this Agreement, in no event shall Buyer be permitted to assume any Service Contracts that affect both the Property and any other properties owned by any affiliates of Seller.

(h) Covenants of Seller Pending Closing. Between the Effective Date and the Closing Date, Seller covenants and agrees that:

(i) Seller will continue to operate, maintain and insure the Project in substantially the same manner as Seller has operated, maintained and insured the Project during Seller’s ownership of the same;

(ii) Seller will not sell, transfer or convey Seller’s interest in or title to the Project, other than entering into Leases in accordance with the terms of this Agreement; provided that any such Leases may only be made to current students of Buyer, which shall be verified by Seller prior to entering into each such lease;

(iii) Seller shall not initiate, grant or consent to any zoning changes on or about the Property;

(iv) Seller will not enter into any new contracts applicable to the operation of the Project after Closing without Buyer’s prior consent, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that Seller may modify and/or terminate Service Contracts in the ordinary course of business provided the same do not involve Assumed Service Contracts;

(v) Seller shall have the exclusive right, in Seller’s ordinary course of business, to enter into Leases (as set forth in this Section 3(h)), evict any Tenants for non-payment of rent, enter into new Leases and/or modify any existing Leases,

with all new Leases to be on the form of Lease now being used by Seller or Seller's property manager, to have a term of no longer than one (1) year, provide only for rents or other terms such as monetary concession, discounts, period of rent-free consistent with any such rents, terms and offers existing as of the date of this Agreement, and shall only be for a unit approved in advance by Buyer;

(vi) Seller shall perform, in all material respects, its obligations under the Leases, including, but not limited to, delivering all lease renewal notices required to be given by Seller, as landlord, in a timely manner and shall use commercially reasonable efforts to effectuate renewals in Seller's ordinary course of business and in accordance with (v) above, provided that any such renewals be granted only as to current students of Buyer, which shall be verified by Seller prior to entering into such renewals.

(vii) Seller shall not permit any alteration, structural modification or additions to the Property, except in the nature of ordinary maintenance, repair and replacement;

(viii) no portion of any Tenant's security deposit shall be applied against the Rents except in Seller's ordinary course of business;

(ix) Seller shall promptly cure any violation of any lawful requirement of any governmental authority relative to the Property and the operation thereof, for which Seller has received written notice;

(x) Seller shall continue to maintain in full force and effect all policies of property insurance now in effect or renewals thereof in the ordinary course of business;

(xi) Seller agrees, at its cost and without expense to Buyer, to terminate any management agreement with manager pertaining to the Property effective as of the Closing;

(xii) Seller shall maintain in existence all licenses, permits and approvals necessary or reasonably appropriate to the ownership, operation or improvement of the Property, and shall not apply or consent to any action or proceedings which will have the effect of terminating or changing such licenses, permits and approvals or the zoning of the Property; and

(xiii) Seller shall promptly deliver to Buyer (or make available at the Property) any Leases and/or Service Contracts entered into by Seller and not previously delivered or made available to Buyer.

(i) Buyer shall have been furnished an executed copy of a Ground Lessor Estoppel and Agreement, in substantially the same form and content as the Ground Lessor Estoppel and Agreement previously in favor of the Seller, recorded in Instrument No. 2021044203 (the "**Ground Lessor Estoppel**").

(j) Intentionally Deleted.

(k) Conditions to the Parties' Obligations to Close.

(i) Mutual Conditions. In addition to all other conditions set forth herein, the obligation of Seller, on the one hand, and Buyer, on the other hand, to consummate the transactions contemplated hereunder shall be contingent upon the following: (i) the other party's representations and warranties contained herein shall be true and correct in all material respects as of the Effective Date and the date of Closing; (ii) as of the Closing Date, the other party shall have performed, observed and complied in all material respects with all material covenants, agreements and conditions required hereunder and all deliveries to be made at Closing have been tendered; and (iii) all other conditions set forth in this Agreement to the other party's obligation to close shall have been satisfied.

(ii) Seller's Additional Condition. In addition to all other conditions set forth herein, the obligation of Seller to consummate the transactions contemplated hereunder shall be contingent upon the consent of the members the Seller ("Seller's Consent"). Seller shall notify Buyer whether the Seller's Consent has been obtained on or prior to the date that is ten (10) days after the Effective Date. If Seller fails to notify Buyer on or prior to the end of the tenth (10th) day after the Effective Date, Seller shall be deemed to have not obtained the Seller's Consent. Notwithstanding the provisions of 3(k)(iv) below, in the event this Agreement is terminated by Seller for failure of the condition in this 3(k)(ii), Buyer shall be entitled to a return of the Deposit, less the Independent Consideration.

(iii) Buyer's Additional Condition. In addition to all other conditions set forth herein, the obligation of Buyer to consummate the transactions contemplated hereunder shall be contingent upon Buyer acquiring the fee simple title to the Property of ground lessor under the Ground Lease prior to Closing.

(iv) Failure of a Condition. Without limiting the rights of a party under Article 7, in the event of a default by the other party hereunder, so long as the electing party under this Section 3(k)(iv) is not in default hereunder in any material respect, if any condition to such party's obligation to proceed with the Closing set forth in this Agreement has not been satisfied as of the Closing Date, such benefitted party may elect by written notice given to the other party, in its sole discretion, to (i) terminate this Agreement, by delivering written notice to the other party on or before the Closing Date, in which case the Deposit shall be delivered to Buyer, less the Independent Consideration, and this Agreement shall terminate and be of no further force and effect (subject to and except for the provisions which explicitly survive termination of the Agreement), (ii) elect to extend the time available for the satisfaction of such condition by up to a total of five (5) days or (iii) elect on or before the Closing Date to close, notwithstanding the non-satisfaction of such condition, in which event such party shall be deemed to have waived any such condition. If such electing party elects to proceed pursuant to clause (ii) above, and such condition remains unsatisfied after the end of such extension period, then, at such time, such electing party may elect to proceed pursuant to either clause (i) or (iii) above. Any failure by Buyer to timely elect to

proceed under clauses (i), (ii) or (iii) above, shall be deemed an election to proceed under clause (iii) above.

4. CLOSING COSTS AND PRORATIONS

(a) Property Taxes.

(i) Seller shall pay real estate taxes and assessments, both general and special (collectively, "**Taxes**") for the Property due and owing for fiscal years prior to the fiscal year in which the Closing takes place. Taxes for the fiscal year in which the Closing takes place ("**Closing Year Taxes**") will be prorated at Closing based on the most recent available tax bill for the Property. Seller shall be responsible for Closing Year Taxes attributable to the period until (but not including) the Closing Date, and Buyer shall be responsible for Closing Year Taxes attributable to the period from and including the Closing Date.

(ii) Notwithstanding the foregoing, any real estate tax refunds or rebates that apply to periods before the Closing Year Taxes shall remain the property of Seller.

(b) Operating Expenses. Except as provided in this Section 4(b), all utility charges and other operating expenses attributable to the Property, if any (collectively, the "**Operating Expenses**"), shall be prorated as of the Closing Date. Seller shall be responsible for all Operating Expenses attributable to the period prior to (but not including) the Closing Date, and Buyer shall be responsible for all Operating Expenses attributable to the Property from and after the Closing Date. Seller agrees to use commercially reasonable efforts to cause all meters for all public utilities being used on the Property to be read on the Closing Date or as close thereto as reasonably practicable. Buyer shall arrange with the applicable utility providers to have accounts opened in Buyer's name beginning at 12:01 AM on the Closing Date. To the extent that the amount of actual consumption of any utility service is not determined prior to the Closing Date, a proration shall be made at Closing based on the last available reading for such utility service. Notwithstanding anything to the contrary in this Section 4(b), in no event shall the proration of Operating Expenses hereunder include any deposits that Seller has with any of the utility services or companies servicing the Property (collectively, the "**Retained Deposits**"), it being understood and agreed that Seller shall be entitled to retain all such Retained Deposits.

(c) Tenant Provisions. The Property is occupied by residential tenants (collectively, the "**Tenants**") pursuant to written leases to which the Property is subject as set forth on the Rent Roll, as the same may be updated as provided herein (collectively, the "**Leases**").

(i) Rents. Fixed rents and all other charges identified on an updated Rent Roll assessed against and collected from the Tenants under the Leases (collectively, "**Rents**") for the month of Closing shall be prorated between Seller and Buyer as of the Closing Date such that Seller shall be deemed the owner of the Property for the day prior to the Closing Date and Buyer shall be deemed the owner of the Property commencing as of the Closing Date. All past due but uncollected

Rents (the "**Delinquent Rents**") attributable to the period of time prior to Closing shall not be prorated as of Closing. All Rent collected by Buyer or Seller from each Tenant from and after Closing will be applied as follows: (1) first, to Delinquent Rents owed to Buyer, (2) second, to current Rents owed to Buyer, and (3) third, to Delinquent Rents owed to Seller for the period prior to Closing. Prepaid Rents attributable to any period after the month in which Closing occurs, if any, shall be credited to Buyer at Closing.

(ii) Security Deposits and Tenant Fees. Seller shall retain the refundable security and pet deposits received from Tenants under the Leases, and shall credit to Buyer, at Closing, an amount equal to the refundable security and pet deposits held by Seller from Tenants under the Leases as of the Closing Date, if any (to the extent such security and pet deposits have not been applied as provided in the Leases). Seller shall retain all nonrefundable tenant fees and nonrefundable deposits under the Leases. Buyer is accepting the Property at Closing subject to the Leases and without any credit at Closing for the security deposits other than as expressly set forth herein.

(iii) Utility Payments. Seller shall be entitled to the amount of all Utility Payments (hereinafter defined) collected by Buyer after Closing. Within five (5) business days after Seller's written notice to Buyer delivered to Buyer not more than one hundred twenty (120) days after the Closing Date, Buyer shall deliver to Seller a statement (the "**Utility Statement**") of the amounts that Tenants have paid to Buyer in connection with the Property's utility expenses that are attributable to the period prior to Closing ("**Utility Payments**"), whether such Utility Payments were made as part of Rents or otherwise. The Utility Statement shall include calculations for each Tenant and such invoice back-up documentation as Seller may reasonably request (if reasonably available to Buyer). Within the five (5) business day period following Buyer's delivery of the Utility Statement to Seller, Seller and Buyer shall work in good faith to resolve any issues with respect to the Utility Statement. Within the five (5) business day period following approval of the Utility Statement by Buyer and Seller, Buyer shall remit the amount of the agreed-upon Utility Payments to Seller.

(iv) Final Prorations. Other than the Utility Payments described above, all of the prorations under this Agreement shall be calculated as of the Closing Date and shall be final as of Closing. The terms and provisions of Section 4(c)(iii) shall survive the Closing.

(d) Ground Lease. All amounts due under the Ground Lease, including Base Rent, Additional Rent, Impositions, taxes and operating expenses (as such terms are defined in the Ground Lease), shall be prorated as of the Closing Date.

(e) Buyer's Closing Costs. At Closing, Buyer shall pay or be charged with the following costs in connection with the Closing:

(i) the cost of recording the Deed and the Ground Lease Assignment (but not Seller's cost as specified in (f)(i) below);

- (ii) any financing costs, including any mortgage recording fees or taxes;
 - (iii) all costs associated with any endorsements to the Title Policy (hereinafter defined), including any simultaneous issue charges;
 - (iv) the cost of any tax and/or lien searches;
 - (v) all costs, expenses and charges in connection with Buyer's due diligence and Inspections (hereinafter defined);
 - (vi) all escrow fees and charges;
 - (vii) the cost of Buyer's counsel;
 - (viii) the cost of the Survey; and,
 - (ix) the cost of any documentary stamps and transfer taxes which are required to be affixed to or paid in connection with the Deed and the Ground Lease Assignment.
- (f) Seller's Closing Costs. At Closing, Seller shall pay the following costs in connection with the Closing:
- (i) the cost of the Title Commitment (hereinafter defined);
 - (ii) all costs associated with the Title Policy (hereinafter defined), excluding the costs of any endorsements thereto or simultaneous issue charges;
 - (iii) the commission owed to the Broker (hereinafter defined) pursuant to the Brokerage Agreement (hereinafter defined);
 - (iv) leasing commissions owed pursuant to Section 12 of this Agreement, if any; and,
 - (v) the cost of Seller's counsel.
- (g) Survival. This Section 4 shall survive the Closing.

5. INSPECTIONS.

(a) Seller shall deliver to Buyer, or make available to Buyer via Dropbox or a similar file sharing access site selected by Seller, such documents and information as Buyer reasonably requests, to the extent such documents and information are in Seller's possession or reasonable control and have not previously been made available to Buyer, except for (1) any third party reports, or (2) documents and information that Buyer can reasonably obtain on its own (the "**Due Diligence Materials**").

(b) Commencing upon the Effective Date and while this Agreement is in effect, Buyer shall have the right, at Buyer's sole expense, to make or cause to be made by any agent, contractor, engineer, consultant, representative, independent contractor or other

third party hired by Buyer (collectively, the “**Buyer Parties**”) any non-invasive investigations and inspections regarding the Property which Buyer deems necessary or desirable in its sole and absolute discretion (collectively, “**Inspections**”); provided, however, that Buyer: (i) agrees to immediately repair any damage to the Property resulting from any Inspections and to restore the Property to the same or better condition as that which existed prior to such damage; and (ii) shall not cause or permit to be caused any unreasonable interference with any Tenant’s occupancy and/or Seller’s operations at the Property. Buyer acknowledges and agrees that Buyer inspected and investigated the Project and engaged such qualified Buyer Parties as Buyer deemed necessary to make all appropriate inquiry regarding the condition of the Project that Buyer desired to make prior to the Effective Date. Seller hereby reserves the right to have a representative present at the time of making any such Inspections on the Property and Buyer shall notify Seller not less than two (2) business days in advance of making any such Inspections. Such notification may be by electronic mail to Michelle Powell at mpowell@ascentresidential.com, with a copy to Pam Myers at pam@ascentresidential.com, John D. Blanchard, at john@ascentresidential.com, and Paul Burnside at paul@ascentresidential.com. Buyer agrees that Buyer shall not contact (except for pleasantries) or interview any Tenant of the Property, or, without Seller’s prior written consent, any employee of the Property. If Buyer intends to carry out any invasive Inspection (e.g., involving the physical disturbance of any portion of the Property), Buyer shall give Seller at least five (5) business days’ prior written notice of such intention; provided, however, that in no event shall Buyer be permitted to perform soil borings, wall or roof penetration or other invasive or intrusive tests on the Property, including (without limitation) any Phase II environmental investigations, without Seller’s prior written consent, which consent shall not be unreasonably withheld by Seller. All Inspections shall be conducted on business days, between 10:00 a.m. and 5:00 p.m. (central time). Buyer’s right to perform the Inspections shall be subject to the rights of Tenants, guests and customers at the Project.

(c) Each of the Buyer Parties performing Inspections at the Property shall be properly licensed and maintain liability insurance in an amount not less than One Million Dollars (\$1,000,000.00) for personal injury to or death of any one person, Two Million Dollars (\$2,000,000.00) for personal injury to or death of any number of persons in any one accident and One Million Dollars (\$1,000,000.00) for property damage, workers compensation insurance in statutory limits and employers liability insurance with limits not less than One Million Dollars (\$1,000,000). Such insurance policies shall: (i) be primary and non-contributory to any insurance maintained by Seller; (ii) be issued by an insurer with a Best’s rating of no less than A-/VIII and licensed to write insurance and do business in the state where the Property is located; and (iii) include Seller as an additional insured thereunder. Buyer shall provide Seller with a certificate of insurance from Buyer and the applicable Buyer Parties satisfying the above-listed requirements prior to any entry onto the Property by Buyer or any Buyer Party. Notwithstanding the foregoing, Buyer shall not be required to maintain workers compensation insurance or to name Seller as an additional insured.

(d) If Buyer is not satisfied with any of its inspections, reviews or with any other matter concerning the Property, or if Buyer otherwise determines that it will not acquire the Property for any reason or no reason, in Buyer’s sole and absolute discretion,

Buyer may, on or prior to **5:00 pm CT on November 30, 2024**, terminate this Agreement by written notice to Seller (a "Termination Notice"), in which event the Deposit shall be delivered to the Buyer, and neither party shall have further obligations hereunder, except as may expressly survive termination of this Agreement as specifically set forth herein.

(e) Buyer will not permit any mechanics' lien or liens to be placed upon the Property relating to or arising out of the Inspections or Buyer's or a Buyer Party's activities. To the extent allowed by applicable law, Buyer hereby agrees to indemnify, defend and hold Seller and Seller's agents, employees, contractors, shareholders, officers, directors, managers, members, partners, consultants, representatives, and attorneys (collectively herein referred to as the "**Seller Parties**") harmless from and against any and all liens for any materials or services furnished to the Property by, or on behalf of, Buyer. If any lien is claimed against the Property for services or materials provided at the request of, or for the benefit of, Buyer, then Buyer shall, at its sole cost and expense, promptly take whatever action is necessary to release and remove such lien as soon as possible, but not later than ten (10) days after the date the lien was filed. If such lien has not been removed within such ten (10) day period, Seller may take whatever actions that Seller, in its sole discretion and at Buyer's sole cost and expense, deems reasonably necessary or appropriate to release and remove the lien.

(f) Notwithstanding anything contained herein to the contrary, to the extent allowed by applicable law, Buyer covenants and agrees to indemnify, defend and hold Seller harmless from and against any and all losses, liabilities, damages, costs and expenses (collectively, "**Costs**") incurred by Seller as a result of Inspections; provided, however, the foregoing indemnity shall not be applicable to any claims, damages or losses arising out of the gross negligence or willful misconduct of Seller or Seller Parties. In conducting any Inspections, Buyer and the Buyer Parties shall: (i) not damage any part of the Property nor conduct any activities precluded by this Agreement; (ii) not injure or otherwise cause bodily harm to any one or more individuals; and (iii) promptly pay when due the costs of all Inspections.

(g) If Buyer terminates this Agreement or the transactions contemplated by this Agreement do not close for any reason whatsoever, Buyer shall deliver to Seller, promptly upon Seller's request within fifteen (15) days after termination, a copy of all third party reports obtained by or prepared by or on behalf of Buyer, or delivered to Buyer or any Buyer Parties (but expressly excluding any such reports or other materials which Buyer is lawfully obligated to keep confidential from Seller and/or which are protected by the attorney-client privilege or other similar relationship), provided such materials shall be delivered without representation or warranty as to accuracy or completeness thereof.

(h) Except as stated in the last sentence of this Section 5(h), the information, studies and reports gathered by Buyer pursuant to this Agreement and the Due Diligence Material (the "**Information**") are confidential and are intended solely for the limited use and benefit of Buyer and those to whom Information may be disclosed as provided in this Agreement for the purpose of determining whether Buyer has any further interest in the acquisition of the Property. The Information shall be kept strictly confidential by Buyer and any recipients in accordance with the terms of this Agreement. The Information shall not be used by Buyer or any recipients other than in connection with evaluating the

suitability of the Property for Buyer's purposes and other purposes related to the Buyer's proposed acquisition, financing, and ownership of the Property. Moreover, Buyer agrees to reveal the Information only to those recipients who need to know such information for the purpose of evaluating the suitability of the Property for Buyer's purposes and other purposes related to the Buyer's proposed acquisition, financing, and ownership of the Property, and to no other recipients except as permitted herein. Notwithstanding any provision in this Agreement to the contrary, neither Buyer nor any Buyer Parties shall contact any governmental authority regarding Buyer's discovery of any Hazardous Substances (as hereinafter defined) on, or any environmental conditions at, the Property without Seller's prior written consent thereto. For the purposes of this Agreement, the term "**Hazardous Substances**" shall have the same definition as is set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Sections 9601, *et seq.* (the "**Superfund Act**"); provided, however, that the definition of the term "Hazardous Substances" shall also include (if not included within the definition contained in the Superfund Act) petroleum and related byproducts, hydrocarbons, radon, asbestos, urea formaldehyde and polychlorinated biphenyl compounds.

In addition, Buyer will not disclose or furnish to any third party any Information, except (to the extent reasonably necessary) for such disclosure to employees, affiliates, attorneys representing Buyer, or Buyer's investors or lenders relating to this Agreement, and other representatives or parties who need to know such information for the purposes herein stated, provided that such parties are advised of the confidentiality provisions of this Agreement. Except as otherwise provided herein regarding Hazardous Substances or any environmental conditions, in no event shall Information include (i) any information that is a matter of public record, or (ii) was available to Buyer on a non-confidential basis prior to disclosure by Seller. The confidentiality provisions contained in this Section 5(h) shall survive the termination of this Agreement but in no event shall such survival extend beyond any applicable statute of limitations.

(i) The terms of this Section 5 shall survive any termination of this Agreement or the Closing.

6. TITLE TO PROPERTY

(a) Status of Title. At Closing, Seller shall convey title to Buyer by means of the Deed, free and clear of all claims, liens, and encumbrances except for the following items (collectively, the "**Permitted Exceptions**"): (i) real estate taxes and assessments, both general and special, for the fiscal year in which the Closing occurs and subsequent years which are not yet due and payable; (ii) assessments and special district levies, if any, which are not yet due and payable; (iii) intentionally deleted; (iv) easements, declarations, conditions, reservations, charges, covenants, restrictions, rights of way, if any, set forth in the Title Commitment; (v) matters that would be disclosed by an accurate survey of the Property; and (vi) rights of Tenants in possession as tenants only.

(b) Title Evidence. Within one (1) business day following the Effective Date, Buyer shall order at its cost: (i) a title insurance commitment (the "**Title Commitment**") for an ALTA Owner's Policy of title insurance issued by First American Title Insurance

Company (“**Title Company**”), through the Escrow Agent in the amount of the Purchase Price for purposes of insuring title to the Property (the “**Title Policy**”), and (ii) a survey of the Property to be made by a registered professional surveyor licensed to practice in the state where the Property is located and to be certified to Seller, Buyer and the Title Company (such updated or new survey, the “**Survey**”). The Survey shall be in the form and substance sufficient to delete the standard survey exception from the Title Policy and shall be certified to Buyer, Seller, the Title Company and any lender of Buyer. The Survey shall be delivered to Seller promptly but not later than five (5) business days after Buyer’s receipt thereof.

(c) Defects and Cure. Buyer shall, no later than ten (10) business days after the Effective Date, notify Seller in writing (the “**Title Defect Notice**”) of any objections pertaining, respectively, to the Title Commitment and Survey (collectively “**Title Defects**”) other than the Permitted Exceptions. In the event that Buyer fails to provide a Title Defect Notice within such time period, then Buyer shall be deemed to have accepted all matters shown on the Title Commitment and Survey, and such matters shall be deemed Permitted Exceptions hereunder. If Buyer timely delivers the Title Defect Notice, then Seller shall within three (3) business days after Seller’s receipt of the Title Defect Notice provide Buyer with written notice (“**Seller’s Response**”) indicating whether Seller elects, in its sole discretion with respect to each of the Title Defects, to: (i) cure such Title Defects on or prior to the Closing Date; or (ii) not cure such Title Defects. If Seller fails to provide Seller’s Response, then Seller shall be deemed to have elected not to cure such Title Defects. If Seller elects or is deemed to have elected not to attempt to cure any of Title Defects, then Buyer shall, by not later than the expiration of the eighth (8th) business day after the Effective Date, deliver written notice to Seller (“**Buyer’s Election**”) indicating Buyer’s election to (A) terminate this Agreement and receive a refund of the Deposit, or (B) proceed to close without any reduction in the Purchase Price, in which event any such Title Defects shall be deemed Permitted Exceptions. If Buyer fails to timely provide Buyer’s Election, then Buyer shall be deemed to have elected to proceed under subsection (B) above.

(d) Mandatory Cure Items. Notwithstanding anything contained herein to the contrary, Seller shall be affirmatively obligated to pay and remove prior to Closing, at Seller’s sole cost and expense, the following (collectively, the “**Mandatory Cure Items**”): (i) all ad valorem taxes for fiscal years prior to the year of Closing; (ii) liens securing repayment of any loans or financings incurred by Seller; and (iii) any mechanics’ liens, judgment liens or similar liens incurred by Seller that can be removed or discharged through the payment of a sum certain. For the avoidance of doubt, in no event shall the Mandatory Cure Items include any matters or liens arising by, through or under Buyer or any Buyer Parties.

7. REPRESENTATIONS AND WARRANTIES

(a) Except as set forth on Schedule “7(a)” attached hereto and made a part hereof, and except as disclosed by the Inspections, the Due Diligence Materials, the Title Commitment and the Survey, Seller hereby represents and warrants to Buyer that, to Seller’s knowledge, the following are true and correct in all material respects as of the Effective Date:

(i) Seller has the full right, power and authority to enter into this Agreement and to sell and convey the Property to Buyer as provided herein and to carry out its obligations hereunder. This Agreement constitutes and, when so executed and delivered, the other agreements and instruments delivered by Seller under or in connection with this Agreement will constitute, the legal, valid and binding obligations of Seller, enforceable against Seller in accordance with their respective terms.

(ii) The Rent Roll attached hereto as **Exhibit "B"** accurately reflects the Rent Roll as maintained in Seller's files, and is the same rent roll used by Seller in the operation of the Property. There are no Leases, tenants, or lessees of the Property, except as set forth on the Rent Roll or as may be indicated by the Title Commitment or Due Diligence Materials.

(iii) Except for the Brokerage Agreement, there are no exclusive or continuing brokerage agreements as to the sale of the Property or the sale or lease of any of the space at the Property that will remain in effect after Closing.

(iv) There are no employees of Seller or at the Property for which Buyer will be responsible after Closing (unless Buyer elects to employ any such employees).

(v) Seller is not a "foreign person," as that term is used and defined in the Internal Revenue Code, Section 1445, as amended. Seller is not a Prohibited Person (hereinafter defined), nor is Seller a "foreign corporation", "foreign partnership" or "foreign estate" as those terms are defined in the Internal Revenue Code of 1986, as amended.

Whenever reference is made in this Agreement to the knowledge of Seller, or to Seller receiving notice, or to any phrase of similar meaning to either of the foregoing, such references shall be deemed limited to the actual, conscious awareness of facts and not the implied or imputed knowledge of John D. Blanchard (the "**Knowledge Party**"), without any investigation or inquiry. There shall be no personal liability on the part of the Knowledge Party arising out of this Agreement.

(b) Buyer hereby represents and warrants to Seller that:

(i) Buyer has the full right, power and authority to enter into, perform and execute this Agreement and to purchase the Property from Seller as provided in this Agreement and to carry out its obligations under this Agreement.

(ii) None of the execution, delivery or performance of this Agreement by Buyer does or will, with or without the giving of notice, lapse of time or both: (A) violate, conflict with or constitute a default under (I) the organizational documents of Buyer or any agreement, instrument or other document to which Buyer is a party or by which it is bound, or (II) any judgment, decree, order, statute, injunction, law, rule or regulation of a governmental or quasi-governmental authority; or (B) require the approval or waiver of or filing with any person

(including, without limitation, any governmental or quasi-governmental authority), except the Board of Trustees of Buyer (which approval shall be deemed obtained by Buyer, unless Buyer terminates this Agreement on or before 5:00 pm CT November 30, 2024).

(iii) None of the funds to be used for payment by Buyer of the Purchase Price will be subject to 18 U.S.C. §§ 1956-1957 (Laundering of Money Instruments), 18 U.S.C. §§ 981-986 (Federal Asset Forfeiture), 18 U.S.C. §§ 881 (Drug Property Seizure), Executive Order Number 13224 on Terrorism Financing, effective September 24, 2001, or the United and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, H.R. 3162, Public Law 107-56 (the “**USA Patriot Act**”), and Buyer is not, and will not become, a person or entity with whom U.S. persons are restricted from doing business with under the regulations of the Office of Foreign Asset Control (“**OFAC**”) of the Department of Treasury (including those named on OFAC’s Specially Designated and Blocked Persons list) or under any statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism), the USA Patriot Act, or other governmental or quasi-governmental action (each such person or entity, a “**Prohibited Person**”).

(iv) This Agreement constitutes and, when so executed and delivered, the other agreements and instruments delivered by Buyer under or in connection with this Agreement will constitute, the legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their respective terms.

(v) Buyer has experience in financial and business matters that enable it to evaluate the risks and merits of the transaction contemplated by this Agreement.

(vi) Buyer has available adequate financial resources to purchase the Property.

(vii) Buyer is not an employee pension benefit plan or government plan within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

(c) If either Party discovers and provides written notice to the other Party, prior to or at the Closing, that any representation or warranty of the other is false, misleading or inaccurate in any material respect (a “**Rep Objection Notice**”), then the breaching Party shall have thirty (30) days (the “**Rep Cure Period**”) to cure the matters set forth in such Rep Objection Notice (with the Closing being extended as necessary to allow for such Rep Cure Period); provided, however, that if the matters set forth in the Rep Objection Notice cannot be cured prior to the expiration of the Rep Cure Period, then Buyer and Seller shall each have the right to terminate this Agreement by providing written notice to the other Party, whereupon: (i) if the applicable Rep Objection Notice related to a breach of one or more of Seller’s representations and warranties contained in Section 7(a) above, then the Deposit shall be refunded to Buyer; (ii) if the applicable Rep Objection Notice related to a

breach of one or more of Buyer's representations and warranties contained in Section 7(b) above, then the Deposit shall be promptly remitted to Seller; and (iii) thereafter this Agreement shall terminate and the Parties shall have no further obligations hereunder except for those obligations that survive the termination hereof. Notwithstanding the foregoing, in no event shall Buyer have the right to provide a Rep Objection Notice with respect to any Buyer Knowledge Matter (hereinafter defined) or to terminate this Agreement pursuant to this Section 7(c) due to any Buyer Knowledge Matter causing any representation or warranty of Seller to be false, misleading or inaccurate. As used herein, "**Buyer Knowledge Matter**" shall mean any matter disclosed by any Inspections, the Due Diligence Materials, the Ground Lessor Estoppel, the Title Commitment, the Survey and all other written reports, documents and agreements received by Buyer in connection with this Agreement.

(d) Notwithstanding anything to the contrary in this Agreement, Seller shall have the right to amend or supplement the representations and warranties contained in this Agreement (attaching schedules if necessary) from time to time prior to the Closing to reflect changes since the Effective Date by providing a written copy of such amendment or supplement to the Buyer, and the representations and warranties in this Agreement shall be deemed to conform to such amended representations and warranties.

(e) If Buyer proceeds to Closing with knowledge of any untruth, inaccuracy or breach of any warranty or representation of Seller set forth in this Agreement, then Buyer shall be deemed to have waived all claims with respect to each such warranty or representation. Each of Seller's representations and warranties contained in this Agreement shall automatically be deemed modified to reflect all information known to Buyer as of the Closing Date. For purposes of this Section 7(d), if Buyer proceeds to Closing, then Buyer shall be deemed to have actual knowledge of all matters disclosed by any Inspections, the Due Diligence Materials, the Ground Lessor Estoppel, the Title Commitment, the Survey and all other written reports, documents and agreements received by Buyer in connection with this Agreement prior to Closing.

(f) Each of the representations and warranties of Seller and Buyer contained in this Section 7 shall survive the Closing until the date that is six (6) months after the Closing Date (the "**Warranty Expiration Date**"). Any valid claim after Closing that a Party (the "**Claiming Party**") may have at any time against the other Party (the "**Breaching Party**") for a breach of any such representation or warranty, whether known or unknown, which is not asserted by notice from such Claiming Party to such Breaching Party on or before the Warranty Expiration Date shall not be valid or effective, shall be void ab initio and the Breaching Party shall have no liability with respect thereto. Notwithstanding anything to the contrary in this Agreement, Buyer hereby agrees that the maximum aggregate liability of Seller in connection with, arising out of or in any way related to a breach by Seller under this Agreement shall be an amount equal to One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "**Cap**"). In addition, Seller shall have no liability to Buyer for a breach of any representation or warranty unless and until the valid claims for all such breaches collectively aggregate to more than Twenty-Five Thousand and 00/100 Dollars (\$25,000.00) (the "**Floor**"), in which event Seller shall be liable for the full amount of such claims (subject to the limitations set forth in this Agreement, including, without limitation, the Cap). Buyer hereby waives for itself and anyone who may claim by, through or under

Buyer any and all rights to sue or recover from Seller any amount greater than the Cap. Furthermore, Seller's liability under this Agreement is explicitly limited to Seller's interest in the Property, including any proceeds thereof. Buyer acknowledges that (a) the direct and indirect shareholders, partners, members, trustees, officers, directors, employees, agents and security holders of the parties are not assuming any, and shall have no, personal liability for any obligations of the parties hereto under this Agreement and (b) in no event shall Seller be liable to Buyer for lost profits, diminution in value, incidental or punitive damages of any kind, or consequential damages.

8. RISK OF LOSS AND CONDEMNATION

(a) In the event of casualty at the Property, and the cost for repair of such casualty is reasonably estimated by Seller to exceed five percent (5%) of the Purchase Price (the "**Damage Threshold Amount**"), and such casualty was not in any way caused by Buyer or any Buyer Parties, then Seller shall provide Buyer with written notice of such casualty promptly upon Seller obtaining knowledge of same and Buyer may, at its sole option to be exercised by written notice to Seller delivered by the earlier of five (5) business days after the date of delivery of Seller's notice or the Closing Date, either (i) terminate this Agreement, in which case the Escrow Agent shall return the Deposit to Buyer and no Party shall have any further liability or obligation to any other Party under this Agreement, except with respect to obligations that expressly survive the termination hereof, or (ii) elect to proceed with the Closing, in which case Seller shall assign all rights to receive insurance proceeds for such casualty to Buyer and pay or credit to Buyer the amount of any applicable deductible (except to the extent (a) required to reimburse Seller's collection costs or applied to repairs of such casualty loss to the Property by Seller prior to Closing, or (b) attributable to lost rents or other items applicable to any period prior to the Closing). Buyer's failure to timely make an election under the preceding sentence shall be deemed an election under clause (ii) of the preceding sentence.

(b) Buyer is bound to purchase the Property as required by the terms of this Agreement without regard to the occurrence or effect of any damage to or destruction of the Property, provided that the occurrence of any damage or destruction to the Property involves repair costs equal to or less than the Damage Threshold Amount and in such event Seller shall assign all rights to receive insurance proceeds for such casualty to Buyer and pay or credit to Buyer the amount of any applicable deductible (except to the extent (a) required to reimburse Seller's collection costs or applied to repairs by Seller prior to the Closing Date, or (b) attributable to lost rents or other items applicable to any period prior to the Closing).

(c) If, after the Effective Date and prior to the Closing, all or a portion of the Property, the taking of which would cause a Material Taking Loss (hereinafter defined), is taken by eminent domain or condemnation, Seller shall promptly notify Buyer in writing and Buyer may, at its sole option to be exercised by written notice to Seller delivered by the earlier of five (5) business days after the date of delivery of Seller's notice or the Closing Date, give written notice to Seller electing to terminate this Agreement prior to the Closing in which event both Parties shall be relieved and released of and from any further liability hereunder, except as set forth herein, the Deposit shall forthwith be returned to Buyer by Escrow Agent, and thereupon this Agreement shall become null and void and be

considered canceled. If Buyer fails to timely make such election, then this Agreement shall remain in full force and effect and the sale and purchase contemplated herein, excluding any interest taken by eminent domain or condemnation, shall be effected with no further adjustment, and, upon the Closing, Seller shall assign, transfer, and set over to Buyer all of the right, title and interest of Seller in and to any awards that have been or that may thereafter be made for such taking. As used herein, a “**Material Taking Loss**” shall mean the loss of any rental units having an aggregate value of five percent (5%) or more of the Purchase Price, parking spaces which causes the Property to have less parking spaces than required by local legal requirements, or means of access to the Property.

9. DEFAULT

(a) **Seller’s Default.** If Seller is in default under or in breach of any of the terms, covenants, conditions or obligations hereunder in any material respect and such default or breach is not cured (without application of any other cure period provided for in this Agreement) within five (5) business days after written notice from Buyer to Seller, except that no notice shall be required for Seller’s failure or refusal to close on the Closing Date (a “**Seller Default**”), then Buyer may, at its option and as its sole and exclusive remedy to be exercised by written notice to Seller (a “**Seller Default Notice**”) not later than five (5) business days after the expiration of such five (5) business day period, either: (i) terminate this Agreement and receive a full and immediate refund of the Deposit held by Escrow Agent, whereupon Seller shall reimburse Buyer for documented third party out-of-pocket expenses incurred by Buyer in connection with this Agreement and the transaction contemplated herein, including non-refundable lender fees, up to a maximum aggregate total amount of Thirty-Five Thousand and 00/100 Dollars (\$35,000.00) (the “**Expense Reimbursement Cap**”) and thereafter the Parties shall be relieved and released from all other and further obligations under this Agreement except for the obligations which expressly survive the termination of this Agreement; or (ii) enforce specific performance of this Agreement. If Buyer fails to timely deliver a Seller Default Notice, then Buyer shall be deemed to have elected under clause (i) of the preceding sentence. As a condition precedent to Buyer exercising any right it may have to bring an action for specific performance hereunder, Buyer must commence such action for specific performance within sixty (60) days after the date Buyer discovered the applicable Seller Default. Buyer agrees that its failure to timely commence such an action for specific performance shall be deemed Buyer’s waiver of its right to commence an action for specific performance. Buyer hereby expressly waives any right to seek damages against Seller except as otherwise expressly provided herein. In no event shall any member, officer, director, agent or employee of Seller or its partners be personally liable for any of Seller’s obligations under this Agreement or the documents to be delivered at the Closing. For all purposes hereof, Buyer waives its right to seek, plead or obtain any judgment for any remedies or damages not specifically contained herein, including, without limitation, consequential, compensatory and punitive damages.

(b) **Buyer’s Default.** In the event Buyer is in default under or in breach of any of the terms, covenants, conditions, or obligations hereunder, which default or breach is not cured within five (5) business days after written notice from Seller (provided that the foregoing notice and five (5) business day cure period shall not be applicable to Buyer’s default in delivering the Initial Deposit or consummating the Closing), then Seller, as

Seller's sole and exclusive remedy, shall be entitled to terminate this Agreement and receive the Deposit held by Escrow Agent, and the Deposit shall become the property of Seller, such sum being agreed upon as fair and equitable liquidated damages due in part to the difficulty, inconvenience and uncertainty of ascertaining actual damages, whereupon the Parties shall be relieved and released from all other and further obligations under this Agreement except for the obligations which expressly survive the termination of this Agreement. In addition to the foregoing, notwithstanding any other provision to the contrary in this Agreement, should Buyer terminate this Agreement for any reason or no reason on, before or after 5:00 pm CT on November 30, 2024, then Seller, as an additional remedy for such termination, shall be entitled to receive an additional fee in the sum of one hundred thousand and 00/100 (\$100,000.00) dollars from Buyer, such fee to be paid to Seller within thirty (30) days of the termination date. For all purposes hereof, Seller waives its right to seek, plead or obtain any judgment for any remedies or damages not specifically contained herein, including, without limitation, consequential, compensatory and punitive damages, except such waiver shall not apply to any indemnities from Buyer set forth in this Agreement.

10. TAX DISCLOSURE

BUYER SHOULD NOT RELY ON THE SELLER'S CURRENT PROPERTY TAXES AS THE AMOUNT OF PROPERTY TAXES THAT BUYER MAY BE OBLIGATED TO PAY IN THE YEAR SUBSEQUENT TO CLOSING. A CHANGE OF OWNERSHIP OR IMPROVEMENTS TRIGGERS REASSESSMENTS OF THE PROPERTY THAT COULD RESULT IN HIGHER PROPERTY TAXES. IF YOU HAVE ANY QUESTIONS CONCERNING VALUATION, CONTACT THE COUNTY PROPERTY APPRAISER'S OFFICE FOR INFORMATION.

11. NOTICES

Any notice, consent, approval or communication given pursuant to the provisions of this Agreement shall (except where otherwise expressly permitted by this Agreement) be in writing, addressed as described below, and shall be: (a) delivered by a nationally recognized overnight courier which delivers only upon signed receipt of the addressee, in which case notice shall be deemed delivered one (1) business day following the date such notice is deposited with such courier; or (b) by email, in which case notice shall be deemed delivered when sent, provided that email notice shall not be effective unless a copy of such notice is concurrently sent in accordance with clause (a) of this sentence. Such notices shall be given to the Parties at the following addresses:

If to Seller: District at South, LLC
7020 Fain Park Drive, Suite 5
Montgomery, Alabama 36116
Attention: John D. Blanchard
Email: john@bandm.org

Copy to: Michelle B. Powell, Esq.
Ascent Residential, L.L.C.
Building 1, Suite 5

7020 Fain Park Drive
Montgomery, Alabama 36117
Email: mpowell@ascentresidential.com

If to Buyer: University of South Alabama
c/o Office of Real Estate Svcs. And Asset Mgmt.
775 N. University Boulevard, Suite 150
Mobile, AL 36608
Attention: Harry Brislin
Email: hbrislin@southalabama.edu

Copy to: University of South Alabama
c/o Office of General Counsel
307 N. University Blvd., AD-140
Mobile, AL 36688
Attention: Spencer Larche
Email: slarche@southalabama.edu

If to Escrow Agent: Jeffrey W. Blitz
Rushton, Stakely, Johnston & Garrett, P.A.
184 Commerce Street
Montgomery, AL 36104
Email: jwb@rushtonstakely.com

Any Party may, by giving five (5) business days prior written notice to the other Party given in accordance with this Section, designate any other address in substitution of the foregoing address to which notice shall be given. The attorney for a Party has the authority to send and receive notices on behalf of such Party.

12. **BROKERS**

Each Party warrants to the other that no brokers have been engaged or consulted by the warranting Party or any affiliated person or entity of such Party or are in any way entitled to compensation as a consequence of the sale of the Property to Buyer other than USA Properties ("**Broker**"). Buyer shall be responsible for the commission owed to Broker pursuant to separate agreement (the "**Brokerage Agreement**"), which shall in all events be paid at or prior to Closing. Further, Buyer shall cause Broker to execute and deliver a broker's lien waiver affidavit sufficient under Alabama law and acceptable to the Title Company. To the extent allowed by applicable law, each of Buyer and Seller agrees to indemnify, defend and hold harmless the other Party from and against any and all claims and expenses, including reasonable attorneys' fees, for any brokerage or agent commission or fee arising out of this transaction by any broker or agent with whom the indemnifying Party has dealt, other than Broker. Both Parties shall have the right, however, to participate in the defense of any action brought by such agent or broker. The provisions of this Section shall survive the Closing.

Pursuant to Ala. Code § 34-27-8(c) (1975), as amended, the following Agency Disclosure is given by the listing company and the selling company:

AGENCY DISCLOSURE:

The listing company, NOT APPLICABLE, is:
(Two blocks may be checked)

- An agent of the Seller.
- An agent of the Buyer.
- An agent of both the Seller and Buyer and is acting as a limited consensual dual agent.
- Assisting the _____ Buyer _____ Seller as a transaction broker.

The selling company, USA Properties, is:
(Two blocks may be checked)

- An agent of the Seller.
- An agent of the Buyer.
- An agent of both the Seller and Buyer and is acting as a limited consensual dual agent.
- Assisting the _____ Buyer _____ Seller as a transaction broker.

Seller(s) initials: JP

Buyer(s) initials: TC

13. ESCROW AGENT

(a) The Parties designate the Escrow Agent as the escrow agent in connection with this transaction. This Agreement shall serve as escrow instructions and shall be subject to the usual conditions of acceptance of the Escrow Agent, insofar as the same are not inconsistent with any of the terms hereof. The Deposit shall be held as a deposit under this Agreement in an interest-bearing account, and shall be: (a) applied against the Purchase Price if Closing occurs; or (b) delivered to Seller or Buyer, in accordance with the terms of this Agreement, if Closing does not occur. Interest on the Deposit shall be paid to the Party entitled to receive the Deposit pursuant to this Agreement.

(b) Seller and Buyer acknowledge that Escrow Agent is serving solely as an accommodation to the Parties, and except for the gross negligence or willful misconduct of the Escrow Agent, the Escrow Agent shall have no liability of any kind whatsoever arising out of or in connection with its activity as Escrow Agent. Except as set forth above, Seller and Buyer shall, to the extent allowed by applicable law, jointly and severally indemnify and hold harmless Escrow Agent from all suits, actions, loss, costs, claims, damages, liabilities, and expenses (including, without limitation, reasonable attorneys' fees and disbursements), incurred by reason of its acting as Escrow Agent. In no event shall the Escrow Agent be liable for any lost profits or for any incidental, special, consequential or punitive damages whether or not the Escrow Agent knew of the possibility or likelihood of such damages.

14. AS-IS CONDITION OF PROPERTY.

(a) EXCEPT FOR THE SPECIFIC COVENANTS, REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTS PROVIDED IN SECTION 3(B) (“**CLOSING DOCUMENTS**”), THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN “AS IS, WHERE-IS” CONDITION AND BASIS WITH ALL FAULTS. TO THE EXTENT PERMITTED BY LAW, EXCEPT FOR THE SPECIFIC COVENANTS, REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, SELLER SPECIFICALLY DISCLAIMS ALL WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE (INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR USE OR ACCEPTABILITY FOR THE PURPOSE INTENDED BY BUYER) WITH RESPECT TO THE PROPERTY, THE PROPERTY’S CONDITION AND THE CONSTRUCTION, PROSPECTS, OPERATIONS AND RESULTS OF OPERATIONS OF THE PROPERTY. THE DISCLAIMERS HEREOF SPECIFICALLY EXTEND TO, WITHOUT LIMITATION, (1) MATTERS RELATING TO HAZARDOUS MATERIALS AND COMPLIANCE WITH ENVIRONMENTAL LAWS, (2) GEOLOGICAL CONDITIONS, INCLUDING SUBSIDENCE, SUBSURFACE CONDITIONS, WATER TABLE, UNDERGROUND STREAMS AND RESERVOIRS AND OTHER UNDERGROUND WATER CONDITIONS, LIMITATIONS REGARDING THE WITHDRAWAL OF WATER, EARTHQUAKE FAULTS, AND MATTERS RELATING TO FLOOD PRONE AREAS, FLOOD PLAIN, FLOODWAY OR SPECIAL FLOOD HAZARDS, (3) DRAINAGE, (4) SOIL CONDITIONS, INCLUDING THE EXISTENCE OF INSTABILITY, CONDITIONS OF SOIL FILL, SUSCEPTIBILITY TO LANDSLIDES, AND THE SUFFICIENCY OF ANY UNDERSHORING, (5) ZONING AND SUBDIVISION AND COMPLIANCE WITH ZONING AND SUBDIVISION LAWS, (6) THE VALUE AND PROFIT POTENTIAL OF THE PROPERTY AND (7) DESIGN, QUALITY, SUITABILITY, STRUCTURAL INTEGRITY AND PHYSICAL CONDITION OF THE PROPERTY AND COMPLIANCE OF THE PROPERTY WITH ANY LAWS (INCLUDING, WITHOUT LIMITATION, BUILDING CODES AND SIMILAR LAWS, THE AMERICANS WITH DISABILITIES ACT OF 1990 AND THE FAIR HOUSING AMENDMENTS ACT OF 1988). BUYER REPRESENTS AND WARRANTS TO SELLER THAT BUYER IS A KNOWLEDGEABLE, EXPERIENCED AND SOPHISTICATED BUYER OF REAL ESTATE. BUYER ACKNOWLEDGES THAT, EXCEPT FOR THE SPECIFIC COVENANTS, REPRESENTATIONS AND WARRANTIES MADE BY SELLER IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, BUYER HAS NOT RELIED UPON AND WILL NOT RELY UPON, EITHER DIRECTLY OR INDIRECTLY, ANY STATEMENT OF SELLER OR ANY OF ITS AFFILIATES OR ANY OF THE SELLER PARTIES OR OTHER PERSON ACTING OR PURPORTING TO ACT ON BEHALF OF SELLER OR ANY OF ITS AFFILIATES. BUYER ACKNOWLEDGES THAT IT HAS CONDUCTED OR WILL HAVE THE OPPORTUNITY TO CONDUCT SUCH INSPECTIONS AND INVESTIGATIONS AS TO THE CONDITION OF THE PROPERTY AND ALL MATTERS BEARING UPON THE PROPERTY AND THE CONSTRUCTION, PROSPECTS, OPERATIONS AND RESULTS OF OPERATIONS OF THE PROPERTY AS IT DEEMS NECESSARY TO

PROTECT ITS INTERESTS. UPON CLOSING, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, BUYER WILL ACCEPT THE PROPERTY SUBJECT TO ALL ADVERSE STRUCTURAL, PHYSICAL, ECONOMIC OR ENVIRONMENTAL CONDITIONS THAT MAY THEN EXIST AND THAT WERE OR MAY NOT HAVE BEEN REVEALED BY THE INSPECTIONS AND INVESTIGATIONS CONDUCTED BY BUYER AND, EXCEPT FOR THE SPECIFIC COVENANTS, REPRESENTATIONS AND WARRANTIES IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, BUYER SPECIFICALLY WAIVES AND RELEASES (1) ALL WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE (INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR USE OR ACCEPTABILITY FOR THE PURPOSE INTENDED BY SELLER) WITH RESPECT TO THE PROPERTY OR ITS CONDITION OR THE CONSTRUCTION, PROSPECTS, OPERATIONS OR RESULTS OF OPERATIONS OF THE PROPERTY AND (2) ALL RIGHTS, REMEDIES, RECOURSE OR OTHER BASIS FOR RECOVERY (INCLUDING ANY RIGHTS, REMEDIES, RECOURSE OR BASIS FOR RECOVERY BASED ON NEGLIGENCE OR STRICT LIABILITY) THAT BUYER WOULD OTHERWISE HAVE AGAINST SELLER OR ANY OF ITS AFFILIATES OR ANY OF THE SELLER PARTIES, ANY PERSON WHO HOLDS A DIRECT OR INDIRECT OWNERSHIP INTEREST IN SELLER OR ANY SUCH AFFILIATE AND THE RESPECTIVE OFFICERS, DIRECTORS, TRUSTEES, AGENTS, EMPLOYEES, BROKERS AND ATTORNEYS OF EACH SUCH PERSON IN RESPECT OF THE CONDITION OF THE PROPERTY. BUYER ACKNOWLEDGES AND AGREES THAT THE DISCLAIMERS, WAIVERS AND RELEASES SET FORTH HEREIN ARE AN INTEGRAL PART OF THIS AGREEMENT AND THAT SELLER WOULD NOT HAVE AGREED TO COMPLETE THE SALE ON THE TERMS PROVIDED IN THIS AGREEMENT WITHOUT THE DISCLAIMERS, WAIVERS AND RELEASES SET FORTH HEREIN.

(b) BUYER REPRESENTS TO SELLER THAT BUYER HAS CONDUCTED, OR WILL HAVE THE OPPORTUNITY TO CONDUCT PRIOR TO CLOSING, SUCH INVESTIGATIONS OF THE PROPERTY, INCLUDING BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS BUYER DEEMS NECESSARY OR DESIRABLE TO SATISFY ITSELF AS TO THE CONDITION OF THE PROPERTY AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS OR TOXIC SUBSTANCES ON OR DISCHARGED FROM THE PROPERTY, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF SELLER OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO.

(c) AS A MATERIAL PART OF THE CONSIDERATION TO SELLER FOR THE SALE OF THE PROPERTY, BUYER, ON BEHALF OF ITSELF, AND ITS SUCCESSORS AND ASSIGNS, FROM AND AFTER CLOSING PURSUANT TO THE AGREEMENT, HEREBY IRREVOCABLY WAIVES, AND RELEASES SELLER AND THE SELLER PARTIES FROM, ANY AND ALL CLAIMS, DEMANDS, OBLIGATIONS, DAMAGES, CAUSES OF ACTION AND LIABILITIES, WHETHER KNOWN OR UNKNOWN, OTHER THAN THOSE FOR BREACH OF SELLER'S

COVENANTS, REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT AND IN THE CLOSING DOCUMENTS, THAT ARE BASED DIRECTLY OR INDIRECTLY ON, ARISE FROM OR IN CONNECTION WITH, OR ARE RELATED TO: (i) ANY PAST, PRESENT OR FUTURE CONDITION OF THE PROPERTY; (ii) ANY AND ALL STATEMENTS, REPRESENTATIONS, WARRANTIES, DETERMINATIONS, CONCLUSIONS, ASSESSMENTS, ASSERTIONS OR ANY OTHER INFORMATION CONTAINED IN ANY OF THE DOCUMENTS DELIVERED TO BUYER IN CONNECTION HEREWITH (BUT SPECIFICALLY EXCLUDING ANY REPRESENTATIONS OR WARRANTIES MADE BY SELLER IN THIS AGREEMENT); OR (iii) ANY DEFECT, INACCURACY OR INADEQUACY IN THE CONDITION OF TITLE TO THE PROPERTY, LEGAL DESCRIPTION OF THE PROPERTY, OR COVENANTS, RESTRICTIONS, ENCUMBRANCES OR ENCROACHMENTS WHICH AFFECT THE PROPERTY.

(d) BUYER HEREBY ACKNOWLEDGES AND AGREES THAT (i) BUYER MAY HEREAFTER DISCOVER FACTS DIFFERENT FROM OR IN ADDITION TO THOSE NOW (OR AS OF THE CLOSING) KNOWN OR BELIEVED TO BE TRUE REGARDING THE PROPERTY AND/OR THE DOCUMENTS DELIVERED TO BUYER IN CONNECTION HEREWITH, (ii) BUYER'S AGREEMENT TO RELEASE, ACQUIT AND DISCHARGE SELLER AS SET FORTH HEREIN SHALL REMAIN IN FULL FORCE AND EFFECT, NOTWITHSTANDING THE EXISTENCE OR DISCOVERY OF ANY SUCH DIFFERENT OR ADDITIONAL FACTS, AND (iii) BUYER KNOWINGLY AND VOLUNTARILY WAIVES ANY AND ALL RIGHTS, BENEFITS AND PRIVILEGES TO THE FULLEST EXTENT PERMISSIBLE UNDER ANY FEDERAL, STATE, LOCAL, OR OTHER LAWS WHICH DO OR WOULD NEGATIVELY AFFECT VALIDITY OR ENFORCEABILITY OF ALL OR PART OF THE RELEASES SET FORTH IN THIS AGREEMENT.

(e) INTENTIONALLY DELETED.

(f) FOLLOWING THE CLOSING, AND DURING THE TERM OF OWNERSHIP OF THE PROPERTY BY BUYER OR ANY OF ITS AFFILIATES TO WHOM BUYER TRANSFERS THE PROPERTY (THE "OWNERSHIP PERIOD"), BUYER MAY CAUSE OR PERMIT THE PROPERTY TO BE CONVERTED TO CONDOMINIUM OWNERSHIP IF AND ONLY IF BUYER SHALL, AND DOES HEREBY AGREE IN THE EVENT OF ANY SUCH CONVERSION, TO THE EXTENT ALLOWED BY APPLICABLE LAW, TO, INDEMNIFY, DEFEND AND HOLD HARMLESS SELLER AND ALL OF THE SELLER PARTIES FROM ANY AND ALL DEMANDS, CLAIMS, INCLUDING CLAIMS FOR PERSONAL INJURY, PROPERTY DAMAGE OR DEATH, LEGAL OR ADMINISTRATIVE PROCEEDINGS, LOSSES, LIABILITIES, DAMAGES, PENALTIES, FINES, JUDGMENTS, COSTS OR EXPENSES WHATSOEVER, WHETHER IN TORT, CONTRACT OR OTHERWISE (INCLUDING, WITHOUT LIMITATION, COURT COSTS AND ATTORNEYS' FEES AND DISBURSEMENTS) (COLLECTIVELY, "CLAIMS"), MADE OR BROUGHT BY ANY PARTY OR PARTIES WHO ACQUIRE OR CONTRACT TO ACQUIRE ANY OWNERSHIP INTEREST IN A CONDOMINIUM APARTMENT OR UNIT ON THE PROPERTY FOLLOWING THE DATE OF BUYER'S ACQUISITION OF THE

PROPERTY, ARISING OUT OF CONSTRUCTION DEFECTS, WHETHER LATENT OR PATENT, IN THE IMPROVEMENTS OR IN ANY MECHANICAL, ELECTRICAL, PLUMBING, SEWAGE, HEATING, VENTILATING, AIR CONDITIONING AND OTHER SYSTEMS THEREIN OR THEREON. THE INDEMNITY PROVIDED FOR IN THIS SECTION 14(F) SHALL SURVIVE THE CLOSING FOR A PERIOD EXPIRING ON THE EARLIER TO OCCUR OF THE END OF THE OWNERSHIP PERIOD OR THE EXPIRATION OF ANY STATUTE OF LIMITATIONS APPLICABLE TO THE CLAIMS AGAINST SELLER AND THE SELLER PARTIES. FOR THE PURPOSES OF THIS SECTION 14(F), "AFFILIATE" SHALL MEAN ANY ENTITY: (I) CONTROLLING, CONTROLLED BY, OR UNDER COMMON CONTROL WITH BUYER; AND/OR (II) PARTIALLY OR WHOLLY OWNED BY, OWNING OR HAVING ANY OWNERSHIP INTEREST IN BUYER, WHETHER DIRECTLY OR INDIRECTLY, OR IN WHICH BUYER HAS ANY DIRECT OR INDIRECT OWNERSHIP INTEREST.

(g) THE PROVISIONS OF THIS SECTION 14 SHALL SURVIVE CLOSING OR ANY TERMINATION OF THIS AGREEMENT.

15. GENERAL PROVISIONS

(a) Governing Law. This Agreement and all questions of interpretation, construction and enforcement hereof, and all controversies arising hereunder, shall be governed by the applicable statutory and common law of the state where the Property is located.

(b) Severability. In the event any term or provision of this Agreement shall be held illegal, unenforceable or inoperative as a matter of law, the remaining terms and provisions of this Agreement shall not be affected thereby and shall remain in full force and effect.

(c) Binding Effect, Entire Agreement, Modification. This Agreement shall be binding upon, and shall inure to the benefit of, the heirs, representatives, successors and permitted assigns of the Parties. This Agreement embodies the entire contract between the Parties with respect to the Property and supersedes any and all prior agreements and understandings, written or oral, formal or informal including, without limitation, any letter of intent relating to a sale of the Property. No modifications or amendments to this Agreement, of any kind whatsoever, shall be made or claimed by Seller or Buyer, and no notices of any extension, change, modification or amendment made or claimed by Seller or Buyer shall have any force or effect whatsoever unless the same shall be endorsed in writing and fully signed by Seller and Buyer.

(d) Time of Essence. Time shall be of the essence of this Agreement.

(e) Captions. Captions and Article headings contained in this Agreement are for convenience of reference only and in no way define, describe, extend or limit the scope or intent of this Agreement nor the intent of any provision hereof.

(f) Assignment. This Agreement is not assignable by Buyer other than to one or more entities controlling, controlled by, or under common control with, Buyer or principals of Buyer (“**Permitted Assignment**”). Notwithstanding the foregoing, (i) a Permitted Assignment shall not relieve Buyer of its obligations hereunder; (ii) Buyer and such assignee shall remain jointly and severally liable for all obligations of Buyer hereunder; and (iii) Buyer will provide written notice to Seller of the name of any Permitted Assignment at least five (5) business days prior to Closing.

(g) Waiver. No delay or omission in the exercise of any right or remedy accruing to either Party upon any breach by the other Party under this Agreement shall impair such right or remedy or be construed as a waiver of any such breach theretofore or thereafter occurring. Except as expressly provided in this Agreement, no waiver of any provision of this Agreement shall be effective unless it is in writing and signed by the Party against whom it is asserted and any such written waiver shall only be applicable to the specific instance to which it relates and shall not be deemed to be a continuing or future waiver.

(h) Recordation of Agreement. Neither this Agreement nor any memorandum thereof or reference thereto may be recorded in any Public Records in any state, including the state where the Property is located.

(i) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement. Copies of this Agreement bearing the signatures of the Parties shall be as binding as originals.

(j) Interpretation. All terms and words used in this Agreement, regardless of the number and gender in which used, shall be deemed to include any other gender or number as the context or the use thereof may require. This Agreement shall be interpreted without regard to any presumption or other rule requiring interpretation against the Party causing this Agreement or any part thereof to be drafted. Unless this Agreement expressly or necessarily requires otherwise, any time period measured in “**days**” means consecutive calendar days, except that the expiration of any time period measured in days that expires on a Saturday, Sunday or legal holiday automatically will be extended to the next day that is not a Saturday, Sunday or legal holiday. As used in this Agreement, “**business day**” means any day that is not a Saturday, Sunday or legal holiday.

(k) Lead-Based Paint Disclosure. EVERY BUYER OF ANY INTEREST IN RESIDENTIAL REAL PROPERTY ON WHICH A RESIDENTIAL DWELLING WAS BUILT PRIOR TO 1978 IS NOTIFIED THAT SUCH PROPERTY MAY PRESENT EXPOSURE TO LEAD FROM LEAD-BASED PAINT THAT MAY PLACE YOUNG CHILDREN AT RISK OF DEVELOPING LEAD POISONING. LEAD POISONING IN YOUNG CHILDREN MAY PRODUCE PERMANENT NEUROLOGICAL DAMAGE, INCLUDING LEARNING DISABILITIES, REDUCED INTELLIGENCE QUOTIENT, BEHAVIORAL PROBLEMS, AND IMPAIRED MEMORY. LEAD POISONING ALSO POSES A PARTICULAR RISK TO PREGNANT WOMEN. THE SELLER OF ANY INTEREST IN RESIDENTIAL REAL PROPERTY IS REQUIRED TO PROVIDE THE BUYER WITH ANY INFORMATION ON LEAD-BASED PAINT HAZARDS FROM

RISK ASSESSMENTS OR INSPECTIONS IN THE SELLER'S POSSESSION AND NOTIFY THE BUYER OF ANY KNOWN LEAD-BASED PAINT HAZARDS. A RISK ASSESSMENT OR INSPECTION FOR POSSIBLE LEAD-BASED PAINT HAZARDS IS RECOMMENDED PRIOR TO PURCHASE. By its execution of this Agreement, Buyer acknowledges that it has (a) read and understands the foregoing Lead Warning Statement, (b) reviewed or will review, any documents concerning lead-based paint or lead-based paint hazards located on the Property or otherwise provided for review by Seller, and (c) independently obtained a lead hazard information pamphlet in the form prescribed by the Environmental Protection Agency under Section 406 of the Toxic Substances Control Act. Buyer shall conduct such studies and tests for lead-based paint as Buyer deems appropriate.

(l) Facsimile, Electronic Signature. This Agreement may be executed in handwriting and delivered by facsimile or electronic delivery. Any such delivery shall be treated as an original signature for all purposes.

(m) Advice of Counsel. Each Party acknowledges that it has been advised, or has had the opportunity to be advised, by its own counsel with respect to the transaction governed by this Agreement.

(n) JURISDICTION; JURY TRIAL WAIVER. ALL DISPUTES BETWEEN BUYER AND SELLER ARISING UNDER OR RELATING TO THE SUBJECT MATTER OF THIS AGREEMENT, WHETHER SOUNDING IN CONTRACT, TORT OR EQUITY OR OTHERWISE, SHALL BE RESOLVED ONLY IN THE FEDERAL OR STATE COURTS SITUATED IN MOBILE COUNTY, ALABAMA, OR THE ALABAMA BOARD OF ADJUSTMENT, AS APPLICABLE.

(o) Survival. Except as otherwise expressly provided in this Agreement, the provisions of this Agreement shall not survive the Closing and shall be merged into the conveyance documents executed and delivered at Closing.

(p) No Third Party Beneficiaries. This Agreement is an agreement between Seller and Buyer only and no third parties shall be entitled to assert any rights as third party beneficiaries hereunder.

(q) Withdrawal of Offer. Until this Agreement is fully executed by both Parties, Seller reserves the right to withdraw its offer to sell the Property to Buyer pursuant to the terms of this Agreement.

(r) Confidentiality. Without the prior written consent of the other Party, neither Seller nor Buyer will disclose to any person, other than their legal counsel or a proposed lender, either the fact that this Agreement has been entered into or any of the terms, conditions or other facts with respect thereto, including the status thereof; provided, however, that either Party may make such disclosure if compelled by court order or to comply with the requirements of any law, governmental order or regulation. This Section 15(r) shall survive the Closing or earlier termination of this Agreement.

(s) Oil and Gas Rights Disclosure. Oil and gas rights can be severed from the title to real property by conveyance of the oil and gas rights from the owner or by reservation of the oil and gas rights by the owner. If oil and gas rights have previously been severed from the Property, the owner of those rights may have the perpetual right to drill, mine, explore, and remove any of the subsurface oil or gas resources on or from the Property either directly from the surface of the property or from a nearby location. With regard to the severance of oil and gas rights, Seller makes no disclosure, representation or warranty.

(t) 1031 Exchange. If requested by any Party (the “**Requesting Party**”), the other Party (the “**Responding Party**”) will reasonably cooperate in structuring and completing the transactions contemplated by this Agreement for the Requesting Party so as to effect a like kind exchange (“**Exchange**”) pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended (the “**Code**”). In particular, such Responding Party will consent to the assignment by the Requesting Party prior to the Closing of the Requesting Party’s rights under this Agreement to a “qualified intermediary” or other third party in order to effectuate such Exchange. The foregoing notwithstanding, in connection with any such Exchange, no Responding Party shall have any obligation to acquire title to any real property nor to enter into any contract: (i) that may create or impose upon such Party any non-monetary obligation or negative covenant; (ii) that does not provide that the sole and exclusive remedy of any seller for a breach shall be to retain as liquidated damages the deposit paid to said seller; or (iii) that requires such Responding Party to execute any mortgage, deed of trust or similar financing instrument. It is further agreed that: (1) no Party shall assume any responsibility for the tax consequences to any other Party arising out of any Exchange; (2) to the extent allowed by applicable law, the Requesting Party shall reimburse the Responding Party for all additional costs and expenses (including reasonable attorney’s fees) incurred by such Responding Party in connection with any such Exchange; and (3) to the extent allowed by applicable law, the Requesting Party shall indemnify and hold the Responding Party harmless from and against any and all loss, cost, damage, expense or other liability (including reasonable attorneys’ fees) that such Responding Party may incur or suffer in the performance of such Responding Party’s obligations under this Section 15(t).

(u) Notwithstanding anything contained herein to the contrary, the parties acknowledge and agree that any dispute hereunder against Buyer may be subject to adjudication by the Alabama State Board of Adjustment.

(v) Buyer does not waive, and specifically reserves, all immunities to which it is entitled under the constitution, laws, and statutes of the United States and the State of Alabama, including, without limitation, the immunities contained within Article I, §14, of the Constitution of Alabama. Any provision of this Agreement that may be considered a consent to suit or a waiver of immunity by Buyer is hereby stricken and rendered null and void.

[Remainder of this page intentionally left blank; signatures follow]

The Parties have executed this Agreement on the respective dates indicated below.

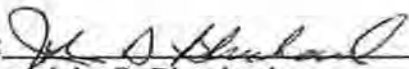
SELLER:

DISTRICT AT SOUTH, LLC,

a Delaware limited liability company

By: District Management, LLC, an Alabama
limited liability company

Its: Manager

By: 
Name: John D. Blanchard
Title: Manager

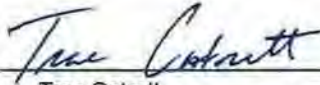
(Seller's Signature Page to Purchase and Sale Agreement)

[signatures continue on the following pages]

The Parties have executed this Agreement on the respective dates indicated below.

BUYER:

UNIVERSITY OF SOUTH ALABAMA,
an Alabama public body corporate.

By: 
Trae Catrett
Its Contract Officer

(Buyer's Signature Page to Purchase and Sale Agreement)

[signatures continue on the following page]

JOINDER BY ESCROW AGENT

First American Title Insurance Company, referred to in this Agreement as "Escrow Agent," hereby acknowledges that it received this Agreement executed by Seller and Buyer as of October 31, 2024, and accepts the obligations of Escrow Agent as set forth herein.

ESCROW AGENT:

**RUSHTON, STAKELY, JOHNSTON & GARRETT,
P.A.**

By: Jeffrey W. Blutz
Name: Jeffrey W. Blutz
Title: Shareholder

LIST OF SCHEDULES AND EXHIBITS

- Exhibit "A-1" – Legal Description of the Ground Leased Parcel
- Exhibit "A-2" – Legal Description of the Fee Parcel
- Exhibit "B" – Rent Roll
- Exhibit "C" – Tangible Personal Property
- Exhibit "C-1" – Other Items
- Exhibit "D" – Form of Deed
- Exhibit "E" – Form of Title Affidavit
- Exhibit "F" – Form of Bill of Sale
- Exhibit "G" – Form of Tenant Notice Letter
- Exhibit "H" – Form of Notice of Assignment of Ground Lease
- Exhibit "I" – Form of Assignment and Assumption of Ground Lease
- Exhibit "J" – Service Contracts
- Exhibit "K" – Seller Bring Down Certificate

EXHIBIT "A-1"

LEGAL DESCRIPTION OF THE GROUND LEASED PARCEL

Lots 2-A, 13, 14, 15 and 16 excepting therefrom the South 30 feet of Lots 13 and 14, Block 5, Newman Division, Western Hills, as recorded in Map Book 3, Pages 390-391 of the records in the Office of the Judge of Probate Court of Mobile County, Alabama.

And also described as:

Lot 1 University Grande Subdivision, as recorded in Map Book 119, Pages 74 of the records in the Office of the Judge of Probate Court of Mobile County, Alabama.

EXHIBIT "A-2"

LEGAL DESCRIPTION OF THE FEE PARCEL

Lots 1 and 2 of Resubdivision of a portion of Lots 1 and 2, Block 3, Martin Division of Western Hills Revised, as per plat thereof recorded in Map Book 45, Page 110, of the records in the Office of the Judge of Probate of Mobile County, Alabama.

EXHIBIT "B"

RENT ROLL

See attached.

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/08/2024 | 10/08/2024 | 10/08/2025 | 588.00 | MGMTUNIT | 0.00 | (572.00) | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 572.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/08/2024 | 10/08/2024 | 10/08/2025 | 588.00 | MGMTUNIT | 0.00 | (572.00) | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 572.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/08/2024 | 10/08/2024 | 10/08/2025 | 588.00 | MGMTUNIT | 0.00 | (572.00) | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 572.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/01/2024 | 10/01/2024 | 10/01/2025 | 588.00 | MGMTUNIT | 0.00 | (572.00) | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 572.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 09/03/2024 | 09/03/2024 | 11/30/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 08/01/2023 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 568.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 30.00 * | | | |
| | | | | | | | | | | RENT | 525.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/08/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 08/01/2023 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PROI | 0.00 + | 13.00 + | 568.00 + | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 + | 30.00 + | | | |
| | | | | | | | | | | RENT | 525.00 + | 0.00 + | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 03/27/2023 | 09/17/2024 | 03/16/2025 | 603.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 275.50 | 0.00 | (397.32) |
| | | | | | | | | | | DFCRGRED | 0.00 | (262.50) | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |

* indicates amounts not included in detail totals

Exhibit A
 OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|---------|
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/02/2024 | 05/02/2024 | 07/31/2025 | 598.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/16/2024 | 08/16/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/16/2024 | 08/16/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/28/2022 | 08/01/2024 | 07/31/2025 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 12/28/2022 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PRO | 0.00 * | 13.00 * | 563.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 550.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 11/12/2022 | 08/01/2024 | 07/31/2025 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (30.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 11/12/2022 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PRO | 0.00 * | 13.00 * | 593.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 30.00 * | | | |
| | | | | | | | | | | RENT | 550.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/01/2024 | 10/01/2024 | 07/31/2025 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 565.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 11/12/2022 | 08/01/2024 | 07/31/2025 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 11/12/2022 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PRO | 0.00 * | 13.00 * | 472.00 * | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
 As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary Show Unit Rent as - Market + Addl.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/01/2024 | 01/02/2024 | 12/31/2024 | 588.00 | EMPLCRED | 0.00 | (229.50) | 701.50 | 400.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PRO | 0.00 | 13.00 | | | |
| | | | | | | | | | | RENT | 918.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 01/01/2024 | 01/01/2025 | 12/31/2025 | | EMPLCRED | 0.00 * | (234.00)* | 715.00 * | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PRO | 0.00 - | 13.00 * | | | |
| | | | | | | | | | | RENT | 936.00 - | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 - | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 - | 13.00 * | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 07/27/2024 | 07/27/2024 | 12/31/2025 | 853.00 | EMPLCRED | 0.00 | (200.00) | 613.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PRO | 0.00 | 13.00 | | | |
| | | | | | | | | | | RENT | 800.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Admin/Down | VACANT | | | | 853.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 563.00 | 0.00 | (586.39) |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/20/2024 | 08/19/2024 | 08/18/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 593.00 | 0.00 | (616.39) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 09/28/2024 | 09/28/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 593.00 | 0.00 | (610.32) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 03/05/2022 | 08/01/2024 | 07/31/2025 | 718.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | (609.70) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 09/15/2022 | 09/01/2024 | 07/31/2025 | 718.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |

* Indicates amounts not included in detail totals

Exhibit A
 OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 718.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 01/10/2024 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 01/10/2024 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PRO | 0.00 * | 13.00 * | 542.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 30.00 * | | | |
| | | | | | | | | | | RENT | 499.00 * | 0.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/16/2024 | 08/16/2024 | 01/31/2025 | 703.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 567.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 549.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 05/01/2024 | 05/01/2024 | 04/07/2025 | 703.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 512.00 | 0.00 | (535.38) |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 07/15/2022 | 08/01/2024 | 07/31/2025 | 718.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 12/02/2023 | 08/01/2024 | 07/31/2025 | 718.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 517.00 | 0.00 | (561.45) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 12/02/2023 | 08/01/2024 | 07/31/2025 | 718.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 552.00 | 0.00 | (596.45) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | PET RENT | 0.00 | 35.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/19/2024 | 08/18/2025 | 703.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|-----------------------|------------|-----------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (912.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant-Leased | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| | | N/A | | Applicant | █ | 01/10/2025 | 01/10/2025 | 07/31/2025 | | LIMITED WAIVER OF PRO | 0.00 * | 13.00 * | 588.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 575.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/10/2024 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 500.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/25/2024 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 593.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2024 | 05/01/2024 | 12/31/2024 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 552.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
 As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|----------|
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/29/2023 | 12/29/2023 | 12/28/2024 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 477.00 | 0.00 | (6.99) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/08/2024 | 07/08/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/09/2024 | 08/09/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/08/2024 | 07/08/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 492.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (300.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 469.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | 1,098.56 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 603.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/09/2023 | 08/01/2024 | 07/31/2025 | 603.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 593.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|-----------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (477.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (528.83) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 638.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 625.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/26/2024 | 08/26/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 12.43 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

*Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|-----------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (521.61) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 08/16/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | (92.55) |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/01/2023 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 06/09/2023 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (567.23) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/01/2023 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (567.23) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/14/2021 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 703.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 04/15/2023 | 07/14/2024 | 07/13/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;
details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|-----------------------|---------------|-------------|----------|
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 02/17/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 718.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 625.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 703.00 | | 0.00 + | 13.00 + | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 668.00 | 0.00 | (700.75) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 625.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/27/2024 | 08/27/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 668.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 625.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 703.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 668.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 625.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 + | 13.00 + | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 + | 13.00 + | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 + | 13.00 + | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 588.00 | | 0.00 + | 13.00 + | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/23/2024 | 08/23/2024 | 07/31/2025 | 838.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 813.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 800.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 10/26/2023 | 08/01/2024 | 07/31/2025 | 838.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 868.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 825.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 08/16/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/11/2024 | 08/11/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (3.25) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;
details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|---|------------------------|------------------------|---------------|-------------|----------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 550.00 | 13.00 30.00 0.00 | 593.00 | 0.00 | (618.04) |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/14/2022 | 06/14/2024 | 06/13/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | (565.39) |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/14/2022 | 12/14/2023 | 12/13/2024 | 588.00 | LIMITED WAIVER OF PROI RENT | 0.00 459.00 | 13.00 0.00 | 472.00 | 0.00 | (535.39) |
| | | N/A | | Pending renewal | █ | 06/14/2022 | 12/14/2024 | 12/13/2025 | | LIMITED WAIVER OF PROI RENT | 0.00 * 459.00 * | 13.00 * 0.00 * | 472.00 * | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/14/2022 | 06/14/2024 | 06/13/2025 | 588.00 | LIMITED WAIVER OF PROI PARKING | 0.00 0.00 | 13.00 5.00 | 477.00 | 0.00 | (540.39) |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|--------------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/19/2024 | 08/19/2024 | 05/12/2025 | 838.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 868.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 800.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/19/2024 | 08/19/2024 | 05/12/2025 | 838.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 818.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 800.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (547.92) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/08/2024 | 07/08/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/07/2022 | 09/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 571.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/19/2023 | 07/14/2024 | 07/13/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 512.00 | 0.00 | (12.67) |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied-NTV | █ | 05/02/2024 12/14/2024 | 04/25/2024 | 04/24/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |

* Indicates amounts not included in detail totals

OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|-----------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/05/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/05/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Admin/Down | VACANT | | | | 703.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Admin/Down | VACANT | | | | 703.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Admin/Down | VACANT | | | | 703.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/19/2024 | 07/19/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (8.69) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | (536.97) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/11/2024 | 08/11/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 593.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 593.00 | 0.00 | (593.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/09/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 537.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | PET RENT | 0.00 | 35.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/09/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 588.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/09/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;
details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B.0 4B.0 | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B.0 4B.0 | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B.0 4B.0 | N/A | 1350 | Occupied | █ | 04/02/2024 | 04/02/2024 | 03/31/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 418.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 375.00 | 0.00 | | | |
| █ | 4B.0 4B.0 | N/A | 1350 | Occupied | █ | 04/02/2024 | 04/02/2024 | 03/31/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 388.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 375.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/21/2024 | 06/21/2024 | 07/31/2025 | 583.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 492.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/22/2024 | 06/22/2024 | 07/31/2025 | 583.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 497.00 | 0.00 | (49.39) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/21/2024 | 06/21/2024 | 07/31/2025 | 583.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 75.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/25/2024 | 06/25/2024 | 07/31/2025 | 583.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 492.00 | 0.00 | (43.06) |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/19/2024 | 08/18/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (527.61) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/19/2024 | 08/18/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 553.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/19/2024 | 08/18/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 01/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 552.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 508.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (590.91) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/30/2024 | 08/30/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 08/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 828.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 858.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
 OneSite Reports - Traditions at South
RENT ROLL DETAIL
 As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 815.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 828.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 743.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 568.00 | 0.00 | (509.87) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | (522.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 893.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/14/2021 | 02/01/2024 | 01/31/2025 | 693.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 893.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |

*indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 500.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 642.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2024 | 08/19/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/02/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/16/2015 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;
details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|------------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 04/30/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 618.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/09/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (1,238.13) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/08/2024 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 522.00 | 0.00 | (568.47) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/21/2024 | 06/21/2024 | 08/16/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 492.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 04/04/2023 | 07/03/2024 | 07/02/2025 | 583.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 517.99 | 0.00 | (517.99) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 489.99 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/21/2024 | 06/21/2024 | 06/20/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 492.00 | 0.00 | (45.44) |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (571.02) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

*Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/06/2024 | 07/06/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (502.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2024 | 05/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (532.33) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant-Leased Applicant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| | | | | | █ | 11/01/2024 | 11/01/2024 | 07/31/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 563.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 550.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/11/2024 | 08/11/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (532.33) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (564.91) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (518.91) |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
 As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2023 | 08/01/2024 | 01/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 618.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 575.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 07/26/2024 | 07/26/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/20/2022 | 08/01/2024 | 07/31/2025 | 878.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 05/01/2023 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 495.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (520.92) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (520.92) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 09/14/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| | | | | | | | | | | RENT | 455.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/27/2022 | 10/09/2024 | 10/07/2025 | 563.00 | RENT | 550.00 | 0.00 | 550.00 | 0.00 | 0.00 |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 07/30/2024 | 08/07/2024 | 02/06/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 512.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 07/30/2024 | 02/07/2025 | 02/06/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 613.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 500.00 * | 0.00 * | | | |
| █ | 3B 3B | N/A | 999 | Vacant-Leased | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| | | N/A | | Applicant | █ | 01/02/2025 | 01/02/2025 | 07/01/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 678.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 665.00 * | 0.00 * | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 04/02/2024 | 04/02/2024 | 03/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied-NTV | █ | 08/12/2024 | 08/12/2024 | 02/17/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 663.00 | 0.00 | (66.00) |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 04/02/2024 | 04/02/2024 | 03/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 618.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 07/01/2022 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 04/28/2020 | 01/01/2024 | 12/31/2024 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 262.50 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------------|-----------|------------------|------|-------------------|------------|------------------|-------------|------------|----------------|-----------------------|------------|-----------------------|---------------|-------------|----------|
| | | | | | | | | | | OFCRCRED | 0.00 | (249.50) | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| | | N/A | | Pending renewal | [REDACTED] | 04/28/2020 | 01/01/2025 | 12/31/2025 | | LIMITED WAIVER OF PRO | 0.00 * | 13.00 * | 512.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 499.00 * | 0.00 * | | | |
| [REDACTED] | 3B 3B | N/A | 999 | Admin/Down | VACANT | | | | 678.00 | | 0.00 * | 13.00 * | | | |
| [REDACTED] | 3B 3B | N/A | 999 | Admin/Down | VACANT | | | | 678.00 | | 0.00 * | 13.00 * | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/22/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 12/21/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (286.44) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B.O 4B.O | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| [REDACTED] | 4B.O 4B.O | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| [REDACTED] | 4B.O 4B.O | N/A | 1350 | Occupied | [REDACTED] | 05/02/2024 | 05/02/2024 | 07/31/2025 | 863.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 768.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 750.00 | 0.00 | | | |
| [REDACTED] | 4B.O 4B.O | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| [REDACTED] | 2B 2B | N/A | 800 | Occupied-NTV | [REDACTED] | 01/04/2024 | 09/01/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 743.00 | 0.00 | 0.00 |
| | | | | | | 10/31/2024 | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| [REDACTED] | 2B 2B | N/A | 800 | Occupied | [REDACTED] | 07/01/2023 | 10/01/2024 | 09/30/2025 | 813.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 753.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | PET RENT | 0.00 | 35.00 | | | |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| | | N/A | | Pending renewal | | 07/01/2023 | 10/01/2025 | 09/30/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 753.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 5.00 * | | | |
| | | | | | | | | | | PET RENT | 0.00 * | 35.00 * | | | |
| | | | | | | | | | | RENT | 700.00 * | 0.00 * | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2018 | 09/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/02/2024 | 08/02/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 588.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 575.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 03/21/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (567.43) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/14/2024 | 08/14/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/15/2024 | 08/15/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 11/18/2022 | 02/01/2024 | 01/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | (550.24) |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/08/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|--------------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied-NTV | | 09/08/2023 11/19/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 09/26/2024 | 09/26/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | (47.50) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 2B 2B | N/A | 800 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 843.00 | 0.00 | (882.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 2B 2B | N/A | 800 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 743.00 | 0.00 | (40.62) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/20/2024 | 08/20/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 08/16/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 588.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 575.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 01/17/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 593.00 | 0.00 | 54.52 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |

* Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|---|------------------------|------------------------|---------------|-------------|------------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 458.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 5.00 0.00 | 477.00 | 0.00 | (1,016.41) |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 07/01/2024 | 06/30/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 30.00 0.00 | 502.00 | 0.00 | (502.00) |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 08/16/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 525.00 | 13.00 5.00 0.00 | 543.00 | 0.00 | (569.37) |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/16/2024 | 08/16/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 5.00 0.00 | 477.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 459.00 | 13.00 5.00 0.00 | 477.00 | 0.00 | 0.00 |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI RENT | 0.00 459.00 | 13.00 0.00 | 472.00 | 0.00 | 0.00 |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/27/2024 | 08/26/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI RENT | 0.00 499.00 | 13.00 0.00 | 512.00 | 0.00 | (542.27) |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/27/2024 | 08/26/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 499.00 | 13.00 30.00 0.00 | 542.00 | 0.00 | (572.27) |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | (0.90) |

* indicates amounts not included in detail totals

Exhibit A
 OneSite Reports - Traditions at South
RENT ROLL DETAIL
 As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 492.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2024 | 08/19/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied-NTV | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 13.00 |
| | | | | | | 11/14/2024 | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/20/2024 | 08/20/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (519.97) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/25/2024 | 06/25/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 497.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/07/2023 | 08/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/02/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 492.00 | 0.00 | (0.95) |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/22/2024 | 06/22/2024 | 06/20/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 492.00 | 0.00 | (0.57) |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/20/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 553.00 | 0.00 | 1,932.29 |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 489.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/05/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (500.33) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/08/2024 | 05/08/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (535.32) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | CABLE | 0.00 | 60.00 | 562.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 02/17/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 588.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 02/17/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 588.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 12/27/2023 | 07/27/2024 | 07/26/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | (549.27) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 658.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 615.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 693.00 | | 0.00 | 13.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/03/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 622.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/11/2024 | 08/11/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (538.71) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans-Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|-----------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 495.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 593.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 518.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 02/17/2025 | 578.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 643.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 643.00 | 0.00 | (656.99) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | (535.59) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/05/2024 | 08/05/2024 | 08/05/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 598.00 | 0.00 | (571.59) |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PRO | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 01/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 552.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 509.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/01/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (584.75) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 09/13/2024 | 09/13/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 09/13/2024 | 09/13/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | (626.69) |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied-NTV | █ | 09/10/2023 | 09/10/2024 | 09/09/2025 | 578.00 | PARKING | 0.00 | 5.00 | 464.00 | 0.00 | (25.00) |
| | | | | | | 11/01/2024 | | | | | | | | | |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | (601.32) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/01/2024 | 08/01/2024 | 07/31/2025 | 579.00 | RENT | 540.00 | 0.00 | 583.00 | 0.00 | (0.75) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 540.00 | 0.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 515.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 459.00 | 0.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 490.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 459.00 | 0.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 490.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 07/16/2024 | 07/16/2024 | 07/31/2025 | 563.00 | RENT | 525.00 | 0.00 | 543.00 | 0.00 | (0.52) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 556.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 09/28/2024 | 09/28/2024 | 07/31/2025 | 563.00 | RENT | 459.00 | 0.00 | 477.00 | 0.00 | (477.00) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 490.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 06/19/2024 | 08/18/2025 | 563.00 | RENT | 459.00 | 0.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 581.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/19/2024 | 08/18/2025 | 563.00 | RENT | 525.00 | 0.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 515.00 | 0.00 | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 459.00 | 0.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 490.00 | 0.00 | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL
As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|-----------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | (542.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 02/13/2024 | 02/12/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 38.78 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (568.82) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (499.82) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/16/2022 | 08/16/2024 | 08/15/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| █ | 3B 3B | N/A | 999 | Occupied | █ | 10/01/2021 | 11/01/2023 | 10/31/2024 | 678.00 | PARKING | 0.00 | 30.00 | 529.00 | 0.00 | (712.00) |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 05/04/2023 | 08/01/2024 | 01/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 07/05/2024 | 07/05/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | 5.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 07/26/2024 | 07/26/2024 | 08/16/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | (512.95) |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/03/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (645.00) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 578.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | (575.11) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 10/21/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | (512.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (550.11) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 593.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 575.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 05/01/2024 | 05/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (4.87) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 06/01/2024 | 06/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 06/01/2024 | 06/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 07/29/2024 | 07/29/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | 2B 2B | N/A | 800 | Occupied | | 11/03/2023 | 09/01/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 713.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| | 2B 2B | N/A | 800 | Occupied | | 08/17/2024 | 08/17/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 843.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 800.00 | 0.00 | | | |
| | 4B 4B | N/A | 1350 | Occupied | | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

* indicates amounts not included in detail totals

OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2024 | 08/13/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (643.53) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Admin/Down | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (530.99) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (530.99) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |

* Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/17/2024 | 08/17/2024 | 05/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 868.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 800.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 713.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/10/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 537.00 | 500.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | PET RENT | 0.00 | 25.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/10/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2024 | 08/01/2024 | 07/29/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/10/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | (589.23) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | (572.45) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 02/19/2023 | 09/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/08/2018 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 02/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/23/2024 | 08/23/2024 | 06/17/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 567.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/23/2024 | 08/23/2024 | 06/17/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 567.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans. Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/16/2024 | 08/16/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/26/2024 | 08/26/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 578.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | PET RENT | 0.00 | 35.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | (551.61) |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 03/02/2024 | 03/02/2024 | 02/28/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 536.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 01/10/2023 | 02/01/2024 | 01/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied-NTV | █ | 08/26/2024 | 08/26/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | 11/25/2024 | | | | | | | | | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/23/2024 | 08/23/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 11/03/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans. Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (355.34) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (186.61) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/06/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 8.71 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/10/2024 | 07/10/2024 | 08/09/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (502.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 12/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 572.00 | 0.00 | (186.95) |
| | | | | | | | | | | RENT | 509.00 | 0.00 | | | |
| | | | | | | | | | | SHORTTERM | 0.00 | 50.00 | | | |
| | | N/A | | Pending renewal | █ | 08/19/2023 | 01/01/2026 | 06/30/2026 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 522.00 * | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 509.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 06/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 06/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;
details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/10/2024 | 08/10/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 09/07/2024 | 09/07/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (498.69) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/16/2024 | 08/16/2024 | 08/15/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 11/10/2022 | 11/10/2023 | 11/09/2024 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| | | N/A | | Pending renewal | █ | 11/10/2022 | 11/10/2024 | 05/09/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 568.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 30.00 * | | | |
| | | | | | | | | | | RENT | 525.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 04/15/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/28/2020 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 573.00 | 0.00 | 0.00 |
| | | | | | | | | | | PET RENT | 0.00 | 35.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 828.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 743.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add., details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 828.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 778.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | PET RENT | 0.00 | 35.00 | | | |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/15/2024 | 06/15/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | (563.21) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2024 | 05/01/2024 | 04/30/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 08/01/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 * | 13.00 + | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/05/2024 | 08/05/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 633.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 615.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/15/2024 | 08/15/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 633.00 | 0.00 | (663.00) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 615.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/11/2024 | 08/11/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 626.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 615.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 * | 13.00 * | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 10/10/2019 | 08/01/2024 | 01/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 567.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 549.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 06/09/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 472.00 | 0.00 | 509.05 |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/13/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/23/2024 | 07/23/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/24/2024 | 07/24/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2024 | 08/15/2024 | 08/16/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/02/2024 | 08/02/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/02/2023 | 08/01/2024 | 01/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 618.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 575.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/15/2020 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 553.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Occupied | █ | 07/03/2024 | 07/03/2024 | 07/31/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 418.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 375.00 | 0.00 | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Occupied | █ | 07/05/2024 | 07/05/2024 | 07/31/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 388.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 375.00 | 0.00 | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Occupied | █ | 07/03/2024 | 07/03/2024 | 07/31/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 418.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 375.00 | 0.00 | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Occupied | █ | 07/03/2024 | 07/03/2024 | 07/31/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 388.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Add. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|---------------|------------------------|------------|------------------------|---------------|-------------|---------|
| | | | | | | | | | | RENT | 375.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/03/2022 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/04/2022 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 553.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 583.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 540.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 04/30/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 552.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 509.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/20/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/15/2017 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 458.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 678.00 | RENT | 498.00 | 0.00 | 542.00 | 0.00 | (567.00) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 678.00 | RENT | 499.00 | 0.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 525.00 | 0.00 | 502.00 | 0.00 | (534.18) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 07/05/2024 | 07/05/2024 | 07/31/2025 | 563.00 | RENT | 459.00 | 0.00 | 502.00 | 0.00 | (36.70) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/12/2024 | 08/12/2024 | 08/16/2025 | 563.00 | RENT | 459.00 | 0.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 525.00 | 0.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | RENT | 525.00 | 0.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/19/2024 | 08/18/2025 | 563.00 | RENT | 459.00 | 0.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/19/2024 | 08/18/2025 | 563.00 | RENT | 459.00 | 0.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl. details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 | 13.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 01/02/2024 | 08/05/2024 | 08/04/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | (596.42) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 06/14/2022 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 512.00 | 821.50 | 0.00 |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (477.00) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 06/01/2023 | 08/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 643.00 | 0.00 | (7.61) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 678.00 | | 0.00 | 13.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 613.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 600.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 06/01/2021 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 04/01/2024 | 04/01/2024 | 07/31/2025 | 678.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | 0.00 |

* Indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------------|-----------|------------------|------|-------------------|------------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| | | N/A | | Pending renewal | [REDACTED] | 04/01/2024 | 08/01/2025 | 07/31/2026 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 708.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 30.00 * | | | |
| | | | | | | | | | | RENT | 665.00 * | 0.00 * | | | |
| [REDACTED] | 3B 3B | N/A | 999 | Occupied | [REDACTED] | 01/13/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 512.00 | 0.00 | (580.35) |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/19/2023 | 08/19/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/15/2024 | 08/15/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 08/13/2022 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | (0.01) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 06/01/2024 | 06/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 10/02/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| [REDACTED] | 4B 4B | N/A | 1350 | Occupied | [REDACTED] | 09/29/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|------------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 06/06/2023 | 08/01/2024 | 12/31/2025 | 813.00 | EMPLCRED | 0.00 | (175.00) | 538.00 | 0.00 | (51.04) |
| | | | | | | | | | | LIMITED WAIVER OF PROI | 0.00 | 13.00 | | | |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Admin/Down | VACANT | | | | 813.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Occupied | █ | 03/01/2024 | 03/01/2024 | 02/28/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 393.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 350.00 | 0.00 | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Occupied | █ | 03/01/2024 | 03/01/2024 | 02/28/2025 | 863.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 363.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 350.00 | 0.00 | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B.O 4B.O | N/A | 1350 | Vacant | VACANT | | | | 863.00 | | 0.00 * | 13.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 497.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/29/2024 | 08/29/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 497.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/29/2024 | 08/29/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 487.00 | 0.00 | (1,943.72) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 497.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/28/2024 | 05/24/2024 | 05/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 469.00 | 0.00 | | | |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South
RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.; details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|---------|
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2024 | 05/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 05/01/2024 | 05/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/20/2024 | 08/20/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 768.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 755.00 | 0.00 | | | |
| █ | 2B 2B | N/A | 800 | Occupied | █ | 11/14/2022 | 08/01/2024 | 07/31/2025 | 813.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 743.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 700.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/03/2024 | 08/03/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 10/02/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 4.84 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/20/2022 | 08/13/2024 | 08/12/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/26/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 502.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 06/16/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 5.00 |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|------------|
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 06/16/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 538.00 | 0.00 | (578.73) |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 12/28/2023 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (517.00) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (440.63) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 999 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 578.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 542.00 | 0.00 | (1,134.00) |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 522.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 492.00 | 0.00 | 0.00 |
| | | | | | | | | | | RENT | 479.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/29/2024 | 08/29/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/29/2024 | 08/29/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 543.00 | 0.00 | 0.00 |

* indicates amounts not included in detail totals

Exhibit A
OneSite Reports - Traditions at South

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl;
details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|----------------|------------------------|------------|------------------------|---------------|-------------|----------|
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 525.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Vacant-Leased | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| | | N/A | | Applicant | █ | 11/20/2024 | 11/20/2024 | 11/19/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 568.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 5.00 * | | | |
| | | | | | | | | | | RENT | 550.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant-Leased | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| | | N/A | | Applicant | █ | 12/01/2024 | 12/01/2024 | 07/31/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 568.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 5.00 * | | | |
| | | | | | | | | | | RENT | 550.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Vacant-Leased | VACANT | | | | 563.00 | | 0.00 * | 13.00 * | | | |
| | | N/A | | Applicant | █ | 12/01/2024 | 12/01/2024 | 07/31/2025 | | LIMITED WAIVER OF PROI | 0.00 * | 13.00 * | 568.00 * | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 * | 5.00 * | | | |
| | | | | | | | | | | RENT | 550.00 * | 0.00 * | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/01/2024 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 568.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 593.00 | 0.00 | 0.00 |
| | | | | | | | | | | PARKING | 0.00 | 30.00 | | | |
| | | | | | | | | | | RENT | 550.00 | 0.00 | | | |
| █ | 4B 4B | N/A | 1350 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 588.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 477.00 | 0.00 | (121.84) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 459.00 | 0.00 | | | |
| █ | 3B 3B | N/A | 895 | Occupied | █ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 593.00 | LIMITED WAIVER OF PROI | 0.00 | 13.00 | 517.00 | 0.00 | (517.00) |
| | | | | | | | | | | PARKING | 0.00 | 5.00 | | | |
| | | | | | | | | | | RENT | 499.00 | 0.00 | | | |

* indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Add.;

details

| Unit | Floorplan | unit designation | SQFT | Unit/Lease Status | Name | Move-In Move-Out | Lease Start | Lease End | Market + Addl. | Trans Code | Lease Rent | Other Charges/ Credits | Total Billing | Dep On Hand | balance |
|----------------|-----------|------------------|------|-------------------|--------|------------------|-------------|------------|-------------------|---|--------------------------------|---------------------------------|-------------------|-----------------|----------|
| ██████ | 3B 3B | N/A | 999 | Occupied | ██████ | 08/19/2023 | 08/01/2024 | 07/31/2025 | 693.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 499.00 | 13.00 5.00 0.00 | 517.00 | 0.00 | (517.00) |
| ██████ | 3B 3B | N/A | 999 | Vacant | VACANT | | | | 883.00 | | 0.00 * | 13.00 * | | | |
| ██████ | 2B 2B | N/A | 800 | Occupied | ██████ | 01/17/2023 | 08/01/2024 | 07/31/2025 | 828.00 | LIMITED WAIVER OF PROI PARKING PET RENT RENT | 0.00 0.00 0.00 700.00 | 13.00 30.00 35.00 0.00 | 778.00 | 0.00 | 0.00 |
| ██████ | 2B 2B | N/A | 800 | Occupied | ██████ | 01/17/2023 | 08/01/2024 | 07/31/2025 | 828.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 700.00 | 13.00 30.00 0.00 | 743.00 | 0.00 | 0.00 |
| ██████ | 4B 4B | N/A | 1350 | Occupied | ██████ | 02/09/2024 | 08/01/2024 | 01/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 525.00 | 13.00 5.00 0.00 | 543.00 | 0.00 | 0.00 |
| ██████ | 4B 4B | N/A | 1350 | Occupied | ██████ | 00/01/2024 | 08/01/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI RENT | 0.00 525.00 | 13.00 0.00 | 538.00 | 0.00 | 0.00 |
| ██████ | 4B 4B | N/A | 1350 | Occupied | ██████ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI RENT | 0.00 525.00 | 13.00 0.00 | 538.00 | 0.00 | (578.73) |
| ██████ | 4B 4B | N/A | 1350 | Occupied | ██████ | 08/17/2024 | 08/17/2024 | 07/31/2025 | 563.00 | LIMITED WAIVER OF PROI PARKING RENT | 0.00 0.00 525.00 | 13.00 5.00 0.00 | 543.00 | 0.00 | (583.73) |
| totals: | | | | | | | | | 344,820.00 | | 236,073.09 | 11,888.60 | 247,962.49 | 2,714.60 | |

* Indicates amounts not included in detail totals

RENT ROLL DETAIL

As of 10/30/2024

Parameters: Properties - ALL; Show All Unit Designations or Filter by - ALL; Subjournals - ALL; Exclude Formers? - Yes; Sort by - Unit; Report Type - Details + Summary; Show Unit Rent as - Market + Addl.;

Amt / SQFT: Market = 700,680 SQFT; Leased = 596,004 SQFT;

| Floorplan | # Units | Average SQFT | Average Market + Addl. | Market + Addl. | Average Leased | Leased Amt / SQFT | Units Occupied | Occupancy % | Units Available |
|---------------------------|------------|--------------|------------------------|----------------|----------------|-------------------|----------------|--------------|-----------------|
| 2B 2B | 24 | 800 | 824.25 | 1.03 | 745.23 | 0.93 | 22 | 91.67 | 1 |
| 3B 3B | 120 | 999 | 687.25 | 0.69 | 522.69 | 0.52 | 96 | 80.00 | 19 |
| 4B 4B | 400 | 1,350 | 571.90 | 0.42 | 486.22 | 0.36 | 341 | 85.25 | 44 |
| 4B.O 4B.O | 16 | 1,350 | 863.00 | 0.64 | 411.11 | 0.30 | 9 | 56.25 | 7 |
| totals / averages: | 560 | 1,251 | 615.75 | 0.49 | 504.43 | 0.40 | 468 | 83.57 | 71 |

occupancy and rents summary for current date

| unit status | Market + Addl. | # units | potential rent |
|---------------------|-------------------|------------|-------------------|
| Occupied, no NTV | 282,238.00 | 461 | 232,280.99 |
| Occupied, NTV | 4,346.00 | 7 | 3,793.00 |
| Occupied NTV Leased | | 0 | - |
| Vacant Leased | 3,518.00 | 6 | 3,518.00 |
| Admin/Down | 13,971.00 | 22 | 13,971.00 |
| Vacant Not Leased | 40,747.00 | 64 | 40,747.00 |
| totals: | 344,820.00 | 560 | 294,309.99 |

summary billing by transaction code for current date

| code | amount |
|-------------------------------|-------------------|
| PET RENT | 280.00 |
| LIMITED WAIVER OF PROP DAMAGE | 5,993.00 |
| CABLE | 60.00 |
| MGMTUNIT | (2,288.00) |
| RENT | 236,073.99 |
| EMPLCRED | (604.50) |
| DFCRCRED | (512.00) |
| SHORTTERM | 600.00 |
| PARKING | 8,360.00 |
| total: | 247,962.49 |

EXHIBIT "C"

TANGIBLE PERSONAL PROPERTY LISTING

Exhibit A

| # OF | ITEM | LOCATION | NOTES |
|------|-----------------------|----------|-------|
| 2 | Egg Chairs | Pool | |
| 2 | Tables with Umbrellas | Pool | |
| 4 | Chairs | Pool | |
| 2 | Couches | Pool | |
| 8 | Side Tables | Pool | |
| 20 | Foldable Pool Chairs | Pool | |
| 2 | In-Pool Chairs | Pool | |
| 4 | Cushioned Chairs | Pool | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

DATE: _____

SUBMITTED BY: _____

Exhibit A

| # OF | ITEM | LOCATION | NOTE |
|------|----------------------|--------------------|------|
| 1 | Copy Machine | Maintenance Office | |
| 1 | Desktop Computer | Maintenance Office | |
| 1 | Mini-Fridge | Maintenance Office | |
| 1 | Microwave | Maintenance Office | |
| 2 | File Cabinets | Maintenance Office | |
| 1 | Dormkaba Key Machine | Maintenance Office | |
| 1 | Mail key Maker | Maintenance Office | |
| | | | |
| | | | |
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| | | | |
| | | | |
| | | | |

DATE: _____

SUBMITTED BY: _____

Exhibit A

| # OF | ITEM | LOCATION | NOTE |
|------|---------------------|-----------|------|
| 1 | Fridge | Clubhouse | |
| 1 | Keurig | Clubhouse | |
| 1 | Toaster | Clubhouse | |
| 1 | Dishwasher | Clubhouse | |
| 1 | Table | Clubhouse | |
| 3 | Chairs | Clubhouse | |
| 1 | Fuseball Table | Clubhouse | |
| 1 | Couch | Clubhouse | |
| 2 | Chairs | Clubhouse | |
| 2 | Pictures (Wall Art) | Clubhouse | |
| 3 | Tv's | Clubhouse | |
| 1 | Ping Pong Table | Clubhouse | |
| 1 | Tanning Bed | Clubhouse | |
| 2 | Vending Machines | Clubhouse | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

DATE: _____

SUBMITTED BY: _____

Exhibit A

| # OF | ITEM | LOCATION | NOTE |
|------|-------------------------------------|------------|------|
| 2 | Portable A/C Units | Maint Shop | |
| 1 | Porter Cable Compressor | Maint Shop | |
| 3 | Lint Eater dryer vent cleaner | Maint Shop | |
| 250 | High Density Can Liners | Maint Shop | |
| 1 | Work Pro Pressure Washer | Maint Shop | |
| 1 | Ryobi Table Saw | Maint Shop | |
| 1 | Ryobi Nail Gun | Maint Shop | |
| 1 | Ryobi Drill (broken) | Maint Shop | |
| 1 | Ryobi Battery Pacj Charging Station | Maint Shop | |
| 1 | Uniweld Propane | Maint Shop | |
| 1 | 45HD Manual Key Maker | Maint Shop | |
| 14 | Loxon Polyurethane Sealant | Maint Shop | |
| 3 | DAP ALEX Plus all purpose sealant | Maint Shop | |
| 3 | Makrolun Multi UV | Maint Shop | |
| 1 | Billy Goat Push Mower | Maint Shop | |
| 3 | 121 FL OZ Clorox Bleach | Maint Shop | |
| 3 | 121 fl oz Carroll Degreaser | Maint Shop | |
| 4 | 121 fl oz Zep Glass Cleaner | Maint Shop | |
| 1 | Portable trash bin | Maint Shop | |
| 1 | Brute Trash Bin | Maint Shop | |
| 3 | 14" Sherwin Williams Paint Rollers | Maint Shop | |
| 1 | 14" Paint Roller Handle | Maint Shop | |
| 1 | 10" Paint Roller Handle | Maint Shop | |

DATE: _____

SUBMITTED BY: _____

Exhibit A

| # OF | ITEM | LOCATION | NOTE |
|------|-----------------------|----------|------|
| 2 | Elipticals | Gym | |
| 1 | Sitting Eliptical | Gym | |
| 1 | Bike | Gym | |
| 1 | Leg Extension Machine | Gym | |
| 2 | Multipress Machine | Gym | |
| 1 | Leg Press | Gym | |
| 1 | Pull Machine | Gym | |
| 1 | Tread Mill | Gym | |
| 4 | Free Weights | Gym | |

DATE: _____

SUBMITTED BY: _____

Exhibit A

| # OF | ITEM | LOCATION | NOTE |
|------|------------------|-------------|------|
| 2 | Dancing Men | Leasing Ofc | |
| 1 | TV behind desk | Leasing Ofc | |
| 1 | Couch | Leasing Ofc | |
| 1 | Table | Leasing Ofc | |
| 2 | Computer Monitor | Leasing Ofc | |
| 1 | Laminator | Leasing Ofc | |
| 1 | Label Maker | Leasing Ofc | |
| 2 | iPad | Leasing Ofc | |
| 2 | Cordless Phones | Leasing Ofc | |
| 5 | Parking Signs | Leasing Ofc | |
| 1 | Tour Sign | Leasing Ofc | |
| | | | |

DATE: _____

SUBMITTED BY: _____

Exhibit A

| # OF | ITEM | LOCATION |
|------|-------------------------|-----------------------|
| 1 | Desk | Asst Manager's Office |
| 2 | Filing Cabinets | Asst Manager's Office |
| 1 | Standing Filing Cabinet | Asst Manager's Office |
| 2 | Desktop | Asst Manager's Office |
| 1 | Cordless Phone | Asst Manager's Office |
| | | |
| | | |
| | | |
| | | |
| | | |

EXHIBIT "C-1"

OTHER ITEMS

[Rented Items]

1. Copier
2. Phones

EXHIBIT "D"
FORM OF DEED

THIS INSTRUMENT PREPARED BY:

LIMITED WARRANTY DEED

STATE OF ALABAMA)
MOBILE COUNTY)

This LIMITED WARRANTY DEED (this "Deed"), dated as of ___ day of _____ 2024, between DISTRICT AT SOUTH, LLC, a Delaware limited liability company, having an address at 7020 Fain Park Drive, Suite 5, Montgomery, AL 36117 ("Grantor"), and UNIVERSITY OF SOUTH ALABAMA, an Alabama public body corporate, having an address at _____ ("Grantee").

W i t n e s s e t h :

That Grantor, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid by Grantee, the receipt and sufficiency of which are hereby acknowledged, does hereby grant, bargain, sell and convey unto Grantee, its heirs and successors and assigns, forever:

ALL that certain plot, piece or parcel of land, with the buildings and improvements thereon erected, situate, lying and being more particularly described on Exhibit A attached hereto and forming a part hereof (the "Property"), subject to the Permitted Exceptions listed on Exhibit B attached hereto and forming a part hereof;

TOGETHER with all right, title and interest, if any, of Grantor in and to any streets and roads abutting the above described premises to the center lines thereof;

TOGETHER with the appurtenances and all of the estate and rights of Grantor in and to said premises;

TO HAVE AND TO HOLD the premises herein granted unto Grantee, its heirs and successors and assigns, forever.

AND Grantor covenants that Grantor has not done or suffered anything to occur whereby said premises have been encumbered in any way whatsoever, except as aforesaid, and Grantor does further covenant and agree that it shall forever warrant and defend Grantee's, its successors and assigns, right and title to said premises against the lawful claims of Grantor and all others claiming by or under Grantor, but not otherwise.

[NOTE: ATTACH REAL ESTATE SALES VALIDATION FORM.]

[Signature Page Follows]

IN WITNESS WHEREOF, Grantor has executed and delivered this Deed as of the day and year first above written.

GRANTOR:

DISTRICT AT SOUTH, LLC,

a Delaware limited liability company

By: District Management, LLC, an Alabama
limited liability company

Its: Manager

By: _____

Name: John D. Blanchard

Title: Manager

STATE OF ALABAMA)
) ss.
COUNTY OF MONTGOMERY)

On this ____ day of _____, 2024, personally appeared before me John D. Blanchard, whose identity is personally known to me or proved on the basis of satisfactory evidence, and who acknowledged before me that he signed the foregoing instrument in his capacity as the manager of District Management, LLC, the manager of District at South, LLC, a Delaware limited liability, on behalf of District at South, LLC.

GIVEN under my hand and notarial seal this ____ day of _____, 2024.

Notary Public

My commission expires: _____

(Signature Page to Deed)

EXHIBIT A TO SPECIAL WARRANTY DEED

Legal Description

The Land referred to herein below is situated in the County of Mobile, State of Alabama, and is described as follows:

Lots 1 and 2 of Resubdivision of a portion of Lots 1 and 2, Block 3, Martin Division of Western Hills Revised, as per plat thereof recorded in Map Book 45, Page 110, of the records in the Office of the Judge of Probate of Mobile County, Alabama.

EXHIBIT B TO SPECIAL WARRANTY DEED

List of Permitted Exceptions

[TO BE INSERTED]

EXHIBIT "E"

TITLE AFFIDAVIT

FATIC 012-R (9/99)



FIRST AMERICAN TITLE INSURANCE COMPANY

SELLER'S/OWNER'S AFFIDAVIT AND INDEMNITY

State of: _____ County of: _____

The undersigned, _____, a/n _____, being first duly sworn, on oath depose and state that:

Reference is hereby made to the (i) ground lease interest and interest in improvements in the property described on Exhibit A-1 attached hereto (the "Ground Lease Parcel") and (ii) the property described on Exhibit A-2 attached hereto (the "Fee Parcel", and together with the Ground Lease Parcel, collectively, the "Premises") located in City of Mobile, County of Mobile, State of Alabama, commonly known as The District at South and more particularly described in Exhibit A to FIRST AMERICAN TITLE INSURANCE COMPANY Commitment No. _____. This Seller's/Owner's Affidavit and Indemnity is being executed by [_____] the [_____] of the Seller(s)/Owner(s).

1. To the actual knowledge of the Seller(s)/Owner(s), there are no unrecorded documents affecting title to the Premises entered into by the Seller(s)/Owner(s) and no party other than the Seller(s)/Owner(s) is in possession of all or any portion of the Premises above described under any unrecorded leases, tenancy at will or otherwise, in each case other than (a) any matters contained in the real property records of the county in which the Premises is located, (b) any matters set forth in the leases or other occupancy agreements with the parties identified on the Rent Roll for the Property dated _____, which has been disclosed to FIRST AMERICAN TITLE INSURANCE COMPANY, and (c) _____ [list any other unrecorded documents; none if blank].

2. To the actual knowledge of the Seller(s)/Owner(s), at present, and for a period of six months past, there are no unpaid bills or claims for construction, erection, alteration or repairs of any structures or improvements on the Premises, nor has/have the Seller(s)/Owner(s) contracted for any material to be delivered to the Premises for which charges therefore remain unpaid.

3. The undersigned has received no actual, written notice of any taxes and/or special assessments affecting the Premises other than those shown on the title commitment and as disclosed in the tax assessor's records.

4. To the actual knowledge of the Seller(s)/Owner(s), no proceeding in bankruptcy has been instituted within the past three (3) years by or against the Seller(s)/Owner(s), nor has the Seller(s)/Owner(s) made any assignment for the benefit of creditors within the past three (3) years.

5. The Seller(s)/Owner(s) has not and will not, from and after the effective date of the title commitment through and including the date and time of the recording of documents necessary to effectuate the transaction evidenced by the title commitment, cause or permit to arise any matter contrary to any statement made herein.

This affidavit is given to induce FIRST AMERICAN TITLE INSURANCE COMPANY to issue its title insurance policy or policies in reliance upon any of the statements contained herein.

Sworn to and subscribed before me this _____ day of _____, 2024.

OWNER:

DISTRICT AT SOUTH, LLC,
a Delaware limited liability company
By: District Management, LLC, an Alabama
limited liability company
Its: Manager

By: _____
Name: John D. Blanchard
Title: Manager

STATE OF ALABAMA)
) ss.
COUNTY OF MONTGOMERY)

On this ____ day of _____, 2024, personally appeared before me John D. Blanchard, whose identity is personally known to me or proved on the basis of satisfactory evidence, and who acknowledged before me that he signed the foregoing instrument in his capacity as the manager of District Management, LLC, the manager of District at South, LLC, a Delaware limited liability, on behalf of District at South, LLC.

GIVEN under my hand and notarial seal this ____ day of _____, 2024.

Notary Public

My commission expires: _____

(Signature Page to Title Affidavit)

EXHIBIT "F"

BILL OF SALE, ASSIGNMENT AND ASSUMPTION

(Traditions at South, Mobile, Alabama)

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, District at South, LLC, a Delaware limited liability company ("**Seller**"), hereby sells, transfers, assigns and conveys to University of South Alabama, an Alabama public body corporate ("**Buyer**"), with respect to the "Property" (as hereinafter defined), the following as of _____, 2024 (the "**Effective Date**"):

1. Tangible Personal Property. All right, title and interest of Seller in and to the "Tangible Personal Property" (as hereinafter defined).
2. Leases. All right, title and interest of Seller in and to the "Leases" (as hereinafter defined).
3. Assumed Service Contracts. All right, title and interest of Seller in and to the "Assumed Service Contracts" (as hereinafter defined) with respect to the Property.

This Bill of Sale, Assignment and Assumption is given pursuant to that certain Purchase Agreement dated as of _____, 2024 (as the same may have been amended, modified and/or assigned, the "**Purchase Agreement**"), by and between Seller and Buyer providing for the sale of the Property. The covenants, agreements, and limitations (including, but not limited to, the limitations provided in Sections 7 and 14 of the Purchase Agreement) provided in the Purchase Agreement with respect to the property conveyed hereunder are hereby incorporated herein by this reference as if herein set out in full. Buyer hereby accepts the foregoing assignment and agrees to assume and discharge, in accordance with the terms thereof, (1) all of the obligations of Seller under the Leases and Assumed Service Contracts, to the extent the same arise on or after the Effective Date (including, but not limited to, the payment of any termination fees under the Leases), and (2) the obligation to pay all unpaid payments that are credited to Buyer under the proration provisions of the Purchase Agreement (including all prepaid rentals and tenants' cash security deposits relating to any period prior to the Closing Date that are credited to Buyer). This Bill of Sale, Assignment and Assumption shall inure to the benefit of and shall be binding upon Seller and Buyer, and their respective successors and assigns. The "Assumed Service Contracts", "Leases", and "Tangible Personal Property" are hereinafter collectively referred to as the "Transferred Interests".

As used herein, the "Assumed Service Contracts", "Closing Date", "Leases", "Property", and "Tangible Personal Property" shall have the respective meanings set forth for the same in the Purchase Agreement.

To the extent allowed by applicable law, Buyer agrees to indemnify, defend and hold harmless Seller from and against any and all loss, cost, damage or expenses (including, without limitation, reasonable attorney's fees) resulting from Buyer's failure to perform any of the obligations assumed by Buyer hereunder. Seller agrees to indemnify, defend and hold Buyer harmless from and against any and all loss, cost, damage or expenses (including, without

limitation, reasonable attorneys' fees) resulting from Seller's failure to perform any duties or obligations of Seller arising under the Transferred Interests on or prior to the date hereof.

To the extent assignable and in the possession of Seller, Seller warrants that Seller has good and marketable title, and is the sole and lawful owner of, the Transferred Interests, and that Seller has full power and authority to transfer all rights, interests, title and benefits in and to the same to Buyer, and that the Transferred Interests are free and clear of all liens and encumbrances, and Seller will warrant the right and title to the Transferred Interests against all persons lawfully claiming by or through Seller.

This Bill of Sale, Assignment and Assumption may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

[Remainder of this page intentionally left blank; signatures and acknowledgments follow]

The parties hereto have executed this Bill of Sale, Assignment and Assumption as of the Effective Date.

SELLER:

DISTRICT AT SOUTH, LLC,
a Delaware limited liability company
By: District Management, LLC, an Alabama
limited liability company
Its: Manager

By: _____
Name: John D. Blanchard
Title: Manager

STATE OF ALABAMA)
) ss.
COUNTY OF MONTGOMERY)

On this ____ day of _____, 2024, personally appeared before me John D. Blanchard, whose identity is personally known to me or proved on the basis of satisfactory evidence, and who acknowledged before me that he signed the foregoing instrument in his capacity as the manager of District Management, LLC, the manager of District at South, LLC, a Delaware limited liability, on behalf of District at South, LLC.

GIVEN under my hand and notarial seal this ____ day of _____, 2024.

Notary Public

My commission expires: _____

(Seller's Signature Page to Bill of Sale, Assignment and Assumption)

The parties hereto have executed this Bill of Sale, Assignment and Assumption as of the Effective Date.

BUYER:

UNIVERSITY OF SOUTH ALABAMA,
an Alabama public body corporate

By: _____

Print: _____

Title: _____

Date: _____, 202__

STATE OF §
 §
COUNTY OF §

Before me, a Notary Public in and for said County and State, personally appeared [_____] the [_____] of the University of South Alabama, an Alabama public body corporate, on behalf of such entity, and that the same is his/her free act and deed and the free act and deed of said entity.

This is an acknowledgment certificate; no oath or affirmation was administered to the signer with regard to this notarial act.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal at _____, _____, this ____ day of _____ 2024.

Notary Public

My commission expires: _____

(Buyer's Signature Page to Bill of Sale, Assignment and Assumption)

EXHIBIT "G"
TENANT NOTICE LETTER

_____, 2024

Dear _____,

The management team of Traditions at South wish to inform you that as of _____, 2024, Traditions at South Apartments will change ownership.

_____ would like to thank you for your residency at Traditions at South Apartments and for allowing us to serve your needs. Your security deposit will be transferred to the new owner, [INSERT NEW OWNER'S NAME AND ADDRESS]. If you have authorized us to debit your bank account(s) for Lease-related charges, please be advised that the final automatic debit took place on [INSERT FIRST BUSINESS DAY OF CALENDAR MONTH IN WHICH CLOSING OCCURS]. After that time, all automatic debit activity has been stopped. Please submit all future payments to the new management company, as directed by the new owner. Additionally, effective on the above date, you will no longer have access to our resident portal, _____com.

Sincerely,

Property Manager
Traditions at South Apartments

EXHIBIT "H"

NOTICE OF ASSIGNMENT OF GROUND LEASE

_____, 2024

Delaney Investments, Inc.
c/o Robert S. Frost
P.O. Box 16126
Mobile, Alabama 36616

Re: Lease Agreement dated July 3, 2008, by and between Delany Investments, Inc. (“**Landlord**”) and University Grande of Mobile, LLC, as lessee, as amended by that certain First Amendment to Long Term Ground Lease dated April 1, 2009, as further amended by that certain Second Amendment to Long Term Ground Lease dated June 1, 2011, as further amended by that certain Third Amendment to Long Term Ground Lease dated April 5, 2012, as assigned from University Grande Mobile, LLC to University Grande Associates, L.P. pursuant to that certain Assignment and Assumption of Ground Lease dated June 12, 2012, as further amended by that certain Fourth Amendment to Long Term Ground Lease dated March 3, 2016, as further assigned from University Grande Associates, L.P. to G&I VIII The Edge LLC (“**Interim Lessee**”), pursuant to that certain Assignment and Assumption of Ground Lease dated April 27, 2016, and as and as further assigned by Interim Lessee to District at South, LLC (“**Tenant**”), pursuant to that certain Assignment and Assumption of Ground Lease dated July 8, 2021, and recorded in the Probate Office as Instrument No. 2021044204 (as amended and assigned, the “**Lease**”)

To whom it may concern:

Pursuant to Section 12.1 of the Lease, notice is hereby given from Tenant that effective as of [the Closing Date], Tenant has assigned all of its right, title, and interest in, to, and under the Lease to [_____] (“**Buyer**”). A copy of the assignment is enclosed herewith. You are hereby authorized to acknowledge any correspondence received by Buyer as the new tenant at the property. Buyer’s address for correspondences and notices under the Lease is as follows:

If to Buyer: [_____]
[_____]
[_____]
Attention: [_____]

with a copy to: [_____]
[_____]
[_____]
Attention: [_____]

All of the Tenant's interest in the Lease will be held by the Buyer.

Should you have any questions, please feel free to contact [_____] of [_____] at [tel:_____; email:_____].

Very truly yours,

TENANT:

DISTRICT AT SOUTH, LLC,
a Delaware limited liability company
By: District Management, LLC, an Alabama
limited liability company
Its: Manager

By: _____
Name: John D. Blanchard
Title: Manager

BUYER:

[_____]

EXHIBIT "I"

THIS INSTRUMENT PREPARED BY:

After recording return to:

Cross Reference:

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

From:

DISTRICT AT SOUTH, LLC, Assignor

To:

_____, Assignee

Dated: As of _____, 2024

ASSIGNMENT AND ASSUMPTION OF GROUND LEASE

THIS ASSIGNMENT AND ASSUMPTION OF GROUND LEASE (this “Assignment and Assumption”) is made as of _____, 2024 (the “Effective Date”) by and between DISTRICT AT SOUTH, LLC, a Delaware limited liability company (“Assignor”), and UNIVERSITY OF SOUTH ALABAMA, an Alabama public body corporate (“Assignee”).

WITNESSETH:

WHEREAS, Assignor is the Lessee of certain real property pursuant to that certain Lease Agreement by and between Delaney Investments, Inc., as Lessor (“Lessor”), and University Grande of Mobile, LLC (“Original Lessee”), as Lessee, dated as of July 3, 2008, as amended by that certain First Amendment to Long Term Ground Lease dated April 1, 2009, as further amended by that certain Second Amendment to Long Term Ground Lease dated June 1, 2011, as further amended by that certain Third Amendment to Long Term Ground Lease dated as of April 5, 2012, as assigned from Original Lessee to University Grande Associates, L.P. (“Interim Lessee”), pursuant to that certain Assignment and Assumption of Ground Lease dated June 12, 2012 and recorded in the Probate Office of Mobile County, Alabama (the “Probate Office”) as Instrument No. 2012034769 (Book 6903, Page 113), as further amended by that certain Fourth Amendment to Long Term Ground Lease dated March 3, 2016, as assigned from Interim Lessee to Assignor, pursuant to that certain Assignment and Assumption of Ground Lease dated April 27, 2016 and recorded in the Probate Office as Instrument No. 2016022983 (Book 7374, Page 481), for certain real property located in the City of Mobile, County of Mobile, State of Alabama, as further described in Exhibit “A” attached hereto (the “Land”), and in a short form Memorandum of Lease which is recorded in Real Property Book 6518, Page 934 as Instrument No. 2009023422 in the Probate Office and an Amended and Restated Memorandum of Lease dated June 12, 2012 and recorded in the Probate Office as Instrument No. 2012034770 (Book 6903, Page 121), as further assigned by that certain Assignment and Assumption of Ground Lease from Interim Lessee, as assignor, to G&I VIII The Edge LLC, as assignee (“Interim Lessee II”), dated April 27, 2016, and recorded in the Probate Office as Instrument No. 2016022983 (Book 7374, Page 481), and as further assigned by that certain Assignment and Assumption of Ground Lease from Interim Lessee II, as assignor, to Assignor, as assignee, dated July 8, 2021, and recorded in the Probate Office as Instrument No. 2021044204 (collectively, the “Lease”); and

WHEREAS, Assignor desires to assign, transfer and convey all of Assignor’s right, title and interest in, to and under the Lease, together with all buildings, structures and improvements on the Land, all fixtures, assets, tangible personal property, and equipment attached to, a part of or necessary for the operation of such buildings, structures or improvements, and all appurtenances thereto, together with all replacements, accessions and betterments thereto (collectively, the “Improvements”), together with all licenses and permits necessary or desirable for the operation of the Improvements, and use of the Land in accordance with the provisions of the Lease and required by any federal, state,

or local governmental body having jurisdiction over Lessor, Assignor, the Land and Improvements or the business conducted from the Land and Improvements (collectively, the "Permits"); and

WHEREAS, Assignee desires to accept this assignment of the Lease and to assume Assignor's obligations and liabilities arising under the Lease from and after the Effective Date.

NOW, THEREFORE, in consideration of Ten Dollars (\$10.00) in hand paid by Assignee to Assignor, and for other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto do hereby agree as follows:

1. Effective as of the Effective Date, Assignor hereby assigns, transfers and conveys to Assignee all of Assignor's right, title and interest in, to and under the Lease, the Land, the Improvements and the Permits, to have and to hold the same unto Assignee, its successors and assigns, subject to the terms, covenants and conditions contained in the Lease.

2. Assignee hereby accepts the assignment of the Lease from Assignor and hereby assumes and agrees to observe and perform all the obligations, terms, covenants and conditions thereof to be observed or performed by the Lessee under the Lease first arising and accruing from and after, but not before, the Effective Date.

3. This Assignment and Assumption shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. The terms of this Assignment and Assumption may not be changed, modified, waived, discharged or terminated orally or by any course of dealing, but only by an instrument or instruments in writing, signed by the party against whom enforcement of the change, modification, waiver, discharge or termination is asserted.

4. This Assignment and Assumption may be executed in counterparts, each of which shall be deemed an original, but all of which, together shall constitute one and the same instrument.

5. Except as specifically set forth in this Assignment and Assumption, the parties shall bear all their own attorneys' fees and costs incurred through the execution of this Assignment and Assumption.

6. This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State of Alabama applicable to contracts made in and to be wholly performed within the State of Alabama.

7. All exhibits attached hereto are incorporated herein by reference.

8. All terms not otherwise defined herein shall have the meanings set forth in the Lease.

[The remainder of this page is intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Assignment and Assumption of the date first above written.

ASSIGNOR:

DISTRICT AT SOUTH, LLC,

a Delaware limited liability company

By: District Management, LLC, an Alabama
limited liability company

Its: Manager

By: _____

Name: John D. Blanchard

Title: Manager

ASSIGNEE:

[INSERT SIGNATURE BLOCK]

[INSERT NOTARY ACKNOWLEDGMENT BLOCKS]

EXHIBIT A

[To be inserted.]

[Attach Real Estate Validation Form]

EXHIBIT "J"

SERVICE CONTRACTS

| Vendor | Services | Written Contract (Y/N) | If yes, Copy at Corporate? | Notes |
|-----------------------------|-----------------------------|------------------------|----------------------------|--|
| Lingo | Phones | No | N/A | Month to Month |
| Jive/GOTO | Phones | Yes | Yes | Expires June 30 2025. Phones are being leased to own through this contract |
| Terminator Pest Control | Pest Control | Yes | Yes | |
| Whitesky | Internet | Yes | Yes | |
| Comcast | Cable | Yes | Yes | |
| Waste Management | Trash | Yes | Yes | |
| Bay Landscaping | Landscape | Yes | Yes | |
| CPC Office Technologies | Copier Supplies/Copier | Yes | Yes | |
| Kings III | Emergency Pool Phone | Yes | Yes | |
| ASP of Mobile | Pool Services | Yes | Yes | |
| Community Controls | Gate | No | N/A | |
| Advanced Detection Security | Alarm Security/Monitoring | Yes | Yes | |
| Oracle Elevator | Elevator | Yes | | |
| Kentwood Springs | Water Cooler | Yes | Yes | |
| Gulf Coast Fitness Services | Fitness Maintenance | No | N/A | |
| VSC Fire & Security | Fire Inspection | Yes | Yes | |
| Alabama Power | Lighting Services Agreement | Yes | Yes | |
| USA Dept of Athletics | Corporate Partnership | Yes | Yes | |
| Pelican Promos | Parking Passes | No | N/A | |

Property Level Contracts - Cannot be Assumed by Buyer - will be cancelled at Closing by Seller

| | | | | |
|-----------------------------------|-------------|-----|--|----------------------------|
| CoStar Group Inc (Apartments.com) | Advertising | Yes | | Not provided/not assumable |
| Zillow | Advertising | Yes | | Not provided/not assumable |

Portfolio Level Contracts - Cannot be assumed by Buyer - will be cancelled at Closing by Seller

| | | | | |
|---------------|-------------------------------|-----|--|----------------------------|
| Spherexx LLC | CRM - I Love Leasing | Yes | | Not provided/not assumable |
| Checkpoint ID | Screening ID for Residents | Yes | | Not provided/not assumable |
| Asset Protect | Resident Insurance | Yes | | Not provided/not assumable |
| RealPage | Property Management Software | Yes | | Not provided/not assumable |
| Soci | Reputation Management | Yes | | Not provided/not assumable |
| Flex | Flexible payments for tenants | Yes | | Not provided/not assumable |

EXHIBIT "K"

**SELLER'S CERTIFICATE AS TO
REPRESENTATIONS AND WARRANTIES**

_____, 2024

Reference is hereby made to that certain Purchase and Sale Agreement dated as _____, 2024, and certain amendments to such agreement (collectively, the "**Purchase Agreement**") by and between **DISTRICT AT SOUTH, LLC**, a Delaware limited liability company, as seller ("**Seller**"), and _____ ("**Assignor**"), for the purchase of that certain Property, located in Mobile, Alabama, as defined in the Purchase Agreement.

Assignor assigned all of its rights and interests under the Purchase Agreement to _____, a _____ ("**Buyer**") pursuant to that certain Assignment and Assumption of Purchase and Sale Agreement of even date herewith. Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Agreement.

As of the date hereof, Seller hereby certifies that all of the representations and warranties made by Seller and contained in the Purchase Agreement, by and between Seller and Assignor, as assigned to Buyer, are true, correct and complete in all material respects, except as previously disclosed in writing (including, but not limited to, by email) to Buyer (whether sent directly to Buyer, Buyer's attorney, or through Seller's broker, _____).

SELLER:

DISTRICT AT SOUTH, LLC,
a Delaware limited liability company
By: District Management, LLC, an Alabama
limited liability company
Its: Manager

By: _____
Name: John D. Blanchard
Title: Manager

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



AUDIT COMMITTEE

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Audit Committee

December 4, 2024

1:30 p.m.

A meeting of the Audit Committee of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Mr. Ron Graham, Chair, on Wednesday, December 4, 2024, at 1:31 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Ron Graham, Meredith Hamilton and Lenus Perkins were present and Ron Jenkins and Bill Lewis participated remotely.

Other Trustees: Arlene Mitchell, Jimmy Shumock, Mike Windom and Jim Yance.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Michael Chambers, Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Sarah Beth Magette (Warren Averett), Mike Mitchell, Kristen Roberts, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman, Christina Wassenaar (Faculty Senate) and Meagan Wilson (Warren Averett).

Following the attendance roll call, **Item 1**, Mr. Graham called for consideration of the minutes for a meeting held on September 12, **Item 2**. On motion by Ms. Atkins, seconded by Mr. Perkins, the Committee voted unanimously to adopt the minutes.

Mr. Graham called on Ms. Roberts to give an update on the KPMG audit reports for the fiscal year ended September 30, 2024, **Item 3**. Ms. Roberts advised that the audit process was close to completion and that a meeting would be held in January for KPMG representatives to discuss the audit results.

Mr. Graham called on Mr. Susman to address **Item 4**, a report on the activities of the Office of Internal Audit (OIA). Mr. Susman introduced Ms. Sarah Beth Magette of Warren Averett, retained by the University to fill the OIA acting director position. Ms. Magette recognized and gave background on Ms. Meagan Wilson, also a member of the Warren Averett engagement team. Ms. Magette shared an overview on the *Office of Internal Audit Annual Report* detailing performance, activities and disclosures for fiscal year 2024; risk assessment progress and strategies; the *Fiscal Year 2025 Proposed Audit Plan* and the proposed updated *Internal Audit Charter*.

Mr. Graham called for consideration of **Item 5**, the *Fiscal Year 2025 Proposed Audit Plan* (“Plan”). On motion by Mr. Perkins, seconded by Capt. Jenkins, the Committee voted unanimously to approve the Plan. (Refer to Appendix A to view the Plan.)

Audit Committee
December 4, 2024
Page 2

Mr. Graham called for consideration of **Item 6**, a resolution authorizing the updated *Internal Audit Charter*. On motion by Ms. Atkins, seconded by Mr. Perkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees. (To view resolutions, policies and other documents authorized, refer to the minutes for the Board of Trustees meeting held on December 5, 2024.)

There being no further business, the meeting was adjourned at 1:43 p.m.

Respectfully submitted:

William Ronald Graham, Chair



UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Basic Financial Statements

September 30, 2024

(With Independent Auditors' Report Thereon)

UNIVERSITY OF SOUTH ALABAMA
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Basic Financial Statements
September 30, 2024

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Basic Financial Statements

September 30, 2024

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UNIVERSITY OF SOUTH ALABAMA
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Management's Discussion and Analysis (Unaudited)
September 30, 2024

Introduction

The following discussion presents an overview of the financial position and financial activities of University of South Alabama (the University), including the University of South Alabama Health System (USA Health), a division of the University, at September 30, 2024 and 2023, and for the years then ended. This discussion has been prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

The basic financial statements of the University consist of the University and its component units. The financial position and results of operations of the component units either are blended with the University's financial position and results of operations or are discretely presented. The treatment of each component unit is governed by pronouncements issued by the Governmental Accounting Standards Board (GASB). As more fully described in note 1 to the basic financial statements, the University of South Alabama Professional Liability Trust Fund, the University of South Alabama General Liability Trust Fund, USA HealthCare Management, LLC, Jaguar Realty, LLC, Providence Medical Network IPA, and various billing entities are reported as blended component units. The University of South Alabama Foundation, the USA Research and Technology Corporation, and the University of South Alabama Health Care Authority are discretely presented.

Financial Highlights

In April 2023, the University of South Alabama Health Care Authority (HCA), a component of the University, entered into an agreement with Gulf Coast Health System to acquire an acute care hospital, its ancillary-related healthcare delivery businesses, and related facilities effective October 1, 2023. This acquisition is referred to as Ascension Providence. In April 2023, the University delivered up to \$80,000,000 University Facilities Revenue Bond (Draw-Down Loan), Series 2023-A, and up to \$20,000,000 Taxable University Facilities Revenue Bond (Draw-Down Loan), Series 2023-B. The short-term draw-down loans, along with internal contributions from the University, financed this acquisition. In return, the assets and liabilities acquired were assigned to the University at closing. These assets and liabilities are included in prepaid expenses, inventories, and other, capital assets, net, accounts payable and accrued liabilities, and noncurrent investments on the statement of net position. The University entered into an agreement with HCA to lease the acute care hospital and related facilities which HCA now manages and operates on behalf of the University. This lease agreement was recorded in accordance with GASB Statement No. 87, *Leases*, and is reflected in the University's current and noncurrent lease receivable balance on the statement of net position. See note 8 and 9 for additional detail.

At September 30, 2024 and 2023, the University had total assets and deferred outflows of approximately \$2,361,597,000 and \$2,049,385,000, respectively; total liabilities and deferred inflows of approximately \$1,676,936,000 and \$1,556,146,000, respectively; and net position of approximately \$684,661,000 and \$493,239,000, respectively.

As of September 30, 2023, the University held approximately \$89,590,000 in escrow for the Ascension Providence acquisition which was included in restricted cash on the statement of net position. The Ascension Providence acquisition, along with the termination of the 2016 swap and the final payment for the Series 2014 bond, attributed to an overall decrease in both restricted and unrestricted cash balances between 2023 and 2024 of \$87,776,000, or 25%, to \$270,194,000. There was a notable increase in investment balances between 2023 and 2024, increasing by \$33,315,000, or 8%, to \$439,302,000 at September 30, 2024. The University has

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experienced a significant growth in its healthcare operations over the past several years incurring increases in patient service revenues of \$134,810,000, or 17%, between 2023 and 2024.

An overview of each statement is presented herein along with financial analysis of the transactions impacting each statement. Where appropriate, comparative financial information is presented to assist in the understanding of this analysis.

Analysis of Financial Position and Results of Operations

Statement of Net Position

The statement of net position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the University at September 30, 2024. Net position is displayed in three parts: net investment in capital assets, restricted, and unrestricted. Restricted net position may be either expendable or nonexpendable and is the net position that is restricted by law or external donors. Unrestricted net position is generally designated by management for specific purposes and is available for use by the University to meet current expenses for any purpose. The statement of net position, along with all of the University's basic financial statements, is prepared under the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred by the University, regardless of when cash is exchanged.

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The condensed schedules of net position at September 30, 2024 and 2023 follow (in thousands):

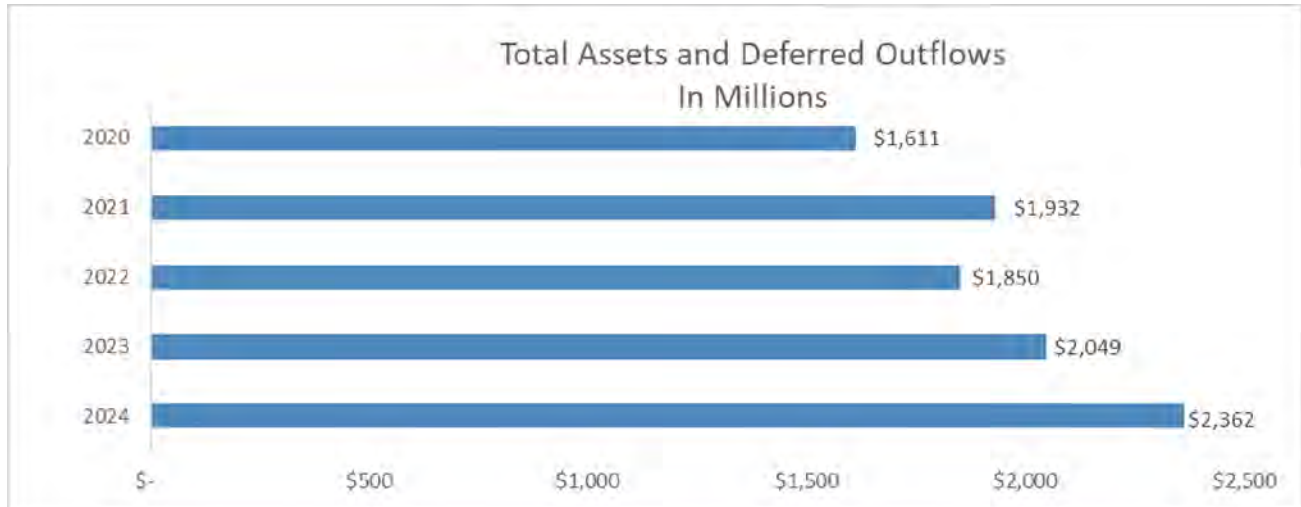
Condensed Schedules of Net Position

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|-------------------------|
| Assets: | | |
| Current | \$ 530,482 | 508,729 |
| Capital assets, net | 1,058,424 | 914,673 |
| Other noncurrent | <u>511,320</u> | <u>383,610</u> |
| Total assets | 2,100,226 | 1,807,012 |
| Deferred outflows | <u>261,371</u> | <u>242,373</u> |
| Total assets and deferred outflows | <u><u>2,361,597</u></u> | <u><u>2,049,385</u></u> |
| Liabilities: | | |
| Current | \$ 236,087 | 307,203 |
| Noncurrent | <u>1,032,984</u> | <u>934,032</u> |
| Total liabilities | 1,269,071 | 1,241,235 |
| Deferred inflows | <u>407,865</u> | <u>314,911</u> |
| Total liabilities and deferred inflows | <u><u>\$ 1,676,936</u></u> | <u><u>1,556,146</u></u> |
| Net position: | | |
| Net investment in capital assets | \$ 475,614 | 383,248 |
| Restricted, nonexpendable | 82,633 | 79,728 |
| Restricted, expendable | 121,306 | 90,416 |
| Unrestricted (deficit) | <u>5,108</u> | <u>(60,153)</u> |
| Total net position | <u><u>\$ 684,661</u></u> | <u><u>493,239</u></u> |

Assets included in the statement of net position are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, investments, patient receivables, and accounts receivable, other. Of these amounts, cash and cash equivalents, investments, patient receivables, and accounts receivable, other comprise approximately 49%, 14%, 18%, and 13% respectively, of current assets at September 30, 2024. Noncurrent assets consist primarily of restricted investments, lease receivables, and capital assets. The increase in total assets and deferred outflows is attributed to an increase in capital assets and lease receivables.

UNIVERSITY OF SOUTH ALABAMA
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Total assets and deferred outflows of the University as of September 30 is as follows:



Net position represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is classified into one of four categories:

Net investment in capital assets represents the University's capital assets less accumulated depreciation and outstanding principal balances of the debt attributable to the acquisition, construction, or improvement of those assets.

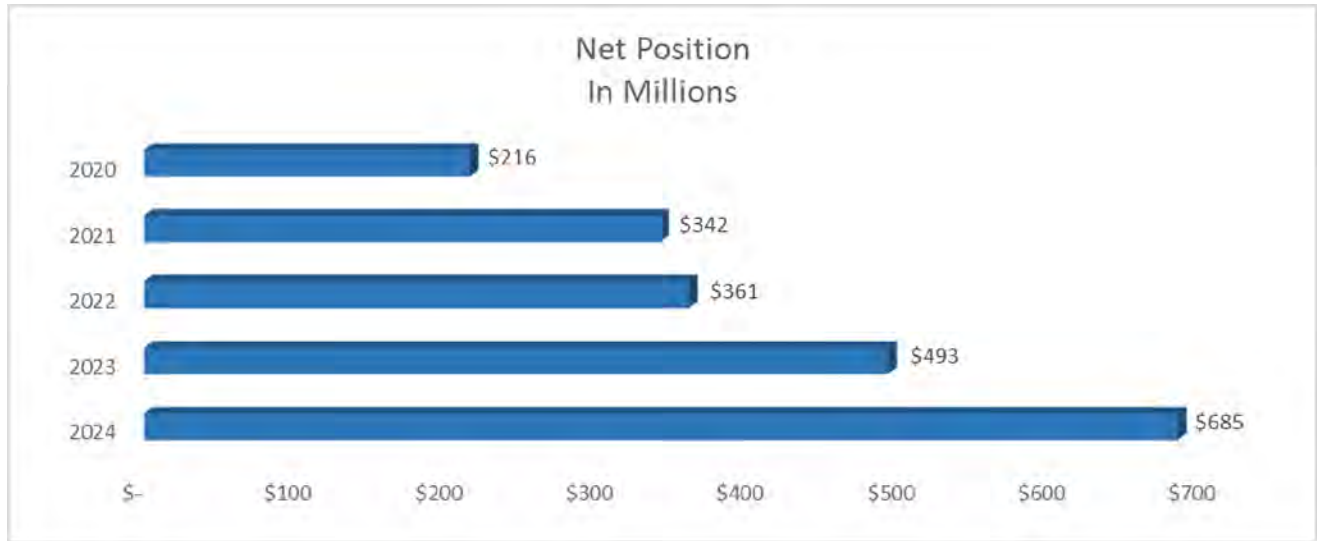
Restricted nonexpendable net position consists primarily of the University's permanent endowment funds. In accordance with the policies of the University and donor agreements, the earnings from these funds may be expended, but the corpus may not be expended and must remain intact with the University in perpetuity.

Restricted expendable net position is subject to externally imposed restrictions governing their use. The funds are restricted primarily for debt service, capital projects, student loans, and scholarship purposes.

Unrestricted net position represents amounts not invested in capital assets or not subject to externally imposed stipulations. Even though these funds are not legally restricted, the majority of the University's unrestricted net position has been internally designated for various projects, all supporting the mission of the University. Unrestricted net position includes funds for various academic and research programs, auxiliary operations (including student housing and dining services), student programs, capital projects, and general operations. Also included in unrestricted net position at September 30, 2024 is the impact of the net pension liability recorded pursuant to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, and the impact of the net OPEB liability recorded pursuant to the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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Net position of the University as of September 30 is as follows:



Restricted net position increased by approximately \$33,795,000 between September 30, 2024 and 2023, primarily due to market increases on endowment investments and gifts to the University. Unrestricted net position increased from \$(60,153,000) to \$5,108,000 between September 30, 2024 and 2023. A summary of unrestricted net position (deficit) at September 30, 2024 and 2023 is summarized as follows (in thousands):

| | <u>2024</u> | <u>2023</u> |
|---|-----------------|-----------------|
| Unrestricted deficit related to net pension liability | \$ (349,710) | (375,894) |
| Unrestricted deficit related to net OPEB liability | (78,808) | (53,421) |
| Unrestricted net position related to other activity | 433,626 | 369,162 |
| Unrestricted net position (deficit) | <u>\$ 5,108</u> | <u>(60,153)</u> |

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total University net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of this statement is to present the changes in net position resulting from operating and nonoperating revenues earned by the University, and operating and nonoperating expenses incurred by the University, as well as any other revenues, expenses, gains, and losses earned or incurred by the University.

Generally, operating revenues have the characteristics of exchange transactions and are received or accrued for providing goods and services to the various customers and constituencies of the University. These include tuition and fees (net of scholarship allowances), patient service revenues (net of provision for bad debts), most noncapital grants and contracts, revenues from auxiliary enterprises, and sales and services of educational

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activities. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University.

Nonoperating revenues have the characteristics of nonexchange transactions because, generally, no goods or services are provided. Such transactions include state appropriations, net investment income, increase from termination of hedging instrument, gifts, and other contributions. State appropriations are required by GASB to be classified as nonoperating revenues. Nonoperating expenses are those expenses required in the operation and administration of the University, but not directly incurred to acquire or produce the goods and services provided in return for operating revenues. Such nonoperating expenses include interest on the University's indebtedness, losses related to the disposition of capital assets, and transfers to affiliates to fund operations.

The condensed schedules of revenues, expenses, and changes in net position for the years ended September 30, 2024 and 2023 follow (in thousands):

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

| | 2024 | 2023 |
|--|-------------|-------------|
| Operating revenues: | | |
| Tuition and fees, net | \$ 135,733 | 125,929 |
| Patient service revenues, net | 926,256 | 791,446 |
| Federal, state, and private grants and contracts | 63,915 | 62,507 |
| Auxiliary, net and other | 106,387 | 80,143 |
| | 1,232,291 | 1,060,025 |
| Operating expenses: | | |
| Salaries and benefits | 739,331 | 653,681 |
| Supplies and other services | 461,047 | 418,707 |
| Other | 139,699 | 115,211 |
| | 1,340,077 | 1,187,599 |
| Operating loss | (107,786) | (127,574) |

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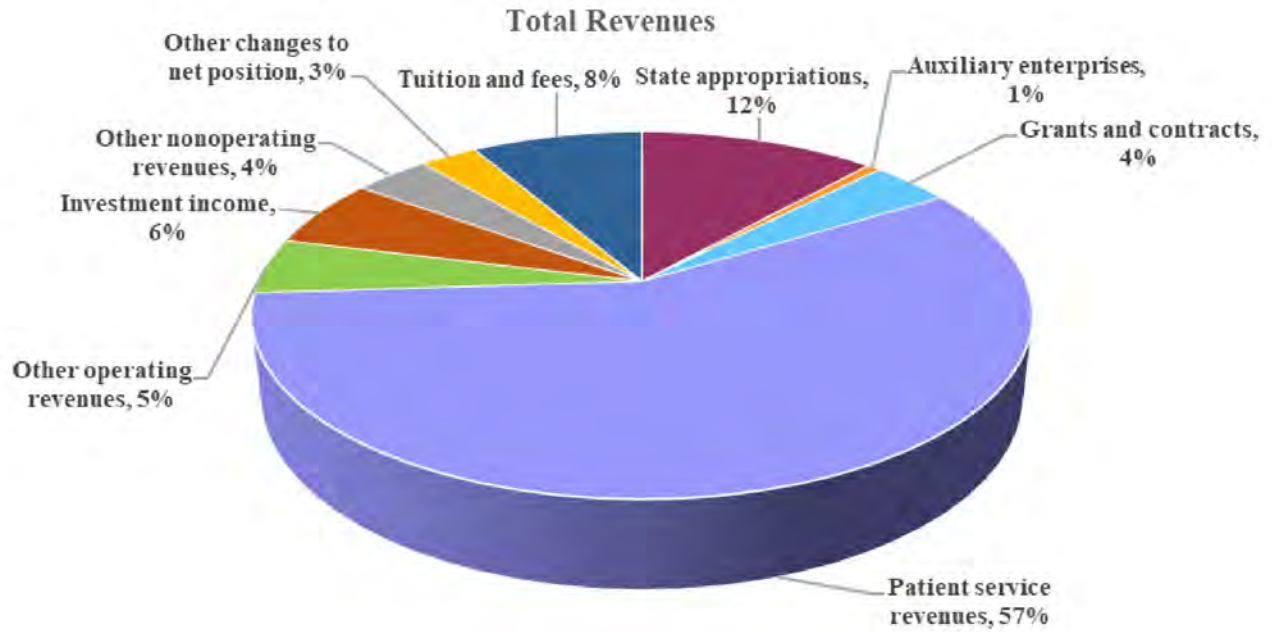
Condensed Schedules of Revenues, Expenses, and Changes in Net Position
(continued)

| | 2024 | 2023 |
|---|-------------|-------------|
| Nonoperating revenues and expenses: | | |
| State appropriations | \$ 187,908 | 181,177 |
| Net investment income | 83,382 | 42,889 |
| Other, net | (18,269) | (2,920) |
| Net nonoperating revenues | 253,021 | 221,146 |
| Income before capital appropriations, contributions and grants, and additions to endowment | 145,235 | 93,572 |
| Capital appropriations, contributions and grants, and additions to endowment | 46,187 | 38,479 |
| Increase in net position | 191,422 | 132,051 |
| Beginning net position | 493,239 | 361,188 |
| Ending net position | \$ 684,661 | 493,239 |

Approximately 57% of total revenues of the University were patient service revenues, net in 2024. Excluding patient service revenues, tuition and fees charged to students and state appropriations represent the largest component of total University revenues, approximately 8% and 12% of total revenues in 2024, respectively. In 2024, grants and contracts (federal, state, and private) represented approximately 4% of total revenues.

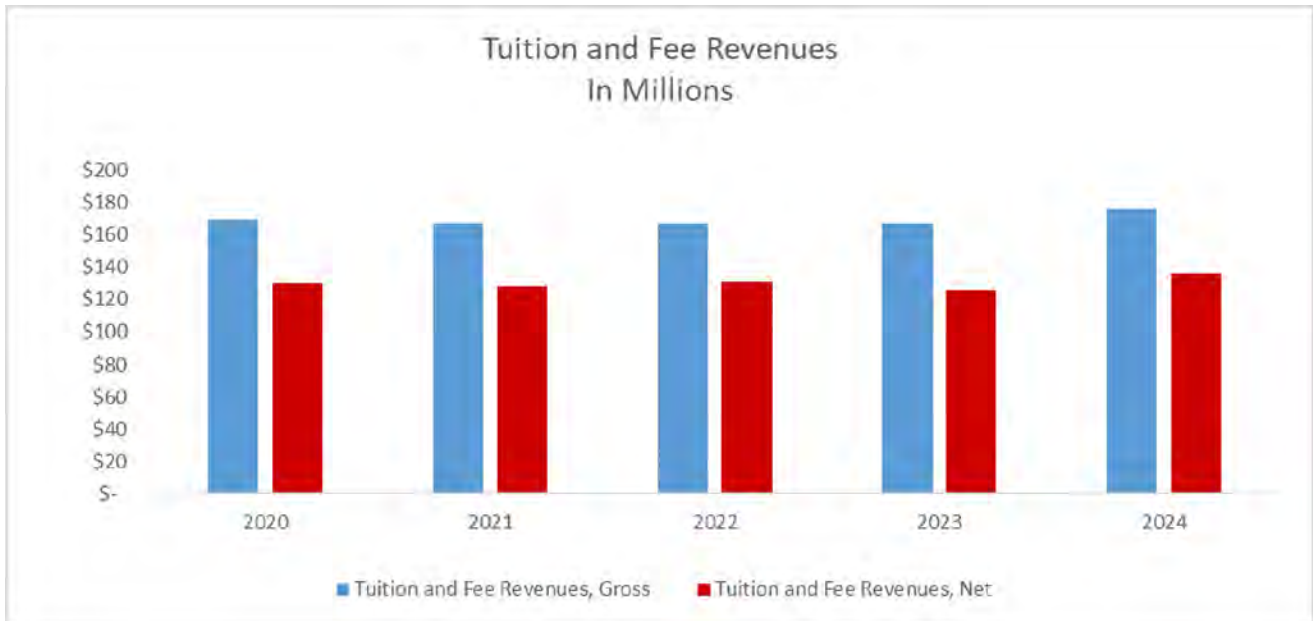
UNIVERSITY OF SOUTH ALABAMA
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A summary of University revenues for the year ended September 30, 2024 is presented as follows:



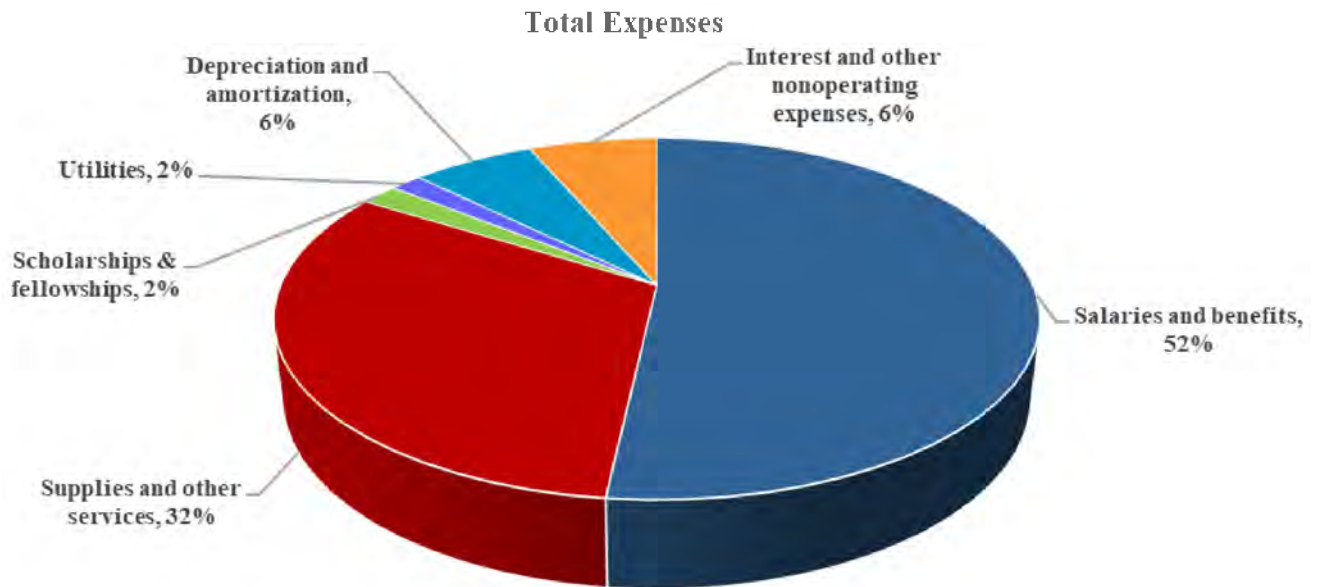
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Tuition revenues have generally remained steady in recent years. Although tuition rates did not increase from 2023 to 2024, there was a slight increase in tuition revenues due to an increase in enrollment. Tuition and fees, gross and net of scholarship allowances, for the past five fiscal years are as follows:



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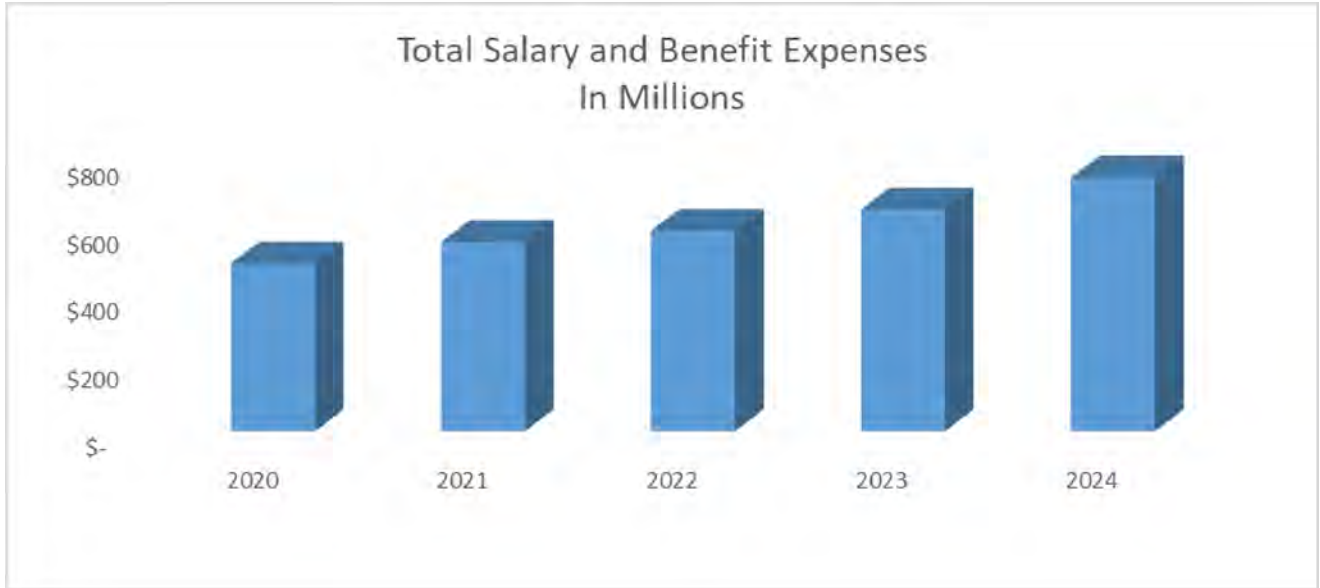
University expenses are presented using their natural expense classifications. A summary of University expenses for the year ended September 30, 2024 is presented as follows:



Functional classifications represent expenses categorized based on the function within the University. Such University functions include instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships. Expenses related to auxiliary enterprise activities, USA Health, and depreciation and amortization are presented separately. Functional expense information is presented in note 18 to the basic financial statements.

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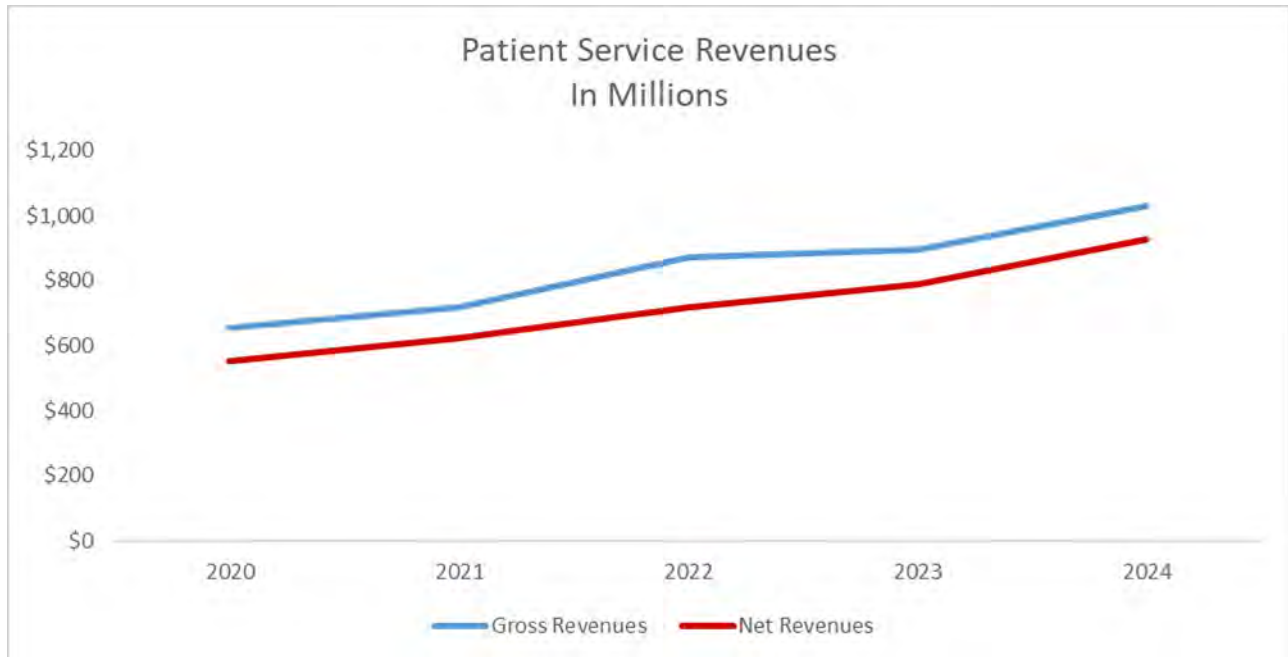
In 2024, approximately 52% of the University's total expenses were salaries and benefits.



For the year ended September 30, 2024, the University reported an operating loss of approximately \$107,786,000. The operating loss is offset by state appropriations, which, as mentioned earlier, are reported as nonoperating revenues. After considering all nonoperating revenues and expenses, including capital appropriations, capital contributions and grants, and additions to the endowment, the total increase in net position was approximately \$191,422,000 for the year ended September 30, 2024.

UNIVERSITY OF SOUTH ALABAMA
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USA Health represents a significant portion of total University revenues. Operating patient service revenues, gross and net, for the last five fiscal years are presented as follows:



Statement of Cash Flows

The statement of cash flows presents information related to cash flows of the University. The statement presents cash flows by category: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net cash provided to, or used in, the University is presented by category.

Capital Assets and Debt Administration

Total capital asset additions for the University were approximately \$245,578,000 in 2024. Significant construction projects that remain in progress as of September 30, 2024 include the new College of Medicine Building and related utility improvements, demolition of Alpha Hall South and East, Children's and Women's 5th floor renovation, Pediatric Emergency Department expansion, University Hospital Hybrid Operating Room renovation, and the Science Laboratory Building renovation. Major projects completed and placed into service in fiscal year 2024 include: the Physician's Office Building, North Drive utility and Central Energy Plant improvements; renovations of ROTC building, Simulation Lab, and Dining Hall; and construction of a Campus Storm Shelter and 3D Printing Lab. At September 30, 2024, the University had outstanding commitments of approximately \$196,632,000 for various capital projects. Additional information regarding the University's capital assets is included in note 5.

On March 5, 2021, the Financial Conduct Authority announced that the final publication date for US London Interbank Offered Rate (LIBOR) would be June 30, 2023. Loans maturing after the end of LIBOR were

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September 30, 2024

reviewed to determine if appropriate language, referred to as fallback language, was used to provide for the replacement of LIBOR with an alternative index. The Alternative Reference Rates Committee (ARRC) has recommended the Secured Overnight Financing Rate (SOFR) as an alternative to replace LIBOR. As recommended by the ARRC, all rate and fee settings for affected facilities maturing after the end of LIBOR have been replaced with a SOFR-based index.

In April 2023, the University delivered up to \$80,000,000 University Facilities Revenue Bond (Draw-Down Loan), Series 2023-A, and up to \$20,000,000 Taxable University Facilities Revenue Bond (Draw-Down Loan), Series 2023-B to finance the Ascension Providence acquisition. The 2023 Bonds were originally issued with April 2024 maturity dates. In March 2024, the University entered various amendments with respect to the 2023 Bonds to extend the maturity date to April 18, 2025. The 2023 Bonds were structured as draw-down obligations under which the University, from time to time through April 14, 2025, could request funds from the 2023-A totaling up to \$80,000,000 (2023-A Advances) and from the 2023-B totaling up to \$20,000,000 (2023-B Advances). In July 2024, the University issued long-term financing to refund the 2023-A and 2023-B Bonds by issuing its \$72,810,000 University Facilities Revenue Bonds, Series 2024-A and its \$19,925,000 Taxable University Facilities Revenue Bonds, Series 2024-B. In addition, the University refunded the Series 2016-B, 2016-C, and 2016-D Bonds by issuing its \$90,850,000 University Facilities Revenue Bond, 2024-C.

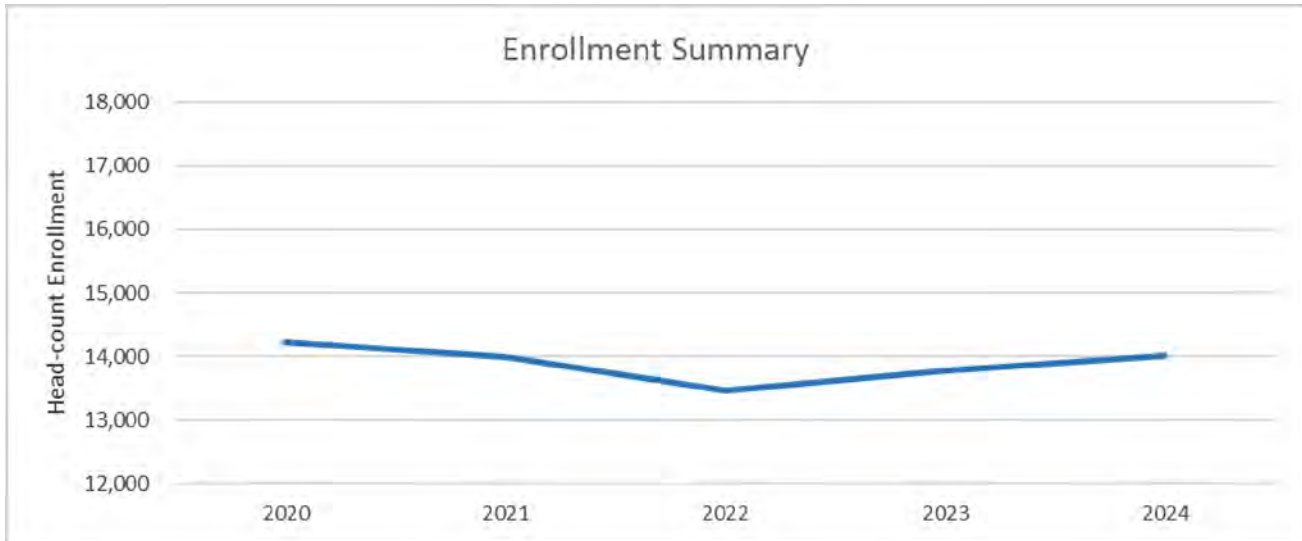
The University's credit rating is A1 (Stable) as rated by Moody's Investors Service and A+ (Stable) as rated by Standard and Poor's Global Ratings. Moody's Investors Services revised the University's outlook from negative to stable and affirmed its A1 issuer and revenue bond ratings in June 2024. Standard and Poor's Global Ratings affirmed the University's current rating in June 2024. Additional information regarding the University's debt is included in note 8.

Economic Outlook

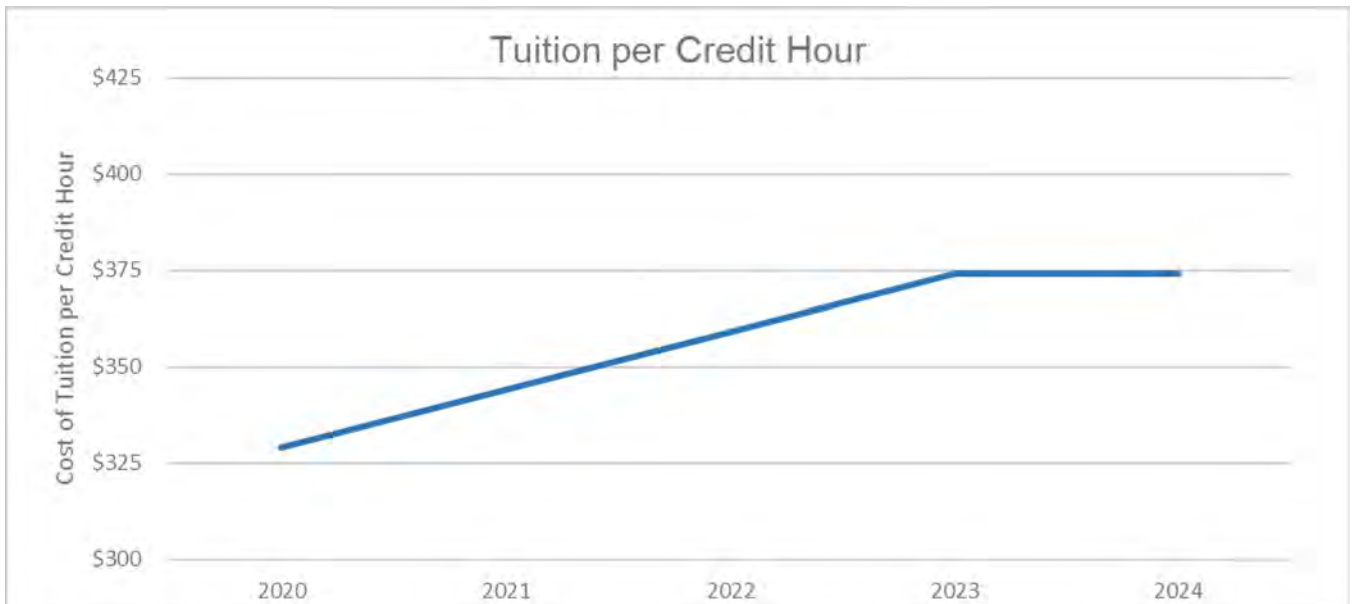
While tuition and fee rates per credit hour have increased over the past five years, there were declines in enrollment from 2020 to 2022. The University experienced an increase in enrollment of approximately 2% between Fall 2022 and Fall 2023 and an increase of 2% between Fall 2023 and Fall 2024. The rise in enrollment for Fall 2024 is due mainly to increased freshman enrollment.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Management's Discussion and Analysis (Unaudited)
September 30, 2024

The enrollment trend for the University between 2020 and 2024 is as follows:



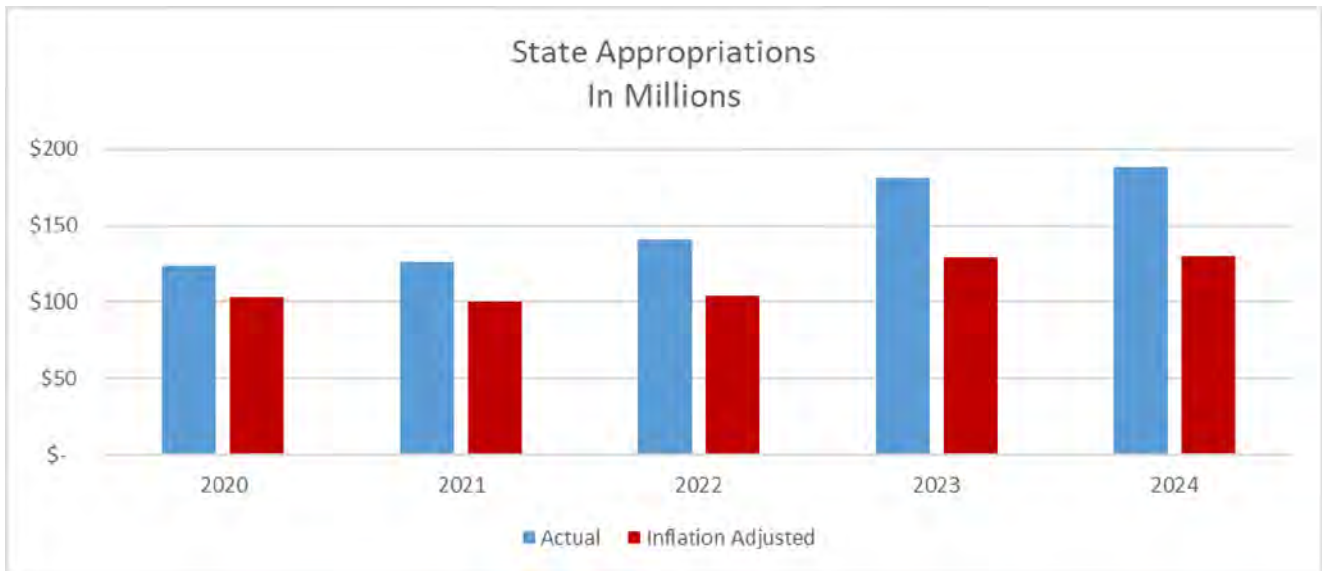
During the same period, in-state tuition per credit hour for in-person classes has increased by approximately 14%, with no increase from 2023 to 2024. Similar increases have been experienced in out-of-state tuition and College of Medicine tuition. Web tuition has decreased slightly during that period. The trend of in-state tuition per credit hour between 2020 and 2024 is as follows:



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September 30, 2024

A state appropriation in the amount of approximately \$150,375,000 and \$140,714,000 was authorized for the years ended September 30, 2024 and 2023, respectively. Additional appropriations of approximately \$37,533,000 and \$40,463,000 were received in 2024 and 2023 for advancement and technology, capital project improvements, certain academic and healthcare initiatives, and equipment. A state appropriation in the amount of approximately \$161,458,000, representing an increase of approximately 7%, has been authorized for the year ending September 30, 2025. While no announcement has been made, the University is aware that reductions in the 2025 appropriation are possible.

The five-year trend of state appropriations for the University is as follows:



In addition to state appropriations, the University is subject to declines in general economic and political conditions in the United States and, specifically, the State of Alabama. Weakening of the economy, as well as changes in federal and state funding policies, could potentially have a negative impact on the University's enrollment, extramural funding, endowment performance, and healthcare operations.

Requests for Information

These basic financial statements are designed to provide a general overview of the University of South Alabama and its component units' financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kristen Roberts; Chief Financial Officer; University of South Alabama Administration Building Suite 353, Mobile, Alabama 36688. These basic financial statements can be obtained from our website at <http://www.southalabama.edu/departments/financialaffairs/businessoffice/statements.html>.



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Trustees
University of South Alabama:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of University of South Alabama (the University), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of University of South Alabama Foundation, which represent 63% and 14%, respectively, of the assets and revenues, gains and other support of the aggregate discretely presented component units as of September 30, 2024 and for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for University of South Alabama Foundation, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of University of South Alabama Foundation were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* 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 and *Government Auditing Standards*, we:

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

U.S. generally accepted accounting principles require that the management's discussion and analysis, schedule of the University's proportionate share of the net pension liability and related ratios, schedule of the University's pension contributions, schedule of the University's proportionate share of the net OPEB liability and related ratios, and the schedule of the University's OPEB contributions 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 and other auditors 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance



with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

KPMG LLP

Jackson, Mississippi
January 17, 2025

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Net Position

September 30, 2024

(In thousands)

| | |
|--|------------|
| Current assets: | |
| Cash and cash equivalents | \$ 246,798 |
| Restricted cash and cash equivalents | 23,396 |
| Investments | 72,138 |
| Patient receivables (net of allowance for doubtful accounts of \$84,006) | 92,102 |
| Accounts receivable, other | 64,146 |
| Notes receivable, net | 1,545 |
| Prepaid expenses, inventories, and other | 20,872 |
| Lease receivable, current portion | 9,485 |
| Total current assets | 530,482 |
| Noncurrent assets: | |
| Restricted investments | 281,422 |
| Investments | 85,742 |
| Other noncurrent assets and accounts receivable | 37,481 |
| Lease receivable, less current portion | 106,675 |
| Capital assets, net | 1,058,424 |
| Total noncurrent assets | 1,569,744 |
| Total assets | 2,100,226 |
| Deferred outflows | |
| Total assets and deferred outflows | 2,361,597 |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 105,996 |
| Unrecognized revenues | 68,670 |
| Deposits | 3,137 |
| Current portion of other long-term liabilities | 3,423 |
| Current portion lease and subscription obligations | 27,160 |
| Current portion of long-term debt | 27,701 |
| Total current liabilities | 236,087 |
| Noncurrent liabilities: | |
| Long-term debt, less current portion | 482,442 |
| Lease and subscription obligations, less current portion | 55,751 |
| Other long-term liabilities, less current portion | 66,273 |
| Net pension liability | 349,710 |
| Net other postemployment benefits liability | 78,808 |
| Total noncurrent liabilities | 1,032,984 |
| Total liabilities | 1,269,071 |
| Deferred inflows | |
| Total liabilities and deferred inflows | 407,865 |
| Net position: | |
| Net investment in capital assets | 475,614 |
| Restricted, nonexpendable: | |
| Scholarships | 48,447 |
| Other | 34,186 |
| Restricted, expendable: | |
| Scholarships | 42,310 |
| Other | 78,996 |
| Unrestricted | 5,108 |
| Total net position | \$ 684,661 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2024

(In thousands)

| | |
|--|------------|
| Operating revenues: | |
| Tuition and fees (net of scholarship allowances of \$39,893) | \$ 135,733 |
| Patient service revenues (net of provision for bad debts of \$103,155) | 926,256 |
| Federal grants and contracts | 35,732 |
| State grants and contracts | 10,699 |
| Private grants and contracts | 17,484 |
| Auxiliary enterprises (net of scholarship allowances of \$1,234) | 26,830 |
| Other operating revenues | 79,557 |
| Total operating revenues | 1,232,291 |
| Operating expenses: | |
| Salaries and benefits | 739,331 |
| Supplies and other services | 461,047 |
| Scholarships and fellowships | 27,486 |
| Utilities | 22,801 |
| Depreciation and amortization | 89,412 |
| Total operating expenses | 1,340,077 |
| Operating loss | (107,786) |
| Nonoperating revenues (expenses): | |
| State appropriations | 187,908 |
| Net investment income | 83,382 |
| Increase upon hedge termination | 14,713 |
| Interest expense | (21,201) |
| Other nonoperating revenues | 60,015 |
| Other nonoperating expenses | (71,796) |
| Net nonoperating revenues | 253,021 |
| Income before capital appropriations, capital contributions and grants, and additions to endowment | 145,235 |
| Other changes in net position: | |
| Capital appropriations | 27,516 |
| Capital contributions and grants | 13,170 |
| Additions to endowment | 5,501 |
| Total other changes in net position | 46,187 |
| Increase in net position | 191,422 |
| Net position: | |
| Beginning of year | 493,239 |
| End of year | \$ 684,661 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Cash Flows

Year ended September 30, 2024

(In thousands)

| | |
|--|------------------------|
| Cash flows from operating activities: | |
| Receipts related to tuition and fees | \$ 137,328 |
| Receipts from and on behalf of patients and third-party payers | 883,136 |
| Receipts from grants and contracts | 67,847 |
| Receipts related to auxiliary enterprises | 27,763 |
| Payments to suppliers and vendors | (475,671) |
| Payments to employees and related benefits | (753,054) |
| Payments for scholarships and fellowships | (27,486) |
| Other operating receipts | 55,134 |
| | <hr/> |
| Net cash used in operating activities | (85,003) |
| Cash flows from noncapital financing activities: | |
| State appropriations | 187,908 |
| Endowment gifts | 5,501 |
| Agency funds received | 3,441 |
| Agency funds disbursed | (3,018) |
| Student loan program disbursements | (141,048) |
| Student loan program receipts | 140,803 |
| Other nonoperating revenues | 55,774 |
| Other nonoperating expenses | (71,302) |
| | <hr/> |
| Net cash provided by noncapital financing activities | 178,059 |
| Cash flows from capital and related financing activities: | |
| Capital contributions and grants | 13,170 |
| Purchases of capital assets | (148,976) |
| Proceeds from sales of capital assets | 203 |
| Proceeds from issuance of capital debt | 198,440 |
| Principal payments on capital debt | (263,286) |
| Interest payments on capital debt | (27,893) |
| | <hr/> |
| Net cash used in capital and related financing activities | (228,342) |
| Cash flows from investing activities: | |
| Interest and dividends on investments | 24,274 |
| Purchases of investments | (108,838) |
| Proceeds from sales of investments | 132,074 |
| | <hr/> |
| Net cash provided by investing activities | 47,510 |
| Net decrease in cash and cash equivalents | (87,776) |
| Cash and cash equivalents (unrestricted and restricted): | |
| Beginning of year | <hr/> 357,970 |
| End of year | \$ <hr/> <hr/> 270,194 |

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Cash Flows

Year ended September 30, 2024

(In thousands)

| | |
|--|--------------------|
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$ (107,786) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation and amortization | 89,412 |
| Changes in assets and liabilities, net: | |
| Student receivables | (1,008) |
| Net patient receivables | (43,752) |
| Grants and contracts receivables | 3,153 |
| Other receivables | (49,695) |
| Prepaid expenses, inventories, and other | (4,442) |
| Accounts payable and accrued liabilities | 24,863 |
| Unrecognized revenues | 4,252 |
| Net cash used in operating activities | <u>\$ (85,003)</u> |
| Reconciliation of cash and cash equivalents to the statement of net position: | |
| Cash and cash equivalents classified as current assets | \$ 246,798 |
| Restricted cash and cash equivalents classified as current assets | 2 |
| Restricted cash and cash equivalents classified as noncurrent assets | 23,394 |
| Total cash and cash equivalents | <u>\$ 270,194</u> |
| Noncash investing, noncapital financing, and capital and related financing transactions: | |
| Net increase in fair value of investments recognized as a component of investment gains | \$ 53,232 |
| Payments on behalf of the University by the Alabama Public School and College Authority reducing purchases of capital assets | 27,516 |
| Net increase in lease and subscription obligations | 58,140 |
| Addition of deferred inflow of resources related to lease receivables | 117,626 |
| Decrease in accounts payable related to capital projects | (1,664) |
| Addition of note payable due for financing purchases | 102 |
| Loss on disposals of capital assets | (182) |
| In connection with the Ascension Providence acquisition the noncash assets and liabilities acquired were as follows: | |
| Prepaid expenses, inventories, and other | \$ 7,737 |
| Capital assets | 81,467 |
| Current liabilities | (2,236) |
| Other long term investments | 2,622 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
 (Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Financial Position

June 30, 2024

(In thousands)

| Assets | | |
|-----------------------------------|----|-----------------------|
| Cash and cash equivalents | \$ | 1,819 |
| Investments: | | |
| Equity securities | | 262,850 |
| Timber and mineral properties | | 178,218 |
| Real estate | | 6,375 |
| Other | | 5,815 |
| Other assets | | <u>504</u> |
| Total assets | \$ | <u><u>455,581</u></u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Accounts payable | \$ | 162 |
| Other liabilities | | <u>876</u> |
| Total liabilities | | <u>1,038</u> |
| Net assets: | | |
| Without donor restrictions | | 61,833 |
| With donor restrictions | | <u>392,710</u> |
| Total net assets | | <u>454,543</u> |
| Total liabilities and net assets | \$ | <u><u>455,581</u></u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Activities and Changes in Net Assets

Year ended June 30, 2024

(In thousands)

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|----------------|
| Revenues, gains, losses, and other support: | | | |
| Net realized and unrealized gains on investments | \$ 7,675 | 48,900 | 56,575 |
| Rents, royalties, and timber sales | 3,200 | 161 | 3,361 |
| Interest and dividends | 893 | 2,163 | 3,056 |
| Gifts | 3 | 9 | 12 |
| Required match of donor contributions | (4) | 4 | — |
| Interfund interest | (892) | 892 | — |
| Other income | 43 | — | 43 |
| Transfer of net assets | (24) | 24 | — |
| Net assets released from program restrictions | 13,022 | (13,022) | — |
| Total revenues, gains, losses, and other support | <u>23,916</u> | <u>39,131</u> | <u>63,047</u> |
| Expenditures: | | | |
| Program services: | | | |
| Faculty support | 3,380 | — | 3,380 |
| Scholarships | 1,231 | — | 1,231 |
| Other academic programs | 11,942 | — | 11,942 |
| Total program service expenditures | 16,553 | — | 16,553 |
| Management and general | 2,936 | — | 2,936 |
| Other investment expense | 1,105 | — | 1,105 |
| Depletion expense | 3,631 | — | 3,631 |
| Depreciation expense | 48 | — | 48 |
| Total expenditures | <u>24,273</u> | <u>—</u> | <u>24,273</u> |
| Change in net assets | (357) | 39,131 | 38,774 |
| Net assets – beginning of year | 62,190 | 353,579 | 415,769 |
| Net assets – end of year | <u>\$ 61,833</u> | <u>392,710</u> | <u>454,543</u> |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Net Position

September 30, 2024

(In thousands)

| | |
|---|------------------|
| Assets: | |
| Current assets: | |
| Cash and cash equivalents | \$ 2,042 |
| Lease receivable, current portion | 2,926 |
| Prepaid expenses and other current assets | 66 |
| Accrued interest receivable | 58 |
| Total current assets | <u>5,092</u> |
| Noncurrent assets: | |
| Capital assets, net | 17,367 |
| Lease receivable, less current portion | 11,647 |
| Total noncurrent assets | <u>29,014</u> |
| Deferred outflows | <u>461</u> |
| Total assets and deferred outflows | <u>34,567</u> |
| Liabilities: | |
| Current liabilities: | |
| Deposits, other current liabilities, and accrued expenses | 192 |
| Unrecognized rent revenue | 286 |
| Notes payable, current portion | 1,061 |
| Total current liabilities | <u>1,539</u> |
| Noncurrent liabilities: | |
| Notes payable, less current portion | <u>15,906</u> |
| Total noncurrent liabilities | 15,906 |
| Deferred inflows | <u>13,991</u> |
| Total liabilities and deferred inflows | <u>\$ 31,436</u> |
| Net position: | |
| Net investment in capital assets | \$ 1,009 |
| Unrestricted | <u>2,122</u> |
| Total net position | <u>\$ 3,131</u> |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2024

(In thousands)

| | | |
|--|----|-------|
| Operating revenues | \$ | 3,775 |
| Operating expenses: | | |
| Building management and operating expenses | | 1,264 |
| Depreciation and amortization | | 1,326 |
| Legal and administrative fees | | 413 |
| Insurance | | 87 |
| Total operating expenses | | 3,090 |
| Operating income | | 685 |
| Nonoperating revenues (expenses): | | |
| Interest expense | | (820) |
| Interest income | | 81 |
| Other | | 433 |
| Net nonoperating expenses | | (306) |
| Increase in net position | | 379 |
| Net position: | | |
| Beginning of year | | 2,752 |
| End of year | \$ | 3,131 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Net Position

September 30, 2024

(In thousands)

| | |
|--|-------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 2,484 |
| Restricted cash and cash equivalents | 431 |
| Patient receivables (net of allowance for doubtful accounts of \$25,855) | 60,821 |
| Accounts receivable, other | 6,474 |
| Inventories | 2,529 |
| Lease receivable, current portion | 975 |
| Other current assets | <u>1,932</u> |
| Total current assets | <u>75,646</u> |
| Noncurrent assets: | |
| Capital assets, net | 150,289 |
| Investments | 936 |
| Lease receivable, less current portion | <u>3,173</u> |
| Total noncurrent assets | <u>154,398</u> |
| Total assets | <u>\$ 230,044</u> |
| Current liabilities: | |
| Accounts payable and accrued liabilities | \$ 49,307 |
| Accrued salaries and wages | 5,396 |
| Lease and subscription obligations, current portion | 9,899 |
| Long-term debt, current portion | 195 |
| Other liabilities, current portion | <u>210</u> |
| Total current liabilities | <u>65,007</u> |
| Noncurrent liabilities: | |
| Lease and subscription obligations, less current portion | 109,116 |
| Long-term debt, less current portion | 21,478 |
| Other liabilities, noncurrent | <u>1,885</u> |
| Total noncurrent liabilities | 132,479 |
| Deferred inflows | <u>3,680</u> |
| Total liabilities and deferred inflows | <u>\$ 201,166</u> |
| Net position: | |
| Net investment in capital assets | \$ 9,572 |
| Restricted | 431 |
| Unrestricted | <u>18,875</u> |
| Total net position | <u>\$ 28,878</u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2024

(In thousands)

| | |
|---|------------------|
| Operating revenues: | |
| Patient service revenues (net of provision for bad debts of \$25,023) | \$ 273,727 |
| Other operating revenues | 32,477 |
| Total operating revenues | <u>306,204</u> |
| Operating expenses: | |
| Salaries and benefits | 159,711 |
| Building and equipment expenses | 15,294 |
| Medical and surgical supplies | 97,684 |
| Other expenses | 73,775 |
| Depreciation and amortization | 9,268 |
| Total operating expenses | <u>355,732</u> |
| Operating loss | <u>(49,528)</u> |
| Nonoperating revenues (expenses): | |
| Investment income | 666 |
| Support from University of South Alabama | 69,059 |
| Interest expense | (5,769) |
| Other nonoperating revenues | 139 |
| Other nonoperating expenses | (119) |
| Total nonoperating revenues, net | <u>63,976</u> |
| Increase in net position | 14,448 |
| Net position at beginning of period | <u>14,430</u> |
| Net position at end of period | <u>\$ 28,878</u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
September 30, 2024

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

On May 3, 1963, the Governor of Alabama signed enabling legislation creating the University of South Alabama (the University). The accompanying basic financial statements present the financial position and activities of the University, which is a component unit of the State of Alabama.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization is included as a component unit. Accordingly, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the entities discussed below as component units.

GASB Statement No. 61 amended GASB Statements No. 14 and No. 39 and provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. Such criteria include the appointment of a voting majority of the board of the organization, the ability to impose the will of the primary government on the organization, and the financial benefits/burden between the primary government and the potential component unit. The statement also clarifies reporting and disclosure requirements for those organizations. Based on these criteria as of September 30, 2024, the University reports University of South Alabama Foundation (USA Foundation), USA Research and Technology Corporation (the Corporation), and University of South Alabama Health Care Authority (HCA) as discretely presented component units. Each of these entities issue separate audited financial statements, which can be obtained by contacting Kristen Roberts, Chief Financial Officer, University of South Alabama Administration Building, Suite 353, Mobile, Alabama 36688.

GASB requires the University, as the primary government, to include in its basic financial statements, as a blended component unit, organizations that, even though they are legally separate entities, meet certain requirements. Based on these requirements, the University reports the Professional Liability Trust Fund (PLTF); General Liability Trust Fund (GLTF); USA HealthCare Management, LLC; Jaguar Realty, LLC; USA Health Physician Billing Services, LLC; USA Health Hospital Billing Services, LLC; USA Health Anesthesia Billing Services, LLC; USA Health Reference Lab Billing Services, LLC; USA Health MCI Business Services, LLC; USA Health Children's and Women's Provider Based Clinics, LLC; Providence Medical Network IPA, LLC (Providence IPA); USA Health Rehabilitation Services, LLC; and USA Health Community Providers, LLC as blended component units. All significant transactions between the University and its blended component units have been eliminated.

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The University is also affiliated with the South Alabama Medical Science Foundation (SAMSF), Gulf Coast TotalCare (Gulf Coast), the University of South Alabama Foundation for Research and Commercialization (FRAC), Jaguar Athletic Fund (JAF), and the USA Presidential 1963 Fund. These entities are considered component units of the University under the provisions of GASB Statement Nos. 14, 39, 61, and 80. However, these entities are not presented in the accompanying basic financial statements as the University does not consider them significant enough to warrant inclusion in the University's reporting entity.

In October 2023, through the acquisition of Ascension Providence, the University obtained joint ownership of South Coast Real Estate Venture, LLC (South Coast), HighProv, LLC, Providence Home Medical Services, LLC, Compass Providence Urgent Care, LLLP, and the Providence IPA. The Providence IPA meets the GASB criteria to be included in the University's basic financial statements as a blended component unit. HighProv, LLC and Providence Home Medical Services, LLC are currently included in investments on the statement of net position in accordance with GASB Statement No.14. Both Compass Providence Urgent Care, LLLP and South Coast were dissolved in 2024.

(b) Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in its separate PLTF in which the University, HCM, SAMSF, and HCA are the only participants. In accordance with the bylaws of the PLTF, the president of the University is responsible for appointing members of the PLTF policy committee. Additionally, the general liability of the University, HCM, SAMSF, the Corporation, and HCA is maintained and managed in its GLTF for which the University is responsible. The PLTF and GLTF are separate legal entities, which are governed by the University Board of Trustees through the University president. As such, PLTF and GLTF are reported as blended component units (see note 20 for further discussion of, and disclosure for, these entities).

(c) USA HealthCare Management, LLC

In June 2010, the University's Board of Trustees approved the formation of USA HealthCare Management, LLC (HCM). HCM was organized for the purpose of managing and operating on behalf of, and as agent for, payroll activities related to the healthcare clinical enterprise of the University. The University is the sole member of HCM. HCM commenced operations in October 2010 and is reported as a blended component unit (see note 20 for further discussion of, and disclosure for, this entity).

(d) Providence Medical Network IPA, LLC

Through the Ascension Providence acquisition in October 2023, the University became the sole member of the Providence IPA. The Providence IPA is a legally separate entity reported as a blended component unit and operates as an independent physician association. Revenues of approximately \$2,072,000, excluding significant transactions between the University and the IPA, are included within other operating revenues on the statement of revenues, expenses, and changes in net position. Expenses of approximately \$2,027,000, excluding significant transactions between the University and the IPA, are included within supplies and other services on the statement of revenues, expenses, and changes in net position. The Providence IPA has a calendar year-end, which differs from the

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University's September 30 year-end. In accordance with GASB Statement No. 14 and Statement No. 61, the University has included the Providence IPA's financial statements for the period October 1, 2023 through December 31, 2023 in the University's financial statements as of September 30, 2024. For the year ended September 30, 2024, the Providence IPA has paid approximately \$56,000 in claims to the University (see note 20 for further discussion of, and disclosure for, this entity).

(e) USA Health Billing Limited Liability Companies

Over the last few years, the University formed the USA Health Physician Billing Services, LLC; USA Health Hospital Billing Services, LLC; USA Health Anesthesia Billing Services, LLC; USA Health Reference Lab Billing Services, LLC; USA Health MCI Business Services, LLC; USA Health Children's and Women's Provider Based Clinics, LLC; and USA Health Community Providers, LLC as limited liability companies, whereby the University is the sole member. These companies were created to assist with the complex patient and insurance billing of USA Health, a division of the University that includes two hospitals, a free-standing emergency department, a cancer treatment center, and various health clinics. Based on GASB requirements, the University, as the primary government, includes these limited liability companies as blended component units. All significant transactions between the University and its blended component units have been eliminated.

(f) University of South Alabama Health Care Authority

In May 2017, the University's Board of Trustees approved the formation of HCA. HCA is a public corporation created under and pursuant to the provisions of the State of Alabama University Authority Act of 2016. HCA employs physicians and staff of certain physician practice groups as determined appropriate by the University. HCA presents its financial statements in accordance with GASB.

HCA is the sole member of the following companies: Mobile Heart USA, LLC; USA Health HCA Industrial Medicine Clinic, LLC; USA Health IPA, LLC; USA Health Daphne Family Practice, LLC; USA Mobile County ASC; USA Health HCA Providence Hospital, LLC; and USA Health Providence Retail Pharmacy, LLC. USA HCA OBGYN Services, LLC and USA HCA PBC, LLC were also formed by HCA as the sole member, however, both were dissolved in January 2024. These two companies were created to assist with the complex patient and insurance billings within HCA. Based on the criteria listed above, GASB requires HCA, as the primary government, to include each of these limited liability companies as blended component units. All significant transactions among HCA and its blended component units have been eliminated.

HCA holds a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco), a multimember limited liability company formed to invest in USA Baldwin County ASC, LLC (USA BC ASC), a limited liability company formed to develop, own, and operate the Ambulatory Surgery Center on the USA Health Mapp Family Campus. For the year ended September 30, 2024, HCA's capital account balance is \$942,000 and is presented on the statement of net position as an investment.

In August 2020, HCA formed USA Health IPA, LLC (the IPA), a limited liability company of which HCA is the sole member. The IPA was formed to operate an independent physician association, which

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began in August 2021. Exclusive of transactions between HCA and the IPA totaling \$917,000, IPA revenues and expenses of approximately \$7,599,000 and \$7,599,000, respectively, are included within the statement of revenues, expenses, and changes in net position. The IPA has a calendar year-end, which differs from HCA's September 30 year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, HCA has included the IPA's financial statements for the year ended December 31, 2023 in HCA's financial statements as of September 30, 2024. For the year ended September 30, 2024, the IPA has paid approximately \$516,000 in claims to HCA.

During fiscal year 2022, HCA obtained an equity interest in a multimember limited liability company, USA Fairhope Physician Investors, LLC (FPI). HCA's capital account balance is presented on the September 30, 2024 statement of net position as a noncurrent investment.

Since inception, HCA's operations have been partially funded by the University, with total support amounting to \$69,059,000 for the year ended September 30, 2024. This support is reported in nonoperating expenses on the University's statement of revenues, expenses, and changes in net position. Due to the significance of the relationship between the University and HCA, HCA is considered a component unit of the University. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for HCA as of and for year ended September 30, 2024 are discretely presented.

(g) University of South Alabama Foundation

USA Foundation is a not-for-profit corporation that was organized for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University in furthering, improving, and expanding its properties, services, facilities, and activities. Because of the significance of the relationship between the University and USA Foundation, USA Foundation is considered a component unit of the University. The Board of Directors of USA Foundation is not appointed or controlled by the University. The University receives distributions from USA Foundation primarily for scholarship, faculty, and other support. Total distributions received or accrued by the University for the year ended September 30, 2024 were \$18,332,000 and are included primarily in other nonoperating revenues and capital contributions and grants in the University's statement of revenues, expenses, and changes in net position. USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). USA Foundation is reported in separate financial statements because of the difference in the financial reporting framework since USA Foundation follows FASB rather than GASB. USA Foundation has a June 30 fiscal year-end, which differs from the University's September 30 fiscal year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, the University has included USA Foundation's statements for the year ended June 30, 2024 in the University's financial statements as of September 30, 2024. The accompanying consolidated statement of financial position and consolidated statement of activities and changes in net assets for USA Foundation as of and for the year ended June 30, 2024 are discretely presented.

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(h) USA Research and Technology Corporation

In June 2002, the University's Board of Trustees approved the formation of the Corporation. The Corporation is a not-for-profit corporation that exists for the purpose of furthering the educational and scientific mission of the University by developing, attracting, and retaining technology and research industries in Alabama that will provide professional and career opportunities to the University's students and faculty. Due to the significance of the relationship between the University and the Corporation, the Corporation is considered a component unit of the University. The Corporation presents its financial statements in accordance with GASB. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for the Corporation as of and for the year ended September 30, 2024 are discretely presented.

(i) Measurement Focus and Basis of Accounting

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Accordingly, the University's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

(k) Cash and Cash Equivalents (including restricted amounts)

Cash and cash equivalents are defined as petty cash, demand accounts, certificates of deposit, and any short-term investments that take on the character of cash. These investments have maturities of less than three months at the time of purchase and include repurchase agreements and money market accounts. Restricted cash and cash equivalents share the same definitions and maturities of unrestricted cash and cash equivalents but are designated by external parties for specified purposes such as collateral requirements, designated gifts, or bond proceeds.

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(l) Investments and Investment Income

The University reports the fair value of investments using the three-level hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of alternative investments (low-volatility, multistrategy funds of funds) and certain private equity partnerships do not have readily ascertainable market values and the University values these investments in accordance with valuations provided by the general partners or fund managers of the underlying partnerships or companies, typically based on net asset value (NAV) of the partnership or commingled vehicle. Because some of these investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a ready market for the investment existed. Investments received by gift are recorded at fair value at the date of receipt. Changes in the fair value of investments are reported in net investment income.

(m) Derivatives

The University has adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* and GASB Statement No. 99, *Omnibus 2022*. GASB Statement No. 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of derivatives to be recognized in the basic financial statements. GASB Statement No. 99 establishes requirements for the presentation of deferred outflows or inflows related to changes in fair value of hedging instruments when hedge accounting is terminated. During fiscal year 2024, the University paid off a hedging derivative instrument, the 2014 swap, and terminated a hedging derivative instrument, the 2016 swap, both of which were in the form of interest rate swaps. In accordance with hedge accounting, changes in fair values of the interest rate swaps were reported as changes in deferred inflows and outflows and the fair values of the interest rate swaps were recognized in other long-term liabilities and deferred inflows and outflows on the statement of net position since the interest rate swaps were deemed effective. At the time of the interest rate swap termination, the balance of the deferred inflow of resources related to changes in fair value of the swap was recognized as a component of nonoperating revenues, separate from net investment income, on the statement of revenues, expenses, and changes in net position. At September 30, 2024, the University had no remaining hedging derivative instruments in the form of interest rate swaps in effect.

(n) Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of employer contributions to the Teacher's Retirement System of Alabama and the Public Education Employees Health Insurance Plan subsequent to the plan's measurement dates, changes in proportion and differences between employer contributions and proportionate share of contributions related to the OPEB plan, changes in actuarial and other assumptions related to the pension plan, the difference between the consideration provided and the net position acquired for South Coast in the Ascension Providence acquisition, and the loss on the defeasement of certain bond series.

Deferred inflows of resources consist of the proportionate share of the differences between expected and actual experience related to the pension plan, net difference between projected and actual earnings on pension and OPEB plan investments, changes of assumptions in the OPEB plan, changes

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in proportion and differences between employer contributions and proportionate share of contributions in pension and OPEB plans, gain on the refunding of certain bond series, and the value of contractual rights to lease revenue in future reporting periods.

(o) Bond Premiums, Discounts, and Loss on Extinguishment Costs

Bond premiums, discounts, and loss on extinguishment costs associated with the issuance of certain bond series are capitalized and amortized over the life of the respective bond series on a straight-line basis.

(p) Accounts Receivable

Patient receivables primarily result from hospital and ambulatory patient service revenues. Accounts receivable, other includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts and patient receivables are recorded net of estimated uncollectible amounts.

(q) Lease Receivable

Lease receivable and current portion thereof on the statement of net position represents the University's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. Lease receivables are recognized at the commencement date based on the present value of lease payments to be received over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is either when the lessee takes possession of the asset or, in the case of real estate leases, when the landlord makes the building or office space available for use. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the lessee will exercise that option. Interest revenue is recognized as a component of the lease payments received and is included in other nonoperating revenues on the statement of revenues, expenses, and changes in net position.

(r) Inventories

The University's inventories primarily consist of medical supplies and pharmaceuticals. Medical supplies and pharmaceuticals are stated at the lower of cost (first-in, first-out method) or market.

(s) Capital Assets

Capital expenditures with a cost of \$5,000 or more are capitalized at cost, if purchased, or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets using the straight-line method. Major aggregate capital asset purchases, including renewals and renovations, are capitalized. Purchases for multiple items of minor equipment are evaluated to see if they are part of a single overall transaction, have a single objective, and meet or exceed the established aggregate threshold of \$75,000. If a purchase of minor equipment meets the aggregate guidelines and has a useful life of two or more years, it is capitalized at cost once all items are received and placed into use. Costs for repairs and maintenance are expensed when incurred.

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When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statement of revenues, expenses, and changes in net position.

All capital assets other than land are depreciated using the following asset lives:

| | |
|--|-----------------|
| Buildings, infrastructure, and certain building components | 10 to 100 years |
| Fixed equipment | 10 to 20 years |
| Land improvements | 8 to 20 years |
| Library materials | 10 years |
| Other equipment | 3 to 15 years |

Certain buildings are componentized for depreciation purposes.

Lease and subscriptions are included in capital assets as right-of-use assets on the statement of net position. Right-of-use assets represent the University's right to use an underlying asset for the specified term and are comprised of leased equipment, buildings, office space, and subscription-based information technology arrangements. Lease and subscription right-of-use assets are recognized at the commencement date based on the present value of the payments over the agreement term discounted using the lessor interest rate or an appropriate incremental borrowing rate. The commencement date is either when the University takes possession of the asset or when the asset becomes available for use. Amortization of right-of-use assets is recognized on a straight-line basis over the agreement term or useful life of the asset, whichever is shorter.

The University evaluates impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. For the year ended September 30, 2024, no impairments were identified.

(t) Unrecognized Revenues

Student tuition, fees, and dormitory rentals are billed in advance and initially recorded as a component of unrecognized revenues in the statement of net position and, then recognized in revenue over the applicable portion of each school term.

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(u) Cost Sharing Multiple-Employer Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the Teachers' Retirement System of Alabama (TRS). The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to Plan requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

(v) Postemployment Benefits Other Than Pensions (OPEB)

Employees of the University are covered by a cost sharing multiple-employer other postemployment benefit plan administered by the Alabama Retired Education Employees Health Care Trust (Trust). The Trust's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust, and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the Plan. In accordance with GASB, the Trust is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

(w) Classification of Net Position

The University's net position is classified as follows:

Net investment in capital assets reflects the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of net investment in capital assets.

Restricted, nonexpendable net position consists of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted, expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

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Unrestricted net position represents resources derived from student tuition and fees, state appropriations, patient service revenues, sales and services of educational activities, and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees, they are available for use at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation.

(x) Scholarship Allowances and Student Financial Aid

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's basic financial statements based on their classification as either an exchange or a nonexchange transaction. To the extent that revenues from such programs satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

(y) Donor-Restricted Endowments

The University is subject to the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, of the endowment assets. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment spending policy provides that 4.5% of the five-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted expendable net position.

(z) Classification of Revenues

The University has classified its revenues as either operating or nonoperating revenues.

Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances; patient service revenues, net of provision for bad debts; most federal, state, and local grants and contracts; sales and services of auxiliary enterprises, net of scholarship allowances; and lease revenue.

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Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state appropriations, investment income, and gifts and contributions.

(aa) Gifts and Pledges

Pledges of financial support from organizations and individuals representing an unconditional promise to give are recognized in the basic financial statements once all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges generally do not meet eligibility requirements, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and are not recorded as assets until the related gift has been received. Unconditional promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

(bb) Grants and Contracts

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in the basic financial statements but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

(cc) Patient Service Revenues

Patient service revenues are reported at estimated net realizable amounts due from patients, third-party payers, and others for healthcare services rendered, including estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods, as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

(dd) Compensated Absences

The University accrues annual leave for employees as incurred at rates based upon length of service and job classification.

(ee) Recently Adopted Accounting Pronouncements

In fiscal year 2024, the University adopted the provisions of GASB Statement No. 99, related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53. The objective of this statement is to establish accounting and reporting requirements for exchange and exchange-like financial guarantees, other derivative instruments that do not meet the definition of investment derivative instruments nor hedging derivative instruments, and termination of hedge accounting. There was no significant impact to the University's basic financial statements in the adoption of this pronouncement.

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In addition, the University adopted GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, which requires changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity to be reported by adjusting beginning balances of the current period and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This statement also provides guidance on the presentation of required supplementary information and supplementary information affected by a change in accounting principle or error correction. There was no significant impact to the University's basic financial statements in the adoption of this pronouncement.

(2) Income Taxes

The University is classified as both a governmental entity under the laws of the State of Alabama and as a tax-exempt entity under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Consistent with these designations, no provision for income taxes has been made in the accompanying basic financial statements.

In addition, the University's discretely presented component units, except for HCA, are tax-exempt entities under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The income of HCA is excluded from federal and state income taxation pursuant to the provisions of Section 115(1) of the Internal Revenue Code. Consistent with these designations, no provision for income taxes has been made in the accompanying discretely presented component unit financial statements.

(3) Cash and Cash Equivalents

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2024, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$18.7 billion. The University had cash and cash equivalents, including restricted cash and cash equivalents, in the pool of \$236,361,000 at September 30, 2024.

At September 30, 2024, restricted cash and cash equivalents consist of \$13,556,000 related to unspent bond cash, \$2,462,000 related to cash included in the PLTF and GLTF to pay insurance liability claims, \$6,781,000 related to restricted donations related to certain capital projects, \$595,000 related to endowment funds, and \$2,000 related to the Providence IPA.

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(4) Investments

(a) University of South Alabama

The investments of the University are invested pursuant to the University of South Alabama “Nonendowment Cash Pool Investment Policies,” the “Endowment Fund Investment Policy,” and the “Derivatives Policy” (collectively referred to as the University Investment Policies) as adopted by the Board of Trustees. The purpose of the nonendowment cash pool investment policy is to provide guidelines by which commingled funds not otherwise needed to meet daily operational cash flows can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflows and outflows of University operational funds. Further, endowment fund investment policies exist to provide earnings to fund specific projects of the endowment fund while preserving principal. The University Investment Policies require that management apply the “prudent person” standard in the context of managing its investment portfolio.

The investments of the blended component units of the University are invested pursuant to the separate investment policy shared by the PLTF and GLTF (the Trust Fund Investment Policy). The objectives of the Trust Fund Investment Policy are to provide a source of funds to pay general and professional liability claims and to achieve long-term capital growth to help defray future funding requirements. Additionally, certain investments of the University’s component units, both blended and discretely presented, are subject to UPMIFA as well as any requirements placed on them by contract or donor agreements.

Certain investments, primarily related to the University’s endowment assets, are pooled. The University uses this pool to manage its investments and distribute investment income to individual endowment funds.

The University holds a 50% equity interest in Providence Home Medical Services (Home Medical), a multimember limited liability company that was formed to own and operate a durable medical equipment provider. The University’s capital account balance in Home Medical is considered an investment in a joint venture, pursuant to GASB Statements Nos. 14 and 61. The University’s capital account balance is approximately \$177,000 for the year ended September 30, 2024 and is presented on the statement of net position as an investment.

The University holds a 35% equity interest in HighProv, LLC (HighProv), a multimember limited liability company formed to construct, own, and operate a hotel facility. For the year ended September 30, 2024, the University’s capital account balance is \$683,000 and is presented on the statement of net position as an investment.

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Investments and restricted investments of the University, by type, at fair value at September 30, 2024 (in thousands) are as follows:

| | | |
|--|----|---------|
| Commingled equity funds | \$ | 112,970 |
| Commingled fixed income funds | | 57,502 |
| Joint ventures | | 860 |
| Managed income alternative investments (low-volatility, multistrategy funds of funds) | | 40,137 |
| Marketable debt securities | | 13,487 |
| Marketable equity securities | | 60,202 |
| Private credit alternative fixed income investments | | 11,288 |
| Private equity alternative investments | | 15,139 |
| Private real estate | | 525 |
| Private REIT alternative real estate investments | | 4,844 |
| Real estate | | 8,479 |
| U.S. federal agency notes | | 95,252 |
| U.S. treasury securities | | 18,617 |
| | | 18,617 |
| | \$ | 439,302 |

At September 30, 2024, restricted investments consist of endowment funds and funds held in the PLTF and GLTF to pay insurance liability claims.

At September 30, 2024, \$42,747,000 of cumulative increase in fair value of investments of donor-restricted endowments was recognized and is included in restricted expendable net position in the accompanying statement of net position.

The University invests in several private equity and private credit funds. At September 30, 2024, the University had outstanding capital commitments to those funds of \$23,740,000.

(i) *Credit Risk and Concentration of Credit Risk*

Nonendowment Cash Pool Investment Policy

The University Investment Policies limit investment in corporate bonds to securities with a minimum "A" rating, at the time of purchase, by both Moody's and Standard and Poor's. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's, or F-1 by Fitch.

Additionally, the University Investment Policies require that not more than 10% of the cash, cash equivalents, and investments of the University be invested in the obligations of a single private corporation and not more than 35% of the cash, cash equivalents, and investments of the University be invested in the obligations of a single government agency.

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Endowment Fund Investment Policy

The University Investment Policies limit investment in fixed income securities to securities with a minimum “BAA” rating, at the time of purchase, by both Moody’s and Standard and Poor’s. Money market funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor’s and/or Moody’s. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated “BAA” or higher. Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment.

Additionally, the University Investment Policies require that not more than 5% of the Endowment Fund assets of the University be allocated to an individual investment manager and no more than 25% of the Endowment Fund assets be allocated to a “Funds of Funds” or multimanager fund.

The University’s exposure to credit risk and concentration of credit risk at September 30, 2024 is as follows:

| | Credit rating | Percentage of total investments |
|-------------------------------|--------------------------|--|
| Commingled fixed income funds | Various | 13.1 % |
| Marketable debt securities | Various | 3.1 |
| U. S. federal agency notes | AAA | 21.7 |
| U. S. treasury securities | AAA | 4.2 |

(ii) *Interest Rate Risk*

At September 30, 2024, the maturity dates of the University’s fixed income investments are as follows (in thousands):

| | Fair value | Years to maturity | | | |
|-------------------------------|-------------------|--------------------------|------------|-------------|---------------------|
| | | Less than 1 | 1–5 | 6–10 | More than 10 |
| Commingled fixed income funds | \$ 57,502 | — | 32,211 | 25,291 | — |
| Marketable debt securities | 13,487 | 4,776 | 7,457 | 1,254 | — |
| U. S. federal agency notes | 95,252 | 37,226 | 51,129 | 170 | 6,727 |
| U. S. treasury securities | 18,617 | 1,288 | 12,429 | 4,900 | — |
| | \$ 184,858 | 1,288 | 12,429 | 4,900 | 6,727 |

Commingled fixed income funds are classified based on the weighted average maturity of the individual investment instruments within each fund.

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The University's Investment Policies do not specifically address the length to maturity on investments that the University must follow; however, they do require that the maturity range of investments be consistent with the liquidity requirements of the University.

(iii) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, an organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University's investments are held by third-party institutions in the name of the University. The University's Investment Policies do not specifically address custodial credit risk.

(iv) Mortgage-Backed Securities

The University, from time to time, invests in mortgage-backed securities such as the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and other government sponsored enterprises of the United States government. The University invests in these securities to increase the yield and return on its investment portfolio given the available alternative investment opportunities.

(v) Fair Value Measurement

Fair value measurements represent 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. The University measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines prioritize the inputs of valuation techniques used to measure fair value are as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices
- Level 3: Unobservable inputs.

The level in the fair value hierarchy that determines the classification of an asset or liability depends on the lowest-level input that is significant to the fair value measurement. Observable inputs are derived from quoted market prices for assets or liabilities traded on an active market where there is sufficient activity to determine a readily determinable market price. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable inputs. The University's assets that have unobservable inputs consist of the investment in real estate, with fair value based on an independent third-party appraisal performed by qualified appraisers specializing in real estate investments, and of investments in private capital, with fair value determined by the investment managers and primarily utilizes management assumptions and best estimates after considering internal and external factors. Other assets included in the University's investment portfolio with unobservable inputs are the shares or units in certain partnerships or other commingled funds that do not have readily determinable fair values.

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For these funds, fair value is estimated using the NAV reported by the investment managers as a practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

The following tables summarize the fair value measurements for all investment assets and liabilities carried at fair value at September 30, 2024 (in thousands):

| Description | Asset fair value measurements | | | |
|--|-------------------------------|----------------|---------------|----------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Commingled equity funds | \$ 107,027 | 2,310 | 3,633 | 112,970 |
| Commingled fixed income funds | 53,022 | 4,480 | — | 57,502 |
| Joint ventures | — | — | 860 | 860 |
| Marketable debt securities | 13,487 | — | — | 13,487 |
| Marketable equity securities | 60,202 | — | — | 60,202 |
| Private credit alternative fixed income investments | — | — | 5,935 | 5,935 |
| Private equity alternative investments | — | — | 13,012 | 13,012 |
| Private real estate | — | — | 525 | 525 |
| Private REIT alternative real estate investments | — | — | 4,844 | 4,844 |
| Real estate | — | — | 8,479 | 8,479 |
| U.S. federal agency notes | — | 95,252 | — | 95,252 |
| U.S. treasury securities | 18,617 | — | — | 18,617 |
| Total investments at fair value | \$ <u>252,355</u> | <u>102,042</u> | <u>37,288</u> | 391,685 |
| Investments measured at NAV: | | | | |
| Private equity alternative investments | | | | 2,127 |
| Private credit alternative fixed income investments | | | | 5,353 |
| Managed income alternative investments (low-volatility, multistrategy funds of funds) | | | | <u>40,137</u> |
| Total investments | | | \$ | <u>439,302</u> |

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A roll-forward schedule for Level 3 financial instruments for the year ended September 30, 2024 is as follows (in thousands):

| | | |
|-------------------------------|----|---------|
| Beginning balance | \$ | 25,532 |
| Purchases | | 6,403 |
| Net realized/unrealized gains | | 107 |
| Sales | | (1,347) |
| Other | | 6,593 |
| | | 6,593 |
| Ending balance | \$ | 37,288 |

(b) Health Care Authority

HCA holds a 2.5% equity interest in USA Fairhope Physician Investors LLC (FPI), a multimember limited liability company that was formed to invest in the entity that developed and is now leasing an ambulatory surgical center. HCA's capital account balance is approximately \$(6,000) for the year ended September 30, 2024 and is presented on the statement of net position as an investment. The loss represents a depreciation loss only. As a whole, there is positive monthly cash flow and no expectation for HCA to be required to contribute additional capital.

HCA holds a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco), a multimember limited liability company formed to invest in USA Baldwin County ASC, LLC (USA BC ASC), a limited liability company formed to develop, own, and operate the Ambulatory Surgery Center on the USA Health Mapp Family Campus. For the year ended September 30, 2024, HCA's capital account balance is \$942,000 and is presented on the statement of net position as an investment.

(c) University of South Alabama Foundation

Investments in securities consist primarily of equity securities totaling \$262,850,000 at June 30, 2024.

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Investment gains was composed of the following for the year ended June 30, 2024 (in thousands):

| | | |
|--|----|--------|
| Unrealized gains | \$ | 50,890 |
| Realized gains | | 5,685 |
| Net realized and unrealized gains on investments | | 56,575 |
| | | |
| Timber sales | | 2,576 |
| Rents | | 697 |
| Royalties | | 88 |
| Rents, royalties, and timber sales | | 3,361 |
| Interest and dividends | | 3,056 |
| Total investment income | \$ | 62,992 |

Investments consisted of participation in the Foundation's pooled investment funds. Investment related expenses in the amount of \$440,000 are included in USA Foundation's management and general expenses in the accompanying consolidated statement of activities and changes in net assets for the year ended June 30, 2024.

Real estate at June 30, 2024 consisted of the following property held (in thousands):

| | | |
|--|----|-------|
| Land and land improvements – held for investment | \$ | 5,314 |
| Building and building improvements – held for investment | | 1,061 |
| | \$ | 6,375 |

Timber and mineral properties are stated at fair value. Depletion of mineral properties is recognized over the remaining producing lives of the properties based on total estimated production and current-period production. Depletion of timber properties is recognized on a specific identification basis as timber rights are sold or on a unit basis for sales made on that basis. Reforestation costs consisting of site preparation and planting of seedlings are capitalized.

Investments at June 30, 2024 include an equity interest in a timberland management company. The company's primary assets consist of timberland. USA Foundation's proportionate share of the fair value of the company is based upon the valuation from the trustee responsible for the management of the company and the timber valuation.

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USA Foundation has adopted Accounting Standards Codification (ASC) 820, *Fair Value Measurement and Disclosures*. ASC 820 provides a single definition of fair value and a hierarchical framework for measuring it, as well as establishing additional disclosure requirements about the use of fair value to measure assets and liabilities. Fair value measurements are classified as either observable or unobservable in nature. Observable fair values are derived from quoted market prices for investments traded on an active exchange or in dealer markets where there is sufficient activity and liquidity to allow price discovery by substantially all market participants (Level 1). USA Foundation's observable values consist of investments in exchange-traded equity securities with a readily determinable market price. Other observable values are fair value measurements derived either directly or indirectly from quoted market prices (Level 2). Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable (Level 3). USA Foundation's unobservable values consist of investments in timber and real estate with fair values based on independent third-party appraisals performed by qualified appraisers specializing in timber and real estate investments.

USA Foundation's investment assets at June 30, 2024 are summarized, based on the criteria of ASC 820, as follows (in thousands):

| <u>Description</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|-------------------|----------------|-------------------|----------------|
| Equity securities | \$ 160,615 | — | — | 160,615 |
| Timber and mineral properties | — | — | 178,218 | 178,218 |
| Real estate | — | — | 6,375 | 6,375 |
| Other investments | — | — | 5,815 | 5,815 |
| | <u>\$ 160,615</u> | <u>—</u> | <u>190,408</u> | <u>351,023</u> |
| Investment in Commonfund measured at NAV | | | | <u>102,235</u> |
| | | | <u>\$ 453,258</u> | |

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A roll-forward schedule for Level 3 financial instruments for the fiscal year ended June 30, 2024 is as follows (in thousands):

| <u>Description</u> | <u>Timber and mineral properties</u> | <u>Real estate</u> | <u>Other investments</u> | <u>Total</u> |
|-----------------------------------|--|--------------------|------------------------------|----------------|
| Beginning balance | \$ 176,002 | 9,064 | 5,814 | 190,880 |
| Net unrealized gains (losses) | 5,422 | (759) | 1 | 4,664 |
| Reforestation | 305 | — | — | 305 |
| Purchase of timberland | 120 | — | — | 120 |
| Purchase of building improvements | — | 23 | — | 23 |
| Contribution of real estate | — | (1,920) | — | (1,920) |
| Depreciation/depletion | (3,631) | (33) | — | (3,664) |
| Ending balance | <u>\$ 178,218</u> | <u>6,375</u> | <u>5,815</u> | <u>190,408</u> |

As of June 30, 2024, USA Foundation has no outstanding commitments to purchase securities or other investments.

As part of USA Foundation's liquidity management, the Foundation structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Cash withdrawals from the Foundation's managed investments coincide with the Foundation's spending obligations, but may be adjusted higher or lower based on the timing of when investment income is received and expenditures become due. In addition to financial assets available within one year, the Foundation receives investment income from timber sales, rents and royalties, and interest and dividends that are used to meet the Foundation's general expenditures within one year. The Foundation believes it has sufficient assets to meet its obligations.

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(5) Capital Assets

(a) University of South Alabama

A summary of the University's capital asset activity for the year ended September 30, 2024 is as follows (in thousands):

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Transfers</u> | <u>Reductions</u> | <u>Ending balance</u> |
|--|------------------------------|------------------|------------------|-------------------|---------------------------|
| Capital assets not being depreciated or amortized: | | | | | |
| Land and other | \$ 32,402 | 11,868 | 1,000 | — | 45,270 |
| Certificate of Need | — | 200 | 25 | — | 225 |
| Intangible assets | — | 1,207 | — | — | 1,207 |
| Construction in progress | 93,769 | 59,111 | (50,598) | — | 102,282 |
| | <u>126,171</u> | <u>72,386</u> | <u>(49,573)</u> | <u>—</u> | <u>148,984</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 76,842 | 943 | 6,264 | — | 84,049 |
| Buildings, fixed equipment, and infrastructure | 1,049,483 | 69,930 | 42,889 | (6,028) | 1,156,274 |
| Other equipment | 242,077 | 27,307 | 420 | (9,193) | 260,611 |
| Library materials | 97,346 | 4,262 | — | — | 101,608 |
| Right-of-use assets | 80,146 | 70,750 | — | (24,943) | 125,953 |
| | <u>1,545,894</u> | <u>173,192</u> | <u>49,573</u> | <u>(40,164)</u> | <u>1,728,495</u> |
| Less accumulated depreciation and amortization for: | | | | | |
| Land improvements | (37,622) | (3,747) | — | — | (41,369) |
| Buildings, fixed equipment, and infrastructure | (425,862) | (33,085) | 119 | 5,954 | (452,874) |
| Other equipment | (190,405) | (22,675) | (119) | 9,085 | (204,114) |
| Library materials | (75,683) | (4,036) | — | — | (79,719) |
| Right-of-use assets | (27,820) | (25,827) | — | 12,668 | (40,979) |
| | <u>(757,392)</u> | <u>(89,370)</u> | <u>—</u> | <u>27,707</u> | <u>(819,055)</u> |
| Capital assets being depreciated, net | <u>788,502</u> | <u>83,822</u> | <u>49,573</u> | <u>(12,457)</u> | <u>909,440</u> |
| Capital assets, net | <u>\$ 914,673</u> | <u>156,208</u> | <u>—</u> | <u>(12,457)</u> | <u>1,058,424</u> |

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A summary of the University's net right-of-use assets, which are included in capital assets on the statement of net position, activity categorized by classification for the year ended September 30, 2024 are as follows (in thousands):

| | Ending balance |
|---|---------------------------|
| Right-of-use assets: | |
| Buildings | \$ 9,455 |
| Equipment | 39,785 |
| Office space | 11,158 |
| Software | 65,555 |
| | 125,953 |
| Less accumulated amortization for right-of-use assets: | |
| Buildings | (3,533) |
| Equipment | (9,190) |
| Office space | (5,049) |
| Software | (23,207) |
| | (40,979) |
| Right-of-use assets, net | \$ 84,974 |

Depreciation and amortization of capital assets for the year ended September 30, 2024 was \$89,370,000 for the University. In addition, the University amortizes bond costs of issuance that is included in other noncurrent assets and accounts receivable on the statement of net position. For the year ended September 30, 2024, amortization of bond costs of issuance was approximately \$42,000 resulting in total depreciation and amortization of \$89,412,000. See note 8 for additional details regarding bonds.

At September 30, 2024, the University had commitments of approximately \$196,632,000 related to various capital projects.

For the year ended September 30, 2024, the University received \$27,516,000 in capital grants from the Alabama Public School and College Authority for the site preparation and construction of the new College of Medicine facility, and this amount is included in capital appropriations on the statement of revenues, expenses, and changes in net position.

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(b) USA Research and Technology Corporation

Changes in capital assets for the year ended September 30, 2024 are as follows (in thousands):

| | Beginning balance | Additions | Transfers | Reductions | Ending balance |
|---|----------------------|----------------|-------------|-------------|-------------------|
| Capital assets not being depreciated or amortized: | | | | | |
| Land | \$ 223 | — | — | — | 223 |
| Construction in progress | 114 | — | (93) | (21) | — |
| | <u>337</u> | <u>—</u> | <u>(93)</u> | <u>(21)</u> | <u>223</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 1,985 | — | — | — | 1,985 |
| Buildings | 28,788 | 84 | — | — | 28,872 |
| Tenant improvements | 2,717 | 426 | 90 | — | 3,233 |
| Other equipment | 408 | 10 | 3 | — | 421 |
| Computer software | 56 | — | — | — | 56 |
| Lease commissions | 406 | 50 | — | — | 456 |
| Right-of-use assets | 3 | — | — | — | 3 |
| | <u>34,363</u> | <u>570</u> | <u>93</u> | <u>—</u> | <u>35,026</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Land improvements | (1,783) | (27) | — | — | (1,810) |
| Buildings | (12,511) | (793) | — | — | (13,304) |
| Tenant improvements | (1,600) | (417) | — | — | (2,017) |
| Other equipment | (362) | (11) | — | — | (373) |
| Computer software | (24) | (16) | — | — | (40) |
| Lease commissions | (275) | (61) | — | — | (336) |
| Right-of-use assets | (1) | (1) | — | — | (2) |
| | <u>(16,556)</u> | <u>(1,326)</u> | <u>—</u> | <u>—</u> | <u>(17,882)</u> |
| Capital assets being depreciated or amortized, net | <u>17,807</u> | <u>(756)</u> | <u>93</u> | <u>—</u> | <u>17,144</u> |
| Capital assets, net | <u>\$ 18,144</u> | <u>(756)</u> | <u>—</u> | <u>(21)</u> | <u>17,367</u> |

Depreciation and amortization expense totaled \$1,326,000 for the year ended September 30, 2024.

At September 30, 2024, there were no construction projects in progress. At September 30, 2024, the Corporation had outstanding commitments of approximately \$37,500.

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The Corporation's net right-of-use assets categorized by classification for the year ended September 30, 2024 are as follows (in thousands):

| | <u>Ending balance</u> |
|--|-----------------------|
| Right-of-use assets: | |
| Software subscriptions | \$ <u>3</u> |
| | <u>3</u> |
| Less accumulated amortization for right-of-use assets: | |
| Software subscriptions | <u>(2)</u> |
| | <u>(2)</u> |
| Right-of-use assets, net | \$ <u><u>1</u></u> |

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(c) Health Care Authority

A summary of HCA's capital assets activity for the year ended September 30, 2024 is as follows (in thousands):

| | 2024 | | | | Ending balance |
|---|------------------------------|------------------|------------------|-------------------|---------------------------|
| | Beginning balance | Additions | Transfers | Reductions | |
| Capital assets not being depreciated or amortized: | | | | | |
| Construction in progress | \$ 556 | 57 | (7) | (549) | 57 |
| Works of art | 1 | — | — | — | 1 |
| | <u>557</u> | <u>57</u> | <u>(7)</u> | <u>(549)</u> | <u>58</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Buildings | 33,024 | — | 29 | (4) | 33,049 |
| Leasehold improvements | 5,362 | 55 | (29) | — | 5,388 |
| Equipment | 4,266 | 114 | 7 | (216) | 4,171 |
| Computer software | 139 | — | — | — | 139 |
| Right-of-use assets | 13,741 | 114,635 | — | (3,885) | 124,491 |
| | <u>56,532</u> | <u>114,804</u> | <u>7</u> | <u>(4,105)</u> | <u>167,238</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Buildings | (1,030) | (1,249) | (14) | — | (2,293) |
| Leasehold improvements | (597) | (551) | 14 | — | (1,134) |
| Equipment | (2,323) | (442) | — | 101 | (2,664) |
| Computer software | (77) | (21) | — | — | (98) |
| Right-of-use assets | (4,155) | (7,005) | — | 342 | (10,818) |
| | <u>(8,182)</u> | <u>(9,268)</u> | <u>—</u> | <u>443</u> | <u>(17,007)</u> |
| Capital assets being depreciated or amortized, net | <u>48,350</u> | <u>105,536</u> | <u>7</u> | <u>(3,662)</u> | <u>150,231</u> |
| Capital assets, net | <u>\$ 48,907</u> | <u>105,593</u> | <u>—</u> | <u>(4,211)</u> | <u>150,289</u> |

Construction in progress totaled \$57,000 as of September 30, 2024 and relates to renovation projects at USA Mobile Diagnostic Center and USA Health Family Practice Associates. A clinic renovation project that began in prior years was determined as no longer needed during fiscal year 2024. This resulted in a decrease to construction in progress in the amount of \$549,000 in the current year that was expensed rather than capitalized.

Depreciation and amortization totaled \$9,268,000 for the year ended September 30, 2024.

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At September 30, 2024, HCA had commitments of approximately \$28,000 related to construction projects for USA Mobile Diagnostic Center.

A summary of HCA's net right-of-use assets categorized by classification for the year ended September 30, 2024 is as follows (in thousands):

| | | <u>Ending balance</u> |
|--|----|---------------------------|
| Right-of-use assets: | | |
| Buildings | \$ | 116,929 |
| Equipment | | 7,305 |
| Software subscriptions | | <u>257</u> |
| | | <u>124,491</u> |
| Less accumulated amortization for right of use: | | |
| Buildings | | (9,280) |
| Equipment | | (1,500) |
| Software subscriptions | | <u>(38)</u> |
| | | <u>(10,818)</u> |
| Right-of-use assets, net | \$ | <u><u>113,673</u></u> |

HCA entered into a lease agreement with the University for the hospital facilities and related equipment acquired in the Ascension Providence acquisition. The lease is for 31 years with quarterly rental payments equal to the principal and interest incurred on the debt service related to the acquisition. This lease is accounted for in accordance with GASB 87, *Leases*, and is reflected in net capital assets and current and noncurrent lease obligations on the statement of net position.

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(6) Noncurrent Liabilities

(a) University of South Alabama

A summary of the University's noncurrent liability activity for the year ended September 30, 2024 is as follows (in thousands):

| | Beginning balance | Additions | Reductions | Ending balance | Less amounts due within one year | Noncurrent liabilities |
|------------------------------------|----------------------|----------------|------------------|-------------------|--|---------------------------|
| Long-term debt: | | | | | | |
| Bonds payable | \$ 518,201 | 215,060 | (223,855) | 509,406 | 27,515 | 481,891 |
| Notes payable | 797 | 102 | (162) | 737 | 186 | 551 |
| Lease and subscription obligations | 51,347 | 58,140 | (26,576) | 82,911 | 27,160 | 55,751 |
| Total long-term debt | <u>570,345</u> | <u>273,302</u> | <u>(250,593)</u> | <u>593,054</u> | <u>54,861</u> | <u>538,193</u> |
| Other noncurrent liabilities: | | | | | | |
| Net pension liability | 375,894 | — | (26,184) | 349,710 | — | 349,710 |
| Net OPEB liability | 53,421 | 25,387 | — | 78,808 | — | 78,808 |
| Other long-term liabilities | 70,397 | 51,389 | (52,090) | 69,696 | 3,423 | 66,273 |
| Total other noncurrent liabilities | <u>499,712</u> | <u>76,776</u> | <u>(78,274)</u> | <u>498,214</u> | <u>3,423</u> | <u>494,791</u> |
| Total noncurrent liabilities | <u>\$ 1,070,057</u> | <u>350,078</u> | <u>(328,867)</u> | <u>1,091,268</u> | <u>58,284</u> | <u>1,032,984</u> |

Other long-term liabilities primarily consist of self-insurance liabilities and liabilities related to compensated absences. Amounts due within one year are included in current portion of other long-term liabilities.

Lease and Subscription Obligations

The University determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether the University obtains substantially all of the economic benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets and lease and subscription obligations. Lease and subscription right-of-use assets and related obligations are recognized at the commencement date based on the present value of the payments over the agreement term discounted using an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the specified term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease or subscription payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology

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between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription obligations.

The University leases various automobiles, buildings, equipment, office space, and software subscriptions under leases expiring at various dates through 2039. Aggregate future minimum lease and subscription payments under noncancelable agreements as of September 30, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|------------------|-----------------|---------------|
| 2025 | \$ 27,160 | 3,540 | 30,700 |
| 2026 | 16,954 | 2,518 | 19,472 |
| 2027 | 13,035 | 1,722 | 14,757 |
| 2028 | 12,256 | 1,081 | 13,337 |
| 2029 | 6,649 | 512 | 7,161 |
| 2030 – 2034 | 6,839 | 338 | 7,177 |
| 2035 – 2039 | 18 | 2 | 20 |
| Lease and subscription obligations | \$ <u>82,911</u> | <u>9,713</u> | <u>92,624</u> |

These amounts are included in lease and subscription obligations and the current portion thereof in the accompanying statement of net position.

The University has commitments under leases and subscriptions for which the lease term has not commenced in the amount of \$11,646,000 as of September 30, 2024.

The University leases space from the Corporation and HCA. As of September 30, 2024, the University had current and noncurrent lease and subscription obligations of approximately \$1,973,000 and \$3,994,000 related to leases between the University and component units.

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(b) USA Research and Technology Corporation

Changes in noncurrent liabilities for the year ended September 30, 2024 are as follows (in thousands):

| | September 30, 2024 | | | | | |
|---------------|----------------------|-----------|------------|-------------------|--|---------------------------|
| | Beginning balance | Additions | Reductions | Ending balance | Less amounts due within one year | Noncurrent liabilities |
| Notes payable | \$ 17,989 | — | (1,022) | 16,967 | 1,061 | 15,906 |

(i) Notes Payable

Notes payable from direct borrowings consisted of the following at September 30, 2024 (in thousands):

| | |
|---|------------------|
| PNC Bank promissory note, 4.38%, payable through 2028 | \$ 10,208 |
| Hancock Whitney Bank promissory note, 3.08%, payable through 2031 | <u>6,759</u> |
| | <u>\$ 16,967</u> |

The promissory note payable to PNC Bank has a 10-year term and amortization is based on a 10-year term. The promissory note payable is secured by an interest in tenant leases for Buildings II and III, and an interest in income received from rental of Buildings II and III. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

The promissory note payable to Hancock Whitney Bank has a 10-year term and is secured by an interest in rental leases and an interest in income received from rental of Building I. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

In connection with the PNC note and the Hancock Whitney note, the University entered into an agreement with both lenders providing that for any year in which the Corporation's debt service coverage ratio is less than 1 to 1, the University will pay the Corporation rent equal to the amount necessary to bring the ratio to 1 to 1. The debt service coverage ratio is calculated by dividing the sum of unrestricted cash and cash equivalents at the beginning of the year (reduced by current year capital asset additions) and current year change in net position (determined without depreciation, amortization, and interest expenses) by current year debt service. As of September 30, 2024, the Corporation's debt service coverage ratio was 2.41 to 1.

The Corporation's outstanding notes from direct borrowings with PNC Bank and Hancock Whitney Bank contain a provision that, in the event of default, PNC Bank or Hancock Whitney Bank may take any or all of the following actions: (a) declare the loan due and payable, (b) declare the note in

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default, and (c) exercise any other remedies or rights, which it has under any instrument executed in connection with the loan. Prior to any of these actions, however, PNC Bank and Hancock Whitney Bank will give the Corporation 30 days to cure the default.

(ii) Debt Service on Long-Term Obligations

At September 30, 2024, total future debt service by fiscal year is as follows (in thousands):

| | Debt service on notes payable | | |
|-----------|--------------------------------------|-----------------|--------------|
| | Principal | Interest | Total |
| 2025 | \$ 1,061 | 637 | 1,698 |
| 2026 | 1,101 | 597 | 1,698 |
| 2027 | 1,144 | 554 | 1,698 |
| 2028 | 9,028 | 424 | 9,452 |
| 2029 | 574 | 135 | 709 |
| 2030–2032 | 4,059 | 151 | 4,210 |
| Total | \$ 16,967 | 2,498 | 19,465 |

(iii) Derivative Transaction

The Corporation was a party to a derivative with Wells Fargo Bank, N.A., the counterparty (successor to Wachovia Bank, N.A. the original counterparty). The derivative was a “receive-variable, pay-fixed” interest rate swap entered into in connection with the promissory note to Wells Fargo Bank, N.A.

The swap was terminated on June 20, 2018 as part of a transaction refunding the Wells Fargo loan with the proceeds of a loan from PNC Bank. The fee paid by the Corporation to Wells Fargo to terminate the swap was \$1,478,000. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the fee is reported in deferred outflows on the statement of net position and amortized to interest expense according to the percentage of annual interest paid on the loan from PNC Bank to the total interest to be paid on that loan over the 118 months that were remaining on the Wells Fargo loan when the swap was terminated. As of September 30, 2024, the unamortized balance in deferred outflows was \$461,000.

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(c) Health Care Authority

A summary of HCA's noncurrent liability activity for the year ended September 30, 2024 follows (in thousands):

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Adjustments</u> | <u>Ending balance</u> | <u>Less amounts due within one year</u> | <u>Noncurrent liabilities</u> |
|------------------------------------|------------------------------|------------------|-------------------|--------------------|---------------------------|---|-----------------------------------|
| Long-term debt | \$ 21,834 | — | (161) | — | 21,673 | 195 | 21,478 |
| Lease and subscription obligations | 10,063 | 115,244 | (2,875) | (3,417) | 119,015 | 9,899 | 109,116 |
| Other noncurrent liabilities | 228 | 1,867 | — | — | 2,095 | 210 | 1,885 |
| | <u>32,125</u> | <u>117,111</u> | <u>(3,036)</u> | <u>(3,417)</u> | <u>142,783</u> | <u>10,304</u> | <u>132,479</u> |
| Total noncurrent liabilities | \$ <u>32,125</u> | <u>117,111</u> | <u>(3,036)</u> | <u>(3,417)</u> | <u>142,783</u> | <u>10,304</u> | <u>132,479</u> |

Long-Term Debt

HCA entered into an agreement with Family Medical Investments, LLC to construct a medical office building on the USA Health Mapp Family Campus. Construction began in 2021 and was completed in October 2022. The agreement commenced upon construction completion for an initial 15-year period plus two options to extend for consecutive 5-year terms. HCA began making monthly payments at an interest rate of 4.79% in October 2022 to Family Medical Investments, LLC. The total balance of principal payments outstanding at September 30, 2024 is \$21,673,000. Upon conclusion of the agreement term, HCA will obtain ownership of the building.

At September 30, 2024, future debt service for long-term debt by year is as follows (in thousands):

| | <u>Debt service on long-term debt</u> | | |
|-----------|---------------------------------------|-----------------|---------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 195 | 1,034 | 1,229 |
| 2026 | 236 | 1,024 | 1,260 |
| 2027 | 280 | 1,011 | 1,291 |
| 2028 | 326 | 997 | 1,323 |
| 2029 | 376 | 980 | 1,356 |
| 2030-2034 | 2,750 | 4,559 | 7,309 |
| 2035-2039 | 4,573 | 3,697 | 8,270 |
| 2040-2044 | 7,030 | 2,327 | 9,357 |
| 2045-2048 | 5,907 | 464 | 6,371 |
| Total | \$ <u>21,673</u> | <u>16,093</u> | <u>37,766</u> |

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Lease and Subscription Obligations

HCA determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether HCA obtains substantially all of the economic benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets with a related lease and subscription obligation. Right-of-use assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using the lessor interest rate or an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the lease term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription liability.

HCA has entered into agreements to lease various buildings and equipment and to utilize various software under lease and subscription obligations expiring at various dates through 2055.

Aggregate future minimum lease payments under noncancelable agreements as of September 30, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-----------------|----------------|
| 2025 | \$ 9,899 | 3,720 | 13,619 |
| 2026 | 5,509 | 4,916 | 10,425 |
| 2027 | 5,641 | 4,664 | 10,305 |
| 2028 | 4,738 | 4,426 | 9,164 |
| 2029 | 3,278 | 4,228 | 7,506 |
| 2030–2034 | 11,828 | 19,335 | 31,163 |
| 2035–2039 | 13,621 | 16,392 | 30,013 |
| 2040–2044 | 16,986 | 13,031 | 30,017 |
| 2045–2049 | 21,156 | 8,855 | 30,011 |
| 2050–2055 | 26,359 | 3,656 | 30,015 |
| | <u>\$ 119,015</u> | <u>83,223</u> | <u>202,238</u> |

These amounts are included in lease and subscription obligations and current portion thereof in the accompanying statement of net position.

The University has entered into an equipment lease agreement on behalf of Providence Hospital in the amount of \$2,001,000 for which the terms have not yet commenced. HCA will be responsible for making lease payments to the University for use of the equipment once the terms commence. As of

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September 30, 2024, there are no other known lease or subscription commitments for which the terms have not yet commenced.

Other Noncurrent Liabilities

Other noncurrent liabilities consist of liabilities related to long-term vacation accruals. Amounts due within one year are included in current portion of other long-term liabilities.

(7) Deferred Outflows and Inflows

(a) University of South Alabama

Deferred outflows of resources are consumption of net assets that are applicable to a future reporting period. In 2016, the University issued its Series 2016 Bonds. The proceeds from this series were used to partially defease the Series 2008 Bonds resulting in a loss of the difference between the acquisition price of the new debt and the net carrying amount of the old debt. In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, this loss was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016-A Bonds. In 2024, the University acquired an 81% ownership interest in a legally separate entity, South Coast, in the Ascension Providence acquisition. During 2024, the University acquired the remaining 19% ownership interest in South Coast and formally dissolved the entity. In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, the excess consideration provided over the net position acquired was recognized as a deferred outflow of resources and is being amortized over 338 months, the remaining service life of the capital assets acquired. Additionally, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, changes in assumptions, changes in the proportion of total net liabilities relative to other plan participants, differences between employer contributions and the proportionate share of contributions, and employer contribution subsequent to the measurement date of the net pension liability but prior to the end of the fiscal year are presented as a deferred outflow of resources.

The components of deferred outflows of resources as of September 30, 2024 are summarized below (in thousands):

| | | |
|-----------------------------------|----|---------|
| Loss on refunding of 2016-A bonds | \$ | 4,722 |
| South Coast acquisition | | 128 |
| Pension | | 87,398 |
| OPEB | | 169,123 |
| | | 261,371 |
| | \$ | 261,371 |

Deferred inflows of resources are net asset acquisitions that are applicable to a future reporting period. In 2016, the University issued its 2016-B, C, and D Bonds. In accordance with GASB Statement Nos. 63

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and 65, the proceeds from these series refunded the remaining outstanding 2006 Bonds and the resulting gain was recognized as a deferred inflow of resources and was being amortized over the remaining life of the Series 2016-B, C, and D Bonds. In August 2024, the University refunded the Series 2016-B, C, and D with the Series 2024-C Bonds. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, Statement No. 63, and Statement No. 65, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow and is being amortized over the remaining life of the Series 2024-C Bonds.

Additionally, in accordance with GASB Statement Nos. 68 and 75, the difference between the expected and actual experience and the net difference between projected and actual earnings on investments are presented as a deferred inflow of resources. Finally, in accordance with GASB Statement No. 87, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms.

The components of deferred inflows of resources as of September 30, 2024 are summarized below (in thousands):

| | | |
|---|----|---------|
| Gain on refunding of 2016 Series B, C and D Bonds | \$ | 2,761 |
| Pension | | 36,367 |
| OPEB | | 257,480 |
| Leases | | 111,257 |
| | \$ | 407,865 |

(b) Health Care Authority

Deferred inflows of resources represent HCA's right to receive lease revenue in future reporting periods. In accordance with GASB Statement No. 87, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms. Deferred inflows for the year ended September 30, 2024 totaled \$3,680,000.

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(8) Bonds Payable

Bonds payable consisted of the following at September 30, 2024 (in thousands):

| | |
|--|-------------------|
| University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2.83% payable through August 2033 | \$ 16,617 |
| University Facilities Revenue Capital Improvement Bonds, Series 2013-B, 2.83% payable through August 2033 | 4,154 |
| University Facilities Revenue Capital Improvement Bonds, Series 2013-C, 2.78% payable through August 2028 | 3,080 |
| University Facilities Revenue Capital Improvement Bonds, Series 2015, 2.47% payable through August 2030 | 2,250 |
| University Facilities Revenue Refunding Bonds, Series 2016-A, 3.00% to 5.00% payable through November 2037 | 67,985 |
| University Facilities Revenue Bonds, Series 2017, 2.00% to 5.00%, payable through October 2037 | 29,365 |
| University Facilities Revenue Bonds, Series 2019-A, 5.00%, payable through April 2049 | 47,750 |
| University Facilities Revenue Bonds, Series 2019-B, 3.09% to 4.10%, payable through April 2033 | 13,255 |
| University Facilities Revenue Bonds, Series 2019-C, 1.87%, payable through April 1, 2030 | 11,150 |
| University Facilities Revenue Bonds, Series 2020, 4%, payable through April 1, 2040 | 32,935 |
| University Facilities Revenue Bonds, Series 2021, 4%, payable through April 1, 2041 | 36,655 |
| University Facilities Revenue Bonds, Series 2021-B, 1.398%, payable through August 1, 2032 | 11,492 |
| University Facilities Revenue Bonds, Series 2024-A, 5.0% through 2053 and 5.25% for 2054, payable through April 1, 2054 | 72,810 |
| University Facilities Taxable Revenue Bonds, Series 2024-B, 4.753% to 5.233%, payable through April 1, 2035 | 19,925 |
| University Facilities Revenue Bonds, Series 2024-C, 5%, payable through October 1, 2036 | <u>90,850</u> |
| | 460,273 |
| Plus unamortized premium | 50,331 |
| Less unamortized debt extinguishment costs | <u>(1,198)</u> |
| | <u>\$ 509,406</u> |

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes USA Health Children's and Women's Hospital revenues in an amount not exceeding \$10,000,000. The Series 2013-A, 2013-B, and 2013-C Bonds began maturing in August 2014 and were redeemable at the option of the University beginning in June 2023. The Series 2014-A Bonds began maturing in June 2015 and were paid in full in March 2024. The Series 2015 Bonds began maturing in August 2015 and were redeemable at the option of the University beginning in June 2020. The Series 2016-A Bonds began maturing in November 2018 and are redeemable at the option of the University beginning in November 2026. The Series 2016-B, C, and D Bonds were refunded in August 2024 with the proceeds from Series 2024-C Bonds. The Series 2017 Bonds began maturing in

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October 2017 and are redeemable at the option of the University beginning in October 2027. The Series 2019-A Bonds will begin maturing in April 2033. The Series 2019-B Bonds began maturing in April 2021. Both Series 2019-A and 2019-B are both redeemable at the option of the University beginning in April 2029. The Series 2019-C Bonds began maturing in April 2020 and are not subject to redemption. The Series 2020 Bonds began maturing in April 2021 and are redeemable at the option of the University beginning April 2030. The Series 2021 Bonds began maturing in April 2022 and are redeemable at the option of the University beginning April 2031. The Series 2021-B Bonds began maturing in August 2022 and are subject to redemption beginning August 2024. The Series 2023-A and 2023-B Bonds were amended and restated in April 2024, extending their final maturities to April 2025. The Series 2023-A and 2023-B Amended and Restated Bonds were refunded in July 2024 with proceeds from Series 2024-A and 2024-B Bonds. The Series 2024-A Bonds begin maturing in April 2035 and are redeemable at the option of the University beginning April 2034. The Series 2024-B Bonds begin maturing in April 2025 and are redeemable at the option of the University beginning April 2034. The Series 2024-C Bonds begin maturing in April 2025 and are redeemable at the option of the University beginning April 2034.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016-A, with a face value of \$85,605,000. The proceeds from the Series 2016-A Bonds were used to partially defease the Series 2008 Bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 Bonds when they were called in December 2018. Neither the assets of the escrow trust account nor the defeased indebtedness is included in the accompanying statement of net position. The loss on the defeasement of the Series 2008 Bonds of \$7,859,000 was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016-A Bonds. The balance of the related deferred outflow totaled \$4,722,000 at September 30, 2024. The principal outstanding on the Series 2016-A Bonds is \$67,985,000 at September 30, 2024.

In December 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016-B, C, and D, with a face value totaling \$100,000,000. The proceeds refunded the remaining outstanding Series 2006 Bonds. The gain on the refunding of the Series 2006 Bonds of \$4,539,000 was recorded as a deferred inflow and was being amortized over the remaining life of the Series 2016-B, C, and D Bonds. In August 2024, the University refunded the Series 2016-B, C, and D with the Series 2024-C Bonds. In accordance with GASB Statement No. 23, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow and is being amortized over the remaining life of the Series 2024-C Bonds. The balance of the related net deferred inflow at September 30, 2024 totaled \$2,761,000.

In April 2023, the University issued University Facilities Revenue Bond (Draw-Down Loan) 2023-A, which could be drawn up to \$80,000,000, and University Facilities Revenue Bond (Draw-Down Loan) 2023-B, which could be drawn upon up to \$20,000,000. Total amounts drawn for 2023-A and 2023-B Bonds were \$80,000,000 and \$18,510,000, respectively. These Bonds were short-term debt with the full principal balance due in April 2024. In March 2024, the University entered various amendments with respect to the 2023-A and 2023-B Bonds to extend the maturity date to April 18, 2025. Both the 2023-A and 2023-B Bonds were refunded in July 2024 with proceeds from the 2024-A and 2024-B Bonds.

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In October 2023, the University entered into a Revolving Line of Credit Agreement with Hancock Whitney Bank for up to \$50,000,000, with a term of up to thirty months, to provide funds for covering the operating expenses of HCA in managing and operating Providence Hospital. On September 30, 2024, the University terminated this line of credit without making any draws.

In July 2024, the University issued University Facilities Revenue Bonds Series 2024-A (\$72,810,000) and Taxable Series 2024-B (\$19,925,000). Proceeds of the Series 2024-A and 2024-B Bonds were used to refund the University Facilities Revenue Bonds (Draw-Down Loan) 2023-A and the University Facilities Revenue Bonds (Draw-Down Loan) 2023-B, the proceeds of which were used by the University to purchase and improve the healthcare facilities located at 6801 Airport Blvd., Mobile, AL, known as Providence Hospital.

In August 2024, the University issued University Facilities Revenue Bonds Series 2024-C (\$90,850,000). Proceeds of the Series 2024-C Bonds were used to refund the Amended and Restated University Facilities Revenue Refunding Bond Series 2016-B, 2016-C and 2016-D. The related interest rate swap agreement with Wells Fargo Bank was terminated using \$14,745,000 of University funds to pay swap termination fees, accrued interest and other related costs.

All bond funds are restricted for capital purposes as outlined in the bond indentures. The University is subject to arbitrage restrictions on its bonded indebtedness prescribed by the U.S. Internal Revenue Service. As such, amounts are accrued as needed in the University's basic financial statements for any expected arbitrage liabilities. At September 30, 2024, no amounts were due or recorded related to arbitrage in the financial statements.

The University refunded the 2023-A and 2023-B Bonds in July 2024 with the issuance of the Series 2024-A and 2024-B Bonds. This resulted in the elimination of the University's short-term borrowings. A summary of the University's short-term borrowing activity for the year ended September 30, 2024 follows (in thousands):

| | Beginning balance | Additions | Reductions | Ending balance |
|------------------|------------------------------|------------------|-------------------|---------------------------|
| Short-term debt: | | | | |
| Bonds payable | \$ 83,655 | 14,855 | (98,510) | — |

The University is subject to restrictive covenants related to its bonds payable.

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Debt Service on Long-Term Obligations

Total debt service (which includes bonds and notes payable) by fiscal year is as follows at September 30, 2024 (in thousands):

| | Debt service on notes and bonds | | | | |
|--|---------------------------------|------------|--|----------|---------|
| | Bonds | | Notes payable from direct borrowing | | |
| | Principal | Interest | Principal | Interest | Total |
| 2025 | 25,454 | 17,701 | 186 | 31 | 43,372 |
| 2026 | 23,285 | 19,892 | 194 | 22 | 43,393 |
| 2027 | 24,190 | 18,980 | 191 | 13 | 43,374 |
| 2028 | 25,200 | 17,994 | 166 | 4 | 43,364 |
| 2029 | 25,431 | 16,944 | — | — | 42,375 |
| 2030–2034 | 126,083 | 67,943 | — | — | 194,026 |
| 2035–2039 | 109,670 | 37,882 | — | — | 147,552 |
| 2040–2044 | 39,160 | 21,039 | — | — | 60,199 |
| 2045–2049 | 35,990 | 12,227 | — | — | 48,217 |
| 2050–2054 | 25,810 | 4,204 | — | — | 30,014 |
| Subtotal | 460,273 | \$ 234,806 | 737 | 70 | 695,886 |
| Plus (less): | | | | | |
| Unamortized bond premium | 50,331 | | — | | |
| Unamortized debt extinguishment costs | (1,198) | | — | | |
| Total | \$ 509,406 | | 737 | | |

(9) Lease Receivables

(a) University of South Alabama

The University leases land, buildings, and suites to various lessees expiring at various dates through 2069. For the year ended September 30, 2024, the University recognized a total of \$10,930,000 of inflows of resources from leases, of which \$6,332,000 was recognized as lease revenue which is included in other operating revenues and interest of \$4,598,000, which was recognized as a component of net investment income in the statement of revenues, expenses, and changes in net position.

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The following table provides future minimum lease revenue by year that is included in the measurement of the lease receivable (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|-------------------|-----------------|----------------|
| 2025 | \$ 9,485 | 3,640 | 13,125 |
| 2026 | 4,812 | 4,846 | 9,658 |
| 2027 | 4,600 | 4,627 | 9,227 |
| 2028 | 4,485 | 4,413 | 8,898 |
| 2029 | 3,182 | 4,218 | 7,400 |
| 2030–2034 | 11,456 | 19,337 | 30,793 |
| 2035–2039 | 13,622 | 16,396 | 30,018 |
| 2040–2044 | 16,988 | 13,035 | 30,023 |
| 2045–2049 | 21,158 | 8,858 | 30,016 |
| 2050–2054 | 26,361 | 3,658 | 30,019 |
| 2055–2059 | 3 | 2 | 5 |
| 2060–2064 | 4 | 1 | 5 |
| 2065–2069 | 4 | 1 | 5 |
| Lease receivable | <u>\$ 116,160</u> | <u>83,032</u> | <u>199,192</u> |

Of the \$116,160,000 lease receivable, \$110,700,000 is related to leases between the University and its component units.

(b) USA Research and Technology Corporation

The Corporation leases land, buildings, and suites to various lessees under financing leases and short term leases expiring at various dates through 2057. In Building I, space is leased under four lease agreements. The first lease had a 5-year initial term that expired in October 2023, which was renewed in November 2023 for a 5-year term expiring October 2028. The first lease has one 5-year renewal option remaining. The second lease had a 1 year initial term, which was amended to include an additional 2 year term expiring in December 2025 with no renewal options. The third lease had a 5 year initial term that expired July 2024 with one 5-year renewal option. The fourth lease had a 5-year initial term that expired April 2024, which was amended in January 2024 for a 5-year term expiring April 2029.

Space in Buildings II and III is leased to the University and various other tenants. The leases have remaining terms varying from month to month to seven years.

Under leases for Buildings I, II, and III, the Corporation must pay all operating expenses of the buildings, including utilities, janitorial, maintenance, and insurance. Tenants will reimburse the Corporation for such expenses only as the total expenses for a year increase over the total expenses

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for the base year of the lease (which generally is the first calendar year of the lease term). In 2024, the Corporation recognized operating expense reimbursement income of \$37,000 as a component of operating revenues in the statement of revenues, expenses, and changes in net position.

Space under lease to the University was 80,092 square feet at September 30, 2024.

The Corporation owns a building located on the premises of USA Health, which is leased to a single tenant. The Corporation paid for construction of the building shell and land improvements while the tenant paid for the cost of finishing the building's interior. The lease had a 10 year initial term, which was set to expire in March 2020, with three 5 year renewal options. The initial lease was terminated in December 2022 and replaced with a new lease with an initial term of 10 years, expiring in March 2030, with three 5 year renewal options. Under the lease, the tenant must also pay for utilities, taxes, insurance, and interior repairs and maintenance. The Corporation is responsible for repairs and maintenance to the exterior and HVAC system.

The Corporation, as lessor, had three ground leases in place at September 30, 2024. One lease is for a 40 year initial term expiring in October 2046 with two renewal options, the first for 20 years and the second for 15 years. The second lease is for a 30 year initial term expiring in October 2036 with four 5 year renewal options. The third lease has a 38.5 year initial term expiring in September 2046 with two renewal options, the first for 20 years and the second for 15 years.

The terms and conditions of each lease agreement vary by tenant with some including early termination options. Of the existing lease agreements, two tenants in Building II have options to terminate their lease agreement early if notice is given within the stated timeframe and all, if any, monetary obligations have been met.

For the year ended September 30, 2024, the Corporation recognized a total of \$3,741,000 of inflows of resources from financing leases, of which \$3,321,000 was recognized as lease revenue and \$420,000 was recognized as interest income in other nonoperating revenues.

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The following table provides future minimum lease revenue by fiscal year that is included in the measurement of the lease receivable (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|------------------|-----------------|---------------|
| 2025 | \$ 2,926 | 408 | 3,334 |
| 2026 | 1,743 | 334 | 2,077 |
| 2027 | 1,582 | 284 | 1,866 |
| 2028 | 1,516 | 236 | 1,752 |
| 2029 | 1,248 | 191 | 1,439 |
| 2030–2034 | 1,687 | 697 | 2,384 |
| 2035–2039 | 1,240 | 511 | 1,751 |
| 2040–2044 | 1,568 | 295 | 1,863 |
| 2045–2049 | 819 | 72 | 891 |
| 2050–2054 | 143 | 27 | 170 |
| 2055–2059 | 101 | 5 | 106 |
| Lease receivable | <u>\$ 14,573</u> | <u>3,060</u> | <u>17,633</u> |

(c) Health Care Authority

Leases as a lessor are included in the lease receivable and current portion thereof on the statement of net position.

Lease receivables represent HCA's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. HCA subleases buildings, suites, and land under leases expiring at various dates through 2073. For the year ended September 30, 2024, HCA recognized a total of \$970,000 of inflows of resources from leases, of which \$781,000 was recognized as lease revenue and \$189,000 was recognized as interest income. Lease revenue is included within other operating revenues and interest income is included within investment income on the statement of revenues, expenses, and changes in net position.

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Future minimum lease revenue under noncancelable agreements as of September 30, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|-----------------|--------------|
| 2025 | \$ 975 | 162 | 1,137 |
| 2026 | 682 | 131 | 813 |
| 2027 | 727 | 98 | 825 |
| 2028 | 777 | 63 | 840 |
| 2029 | 237 | 36 | 273 |
| 2030-2034 | 250 | 130 | 380 |
| 2035-2039 | 28 | 111 | 139 |
| 2040-2044 | 35 | 104 | 139 |
| 2045-2049 | 44 | 95 | 139 |
| 2050-2054 | 55 | 84 | 139 |
| 2055-2059 | 69 | 71 | 140 |
| 2060-2064 | 86 | 54 | 140 |
| 2065-2069 | 107 | 32 | 139 |
| 2070-2073 | 76 | 7 | 83 |
| | <u>\$ 4,148</u> | <u>1,178</u> | <u>5,326</u> |

(10) Derivative Transactions – Interest Rate Swaps

The University was a party to two derivative instruments with Wells Fargo Bank, the counterparty, that terminated in 2024. The income associated with the derivatives is reported as a component of net investment income and the corresponding expense is reported as a component of interest expense. The terms of the derivatives required the University to post collateral when certain criteria were met.

The notional amount of the 2014 swap at all times matched the outstanding principal amount of the related bond. Under the swap, the University paid the counterparty a fixed semiannual payment based on an annual rate of 4.9753%. Prior to the cessation of LIBOR, the University received, on a monthly basis, a variable payment of 68% of the one month LIBOR. In connection with the cessation of LIBOR, the University adhered to the ISDA Fallback protocols, which meant that, as of the cessation of LIBOR on June 30, 2023, the University received payments calculated at 68% of Secured Overnight Financing Rate (SOFR) compounded in arrears + 0.11448%, plus 0.25%. Conversely, the 2014-A Bonds bore interest at 68% of One Month Term SOFR + 0.11448%, plus 0.73%.

The notional amount of the 2016 swap at all times matched the outstanding principal amount of the related bonds. Under the swap, the University paid the counterparty a fixed semiannual payment based on an annual rate of 5%. Prior to the cessation of LIBOR, the University received, on a monthly basis, a variable payment of 68% of the one-month LIBOR. In connection with the cessation of LIBOR, the University adhered to the ISDA Fallback protocols, which meant that, as of the cessation of LIBOR on June 30, 2023,

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the University received on a monthly basis a variable payment of 68% of SOFR Compounded in arrears + 0.11448%, plus 0.25%. Conversely, the Amended and Restated 2016 Bonds bore interest at 79% of one month compounded SOFR plus 72 basis points (with respect to the Amended and Restated 2016-B Bonds), 77 basis points (with respect to the Amended and Restated 2016-C Bonds), and 83 basis points (with respect to the Amended and Restated 2016-D Bonds).

The 2014 swap terminated in March 2024, when the Series 2014-A Bond matured. The 2016 swap terminated in August 2024, when the Amended and Restated 2016-B, C, and D Bonds were refunded with the Series 2024-C Bonds. The fee paid by the University to Wells Fargo Bank to terminate the swap was \$14,745,000. Pursuant to GASB Statement No. 53, and Statement No. 99, the balance in the deferred inflow of resources is reported in nonoperating revenues, separate from net investment income, as an increase upon hedge termination in the statement of revenues, expenses, and changes in net position.

(11) Patient Service Revenues

The University of South Alabama Health System (USA Health) has agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between USA Health's billings at established rates for services and amounts reimbursed by third-party payers.

A summary of the basis of reimbursement with major third-party payers follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, USA Health is reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. USA Health is generally paid for certain retroactively determined items at tentative rates, with final settlements determined after submission of annual cost reports by USA Health and audits by the Medicare fiscal intermediary.

Both USA Health University Hospital and USA Health Children's & Women's Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2020.

Revenues from the Medicare program accounted for approximately 16% of USA Health's patient service revenues for the year ended September 30, 2024.

Blue Cross Blue Shield – Inpatient services rendered to Blue Cross subscribers are paid at a contractually determined per diem rate based upon Medicare Severity Diagnosis Related Groups. Outpatient services are reimbursed under a contractually determined reimbursement methodology based on Blue Cross Enhanced Ambulatory Patient Groups.

Revenues from the Blue Cross program accounted for approximately 27% of USA Health's patient service revenues for the year ended September 30, 2024.

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Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

USA Health qualifies as a Medicaid essential provider and, therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no certainty that USA Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified. For the year ended September 30, 2024, the University received net supplemental payments from this program in the amount of \$96,202,000 and is included in patient service revenues on the statement of revenues, expenses, and changes in net position.

Revenues from the Medicaid program accounted for approximately 20% of USA Health's patient service revenues for the year ended September 30, 2024.

Other – USA Health has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to USA Health under these agreements includes discounts from established charges and prospectively determined daily and case rates.

The composition of patient service revenues for the year ended September 30, 2024 follows (in thousands):

| | | |
|---|----|-------------|
| Gross patient service revenues | \$ | 2,375,103 |
| Less: | | |
| Provision for contractual and other adjustments | | (1,345,692) |
| Provision for bad debts | | (103,155) |
| | | 926,256 |
| | \$ | |

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance which vary in amount. USA Health also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. USA Health estimates the provision for bad debts for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. Subsequent changes to the estimate of the provision for bad debts are generally recorded as adjustments to net patient service revenues in the period

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of the change. For the year ended September 30, 2024, additional revenue of approximately \$12,681,000 was recognized due to changes in estimates of the provision for bad debts.

The composition of gross patient service revenues before the provision for contractual and other adjustments and the provision for bad debts by major payor source is as follows for the year ended September 30, 2024 (in thousands):

| | Gross patient service revenues | Percentage |
|--------------------|---|-------------------|
| Medicare Advantage | \$ 456,429 | 19 % |
| Blue Cross | 525,108 | 22 |
| Medicare | 291,390 | 12 |
| Commercial | 259,679 | 11 |
| Medicaid | 547,831 | 23 |
| Other | 172,185 | 8 |
| Self pay | 122,481 | 5 |
| | <u>\$ 2,375,103</u> | <u>100 %</u> |

In 2024, the University received \$12,224,000 as a prior year settlement related to the 340B Drug Pricing Program. This amount is included in patient service revenues for the year ended September 30, 2024.

The University provides charity care to patients who meet specific financial need criteria, as outlined in its USA Health Financial Assistance Policy. Charity care is defined as services provided to patients who are unable to pay for all or part of their care and for whom no expectation of payment exists. For the fiscal year ended September 30, 2024, charity care costs were calculated based on the cost-to-charge ratio, which was applied to the amounts of services provided to qualifying patients. The total charity care provided during the period was approximately \$23,654,000 which represents 1.0% of total hospital charges.

(12) Business and Credit Concentrations

The University grants credit to patients, substantially all of whom reside in the University's service area. The University generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, preferred provider arrangements, and commercial insurance policies).

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The mix of receivables from patients and third party payors as of September 30, 2024 is as follows:

| | |
|------------|-------|
| Medicare | 24 % |
| Self Pay | 22 |
| Blue Cross | 19 |
| Medicaid | 15 |
| Commercial | 11 |
| Other | 9 |
| | 100 % |

(13) Defined-Benefit Cost-Sharing Pension Plan

Employees of the University are covered by a cost-sharing, multiple-employer defined-benefit pension plan administered by the TRS.

(a) Plan Description

The TRS was established in September 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

(b) Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. Tier 1 TRS members who retire after age 60 with 10 years or more of creditable service or with twenty-five years of services (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the higher monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Act 2022-222 amended benefits for Tier 2 members, and they are now eligible for retirement after 30 years of creditable service and are entitled to an annual retirement benefit, with a 2% reduction for each year under 62, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year

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of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

(c) Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rates are 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percentage of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University were \$22,307,000 for the year ended September 30, 2024 are included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

(d) Pension Liabilities, Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At September 30, 2024, the University reported a liability of \$349,710,000 for its proportionate share of the collective net pension liability. At September 30, 2024, the collective net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The University's proportion of the collective net pension liability is based on the employer's shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At the measurement date of September 30, 2023, the University's proportion of contributions to the pension plan was 2.191463%, which was a decrease of 0.227295% from its proportion measured as of September 30, 2022 of 2.418758%.

For the year ended September 30, 2024, the University recognized pension expense of approximately \$38,714,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

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At September, 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred outflows of resources | Deferred inflows of resources |
|---|---|--|
| Differences between expected and actual experience | \$ 31,269 | 4,721 |
| Changes of assumptions | 9,838 | — |
| Net difference between projected and actual earnings on pension plan investments | 23,984 | — |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | — | 31,646 |
| Employer contributions subsequent to measurement date | 22,307 | — |
| | \$ 87,398 | 36,367 |

At September 30, 2024, approximately \$22,307,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| Year ending September 30: | |
|---------------------------|-----------|
| 2025 | \$ 8,173 |
| 2026 | 5,391 |
| 2027 | 20,324 |
| 2028 | (5,164) |
| | \$ 28,724 |

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(e) Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

* Net of pension plan investment expense, including inflation

** Includes inflation

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period from October 1, 2015 through September 30, 2020, and a discount rate of 7.45%. Mortality rates for TRS were based on the Pub-2010 Teacher Below Median tables adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019.

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

| | Target allocation | Long-term expected rate of return* |
|---------------------------------------|------------------------------|---|
| Fixed income | 15.0 % | 2.8 % |
| U.S. large stocks | 32.0 | 8.0 |
| U.S. mid stocks | 9.0 | 10.0 |
| U.S. small stocks | 4.0 | 11.0 |
| International developed market stocks | 12.0 | 9.5 |
| International emerging market stocks | 3.0 | 11.0 |
| Alternatives | 10.0 | 9.0 |
| Real estate | 10.0 | 6.5 |
| Cash equivalents | 5.0 | 1.5 |
| | <u>100.0 %</u> | |

* Includes assumed rate of inflation of 2.00%

(f) Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2024 was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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(g) Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1% Decrease (6.45)% | Current rate (7.45)% | 1% Increase (8.45)% |
|--|--------------------------------|---------------------------------|--------------------------------|
| University's proportionate share of collective net pension liability | \$ 456,856 | 349,710 | 259,593 |

(h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023 as well as prior-year reports. The supporting actuarial information is included in the GASB Statement No. 68 Report for the TRS prepared as of September 30, 2023. The auditors' report dated January 15, 2024 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2023 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(14) Other Employee Benefits

(a) Other Pension Plans

Certain employees of the University also participate in a defined-contribution pension plan. The defined-contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. The plan is administered by the University and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). Under this plan, contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University contributed \$323,000 representing 135 employees for the year ended September 30, 2024.

All employees of HCM working at least half-time are eligible to participate in a defined-contribution pension plan. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by TIAA-CREF. Under this plan, contributions by eligible employees

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are matched equally by HCM up to a maximum of 5% of current annual pay. HCM contributed \$11,933,000 representing 3,113 employees participating in this plan for the year ended September 30, 2024. University employees as of September 30, 2010, who later transfer to HCM, are immediately vested in the plan. All other employees do not vest until they have held employment with HCM for 36 months; at which time, they become 100% vested in the plan.

Effective April 1, 2022, HCM adopted a deferred compensation retirement plan. All nonstudent employees are eligible to defer receipt of a portion of their salary until a later date. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, TIAA-CREF. Under this plan, contributions by eligible employees are not matched by HCM. During the year ended September 30, 2024, 231 employees participated in this plan. All eligible employees are fully vested in their accounts under this plan immediately upon contributing.

(b) *Compensated Absences*

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off. These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon separation of employment, employees who were hired before January 1, 2012 are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. Employees hired after January 1, 2012 are not eligible for payment of unused accrued vacation or paid time off (PTO) hours upon separation of employment. Employees acquired through the Providence purchase were able to transfer their current PTO balances to the University. This transferred PTO is eligible for payout. The accompanying statement of net position includes accruals for vacation pay and paid time off of approximately \$10,498,000 at September 30, 2024. The accrual is included in other long-term liabilities (and current portion thereof) in the accompanying financial statements. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

(15) Other Postemployment Benefit Plans

Retirees of the University are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost-sharing, multiple-employer defined-benefit OPEB plan administered by the TRS.

(a) *Plan Description*

The Alabama Retiree Health Care Funding Act of 2007 authorized and directed the Public Education Employees Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions and to fund benefits related to the plan. The responsibility for the general administration and operation of the PEEHIP is vested in its Board, which consists of 15 trustees. Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the PEEHIP Board. GASB Statement No. 75, requires the

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reporting of the participating employers' share of net OPEB liability and the OPEB expense in the financial statements as well as enhanced financial statements note disclosures.

(b) Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO). In addition to or in lieu of the basic hospital medical plan or HMO, the PEEHIP offers four optional plans: Hospital Indemnity, Cancer, Dental, and Vision. Also, PEEHIP members (only active and non-Medicare eligible) may elect the Supplemental Plan as their hospital medical coverage instead of the PEEHIP Hospital Medical Plan. This Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network, and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

(c) Contributions

The employer contribution to the health insurance premium is set forth by the Board annually.

Total employer contributions to the OPEB plan from the University were \$6,171,000 the year ended September 30, 2024 and are included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

(d) OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At September 30, 2024, the University reported a liability of \$78,808,000, for its proportionate share of the net OPEB liability. At September 30, 2024, the net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of September 30, 2023, the University's proportion of contributions to the OPEB plan was 4.099978%, which was an increase of 1.034118% from its proportion measured as of September 30, 2022 of 3.065860%.

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For the year ended September 30, 2024, the University recognized negative OPEB expense of approximately \$25,596,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

At September 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred outflows of resources | Deferred inflows of resources |
|--|---|--|
| Differences between expected and actual experience | \$ 1,541 | 124,356 |
| Changes of assumptions | 66,393 | 77,962 |
| Net difference between projected and actual earnings on OPEB plan investments | 2,692 | — |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 92,326 | 55,162 |
| Employer contributions subsequent to the measurement date | 6,171 | — |
| | \$ 169,123 | 257,480 |

At September 30, 2024, approximately \$6,171,000 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2025.

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

| | |
|---------------------------|-------------|
| Year ending September 30: | |
| 2025 | \$ (36,405) |
| 2026 | (5,121) |
| 2027 | (11,317) |
| 2028 | (29,845) |
| 2029 | (14,895) |
| Thereafter | 3,054 |
| | \$ (94,529) |

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(e) Actuarial Assumptions

The total OPEB liability as of September 30, 2024 was determined by an actuarial valuation performed as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|-------------|
| Inflation | 2.50 % |
| Projected salary increases* | 3.25-5.00 % |
| Long-term investment rate of return** | 7.00 % |
| Municipal bond index rate at the measurement date | 4.53 % |
| Municipal bond index rate at prior measurement date | 4.40 % |
| Projected year for fiduciary net position to be depleted | N/A |
| Single equivalent interest rate at the measurement date | 7.00 % |
| Single equivalent interest rate at prior measurement date | 7.00 % |
| Healthcare cost trend rate | |
| Pre-Medicare eligible | 7.00 % |
| Medicare eligible | *** |
| Ultimate trend rate | |
| Pre-Medicare eligible | 4.50 % |
| Medicare eligible | 4.50 % |
| Year of ultimate trend rate | |
| Pre-Medicare eligible | 2033 |
| Medicare eligible | 2033 |
| Optional plans trend rate | 2.00 % |

* Includes 2.75% wage inflation

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

*** Initial Medicare trend rates are set based on negotiated increases through calendar year 2025.

Mortality rates were based on the Pub-2010 Teacher Below Median tables adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66–2/3% beginning with year 2019.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the TRS on September 13, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of

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plan participation, rates of plan election, etc.) of the total OPEB liability were based on the September 30, 2022 valuation.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class are summarized in the following table:

| | Target allocation | Long-term expected real rate of return* |
|---------------------------------------|------------------------------|--|
| Fixed income | 30 % | 4.40 % |
| U.S. large stocks | 38 | 8.00 |
| U.S. mid stocks | 8 | 10.00 |
| U.S. small stocks | 4 | 11.00 |
| International developed market stocks | 15 | 9.50 |
| Cash | 5 | 1.50 |
| | 100 % | |

* Geometric mean, includes 2.50% inflation

(f) Discount Rate

The discount rate used to measure the total OPEB liability at September 30, 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating employers must contribute for each active employee, which is currently \$800 per non-university active member. 11.051% of the employer contributions were used to assist in funding retiree benefit payments in fiscal year 2023. It is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group until reaching an employer rate of 20.000%, at which point, based on budget projections, the monthly employer rate will increase to \$940 starting in 2027 and with inflation at 2.5% starting in 2028. The long-term expected rate of return on OPEB plan investments will be determined based on the allocation by the asset class and by the mean and variance of real returns. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2121.

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(g) Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates and Discount Rates

The following table presents the University's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate of 4.50%, as well as what the net OPEB liability would be if calculated using one percentage point lower 3.50% or one percentage point higher 5.50% than the current rate (in thousands):

| | <u>1% Decrease (3.50)%</u> | <u>Current rate (4.50)%</u> | <u>1% Increase (5.50)%</u> |
|---|--------------------------------|---------------------------------|--------------------------------|
| University's proportionate share of collective net OPEB liability | \$ 59,735 | 78,808 | 101,965 |

The following table presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate (in thousands):

| | <u>1% Decrease (6.00)%</u> | <u>Current rate (7.00)%</u> | <u>1% Increase (8.00)%</u> |
|---|--------------------------------|---------------------------------|--------------------------------|
| University's proportionate share of collective net OPEB liability | \$ 97,288 | 78,808 | 63,079 |

(h) OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the Alabama Retired Education Employees' Health Care Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 75 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

(16) Risk Management

The University, HCM, SAMSF, and HCA participate in the PLTF; and the University, HCM, SAMSF, the Corporation, and HCA participate in the GLTF. An independent trustee administers both funds. These trust funds are revocable and use contributions by the University and HCA, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees, and other individuals acting on behalf of the University. Any risk related to the payment of claims is the responsibility of the PLTF and GLTF. If

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the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance may be distributed to the participating entities in proportion to contributions made.

As discussed in note 1, the PLTF and GLTF are blended component units of the University and, as such, are included in the financial statements of the University for the year ended September 30, 2024. Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University, HCM, and HCA each participate in a separate self-insured health plan administered by unaffiliated entities. Administrative fees paid by the University for such services were approximately \$4,235,000 in 2024 and are included in accounts payable and accrued liabilities on the statement of net position. Contributions by the University and its employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

The changes in the total self-insurance liabilities for the year ended September 30, 2024 for the PLTF, GLTF, and health plan are summarized as follows (in thousands):

| | | |
|--|----|-----------------|
| Balance, beginning of year | \$ | 46,186 |
| Premiums and other additions | | 103,865 |
| Claims, administrative fees paid, and other reductions | | <u>(77,430)</u> |
| Balance, end of year | \$ | <u>72,621</u> |

These amounts are included in other long-term liabilities and in accounts payable and accrued liabilities in the accompanying statement of net position.

(17) Other Related Parties and Related-Party Transactions

During the year ended September 30, 2024, the University had certain related-party transactions with affiliates as described below.

SAMSF is a not-for-profit corporation that exists for the purpose of promoting education and research at the University. For the year ended September 30, 2024, SAMSF had total assets of \$13,237,000, net assets of \$13,168,000, and total revenues of \$3,201,000. During fiscal year 2024, SAMSF made contributions in the amount of \$147,000 to support clinical trials and research at the University. Contributions from SAMSF are presented as private grants and contracts revenues on the statement of revenues, expenses, and changes in net position for the University.

JAF is a not-for-profit corporation that was organized for the purpose of providing support for the athletic programs and student-athletes at the University. For the year ended September 30, 2024, JAF had total

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assets of \$1,366,000, net assets of \$1,366,000, and total revenues of \$2,374,000. During fiscal year 2024, JAF made contributions to the University for the support of athletic programs and student-athletes in the amount of \$1,900,000. These contributions are presented as other nonoperating revenues on the statement of revenues, expenses, and changes in net position for the University.

Gulf Coast is an Alabama not-for-profit corporation created for the purpose of operating a community-led network to coordinate the healthcare of Medicaid patients in Southwest Alabama. For the year ended September 30, 2024, Gulf Coast had total assets of \$905,000, net assets of \$632,000, and total revenues of \$8,684,000. During fiscal year 2024, HCM (a blended component unit of the University) charged Gulf Coast a management fee of \$876,000 to cover management and administrative expenses for Gulf Coast operations. In addition, HCM transferred \$200,000 to Gulf Coast. The management fee and transfer are presented as other operating revenues and supplies and other services expense, respectively, on the statement of revenues, expenses, and changes in net position for the University.

FRAC is an Alabama non-for-profit corporation created for the purpose of promoting and advancing the University's educational, research, and service missions. For the year ended September 30, 2024, FRAC had total assets of \$57,000, net assets of \$57,000, and total revenues of \$16,000. FRAC has royalty sharing agreements in place with the University and inventors in which each party receives a designated percentage of licensing income generated from intellectual property. For fiscal year 2024, FRAC distributed \$3,000 to the University and \$1,000 to inventors under royalty sharing agreements.

(18) Commitments and Contingencies

(a) Grants and Contracts

At September 30, 2024, the University had been awarded approximately \$146,668,000 in grants and contracts for which resources had not been received and for which reimbursable expenditures had not been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, have not been reflected in the accompanying basic financial statements, as the eligibility requirements of the awards have not been met. Advances, if any, are included in unrecognized revenues and include amounts received from grant and contract sponsors that have not been expended under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by federal agencies. The University's management believes any potential adjustment from such audits will not be material.

(b) Litigation

Various claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statement of revenues, expenses, and changes in net position of the University.

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(c) Rent Supplement Agreements

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. The agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations (see note 6). As of September 30, 2024, no amounts were payable pursuant to these agreements.

(d) USA Research and Technology Corporation Leases

The University has commitments under lease receivables with the Corporation. Space under lease to the University was 80,092 square feet at September 30, 2024. See note 9 for additional details.

(19) Functional Expense Information

Operating expenses by functional classification for the year ended September 30, 2024 are as follows (in thousands).

| | | <u>2024</u> |
|------------------------------------|----|------------------|
| Instruction | \$ | 120,002 |
| Research | | 40,574 |
| Public service | | 13,924 |
| Academic support | | 29,288 |
| Student services | | 47,567 |
| Institutional support | | 12,167 |
| Operation and maintenance of plant | | 14,016 |
| Scholarships | | 26,120 |
| USA Health | | 929,296 |
| Auxiliary enterprises | | 17,711 |
| Depreciation and amortization | | <u>89,412</u> |
| | \$ | <u>1,340,077</u> |

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(20) Blended Component Units

As more fully described in note 1, HCM, PLTF, GLTF, and the Providence IPA are reported as blended component units. Required combining financial information of the aggregate blended component units as of and for the year ended September 30, 2024 follows (in thousands):

| | | |
|------------------------|----|-----------|
| Current assets | \$ | 22,751 |
| Noncurrent assets | | 71,700 |
| Total assets | | 94,451 |
| Current liabilities | | 36,809 |
| Noncurrent liabilities | | 51,581 |
| Total liabilities | | 88,390 |
| Net position | \$ | 6,061 |
| Operating revenues | \$ | 493,626 |
| Operating expenses | | (505,881) |
| Operating loss | | (12,255) |
| Nonoperating revenues | | 13,202 |
| Change in net position | \$ | 947 |

(21) Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The objective of this statement is to update measurement guidance and recognition requirements for compensated absences in addition to amending previously required disclosures.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The objective of this statement is to establish reporting requirements for certain concentrations and constraints that may negatively impact operations or the ability to meet outstanding obligations.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of

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government financial statements with essential information about certain types of capital assets and requires disclosure of certain information regarding capital assets to be presented by major class.

The effect of the implementation of GASB Statement Nos. 101, 102, 103, and 104 on the University has not yet been determined.

(22) Subsequent Event

Subsequent to September 30, 2024, the University entered into an agreement to purchase Traditions at South, a 156 unit apartment complex, and the associated land for \$20,200,000. The acquired assets will be operated as student housing and the University has entered into an agreement with a property management firm to assist in the transition process. The University closed on this acquisition in December 2024.

In addition, the University entered into a membership donation agreement with Gulf Coast Health System resulting in the University becoming the sole Corporate Member of the Providence Foundation. The Providence Foundation was formed to support the mission and endeavors of Providence Hospital, which was acquired in the Ascension Providence acquisition and was previously reported in Ascension Health's June 30, 2024 financial statements. The Providence Foundation will be discretely presented in the University's financial statements for fiscal year 2025.

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Required Supplementary Information

Schedule of the University's Proportionate Share of the Net Pension Liability and Related Ratios (Unaudited)

Teachers' Retirement Plan of Alabama

September 30 of each year from 2015 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| University's proportion of the net pension liability | 2.191463 % | 2.418758 % | 2.521971 % | 2.551330 % | 2.664536 % | 2.843720 % | 3.018313 % | 3.108048 % | 3.185471 % | 3.322348 % |
| University's proportionate share of the net pension liability | \$ 349,710 | 375,894 | 237,578 | 315,591 | 294,615 | 282,739 | 296,654 | 336,477 | 329,294 | 297,734 |
| University's covered-employee payroll during the measurement period | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 | 201,858 | 210,359 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 193.19 % | 199.81 % | 128.43 % | 173.52 % | 154.61 % | 147.63 % | 147.98 % | 169.61 % | 163.13 % | 141.54 % |
| Plan fiduciary net position as a percentage of the total pension liability | 63.57 % | 62.21 % | 76.44 % | 67.72 % | 69.85 % | 72.29 % | 71.50 % | 67.93 % | 67.51 % | 71.01 % |

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

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Required Supplementary Information

Schedule of the University's Pension Contributions (Unaudited)

Teachers' Retirement Plan of Alabama

September 30 of each year from 2015 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually required contribution | \$ 22,307 | 21,345 | 22,005 | 21,566 | 21,413 | 22,481 | 22,262 | 23,664 | 23,405 | 23,524 |
| Contributions in relation to the contractually required contribution | <u>22,307</u> | <u>21,345</u> | <u>22,005</u> | <u>21,566</u> | <u>21,413</u> | <u>22,481</u> | <u>22,262</u> | <u>23,664</u> | <u>23,405</u> | <u>23,524</u> |
| Contribution deficiency (excess) | \$ <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>—</u> |
| University's covered-employee payroll | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 | 201,858 | 210,359 |
| Contributions as a percentage of covered-employee payroll | 12.32 % | 11.35 % | 11.90 % | 11.86 % | 11.24 % | 11.74 % | 11.11 % | 11.93 % | 11.59 % | 11.18 % |

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

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Required Supplementary Information

Schedule of the University's Proportionate Share of the Net OPEB Liability and Related Ratios (Unaudited)

Alabama Retired Education Employees' Health Care Trust

September 30 of each year from 2017 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| University's proportion of the net OPEB liability | 4.099978 % | 3.065860 % | 3.974950 % | 4.016210 % | 2.737717 % | 3.156420 % | 3.449076 % | 2.963813 % |
| University's proportionate share of the net OPEB liability | \$ 78,808 | 53,421 | 205,378 | 260,646 | 103,288 | 259,418 | 256,178 | 238,060 |
| University's covered-employee payroll during the measurement period | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 |
| University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 43.54 % | 28.40 % | 111.02 % | 143.31 % | 54.20 % | 135.45 % | 127.79 % | 120.00 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 49.42 % | 48.39 % | 27.11 % | 19.80 % | 28.14 % | 14.81 % | 15.37 % | 13.38 % |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

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Required Supplementary Information

Schedule of the University's OPEB Contributions (Unaudited)

Alabama Retired Education Employees' Health Care Trust

September 30 of each year from 2017 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Contractually required contribution | \$ 6,171 | 6,382 | 5,859 | 6,868 | 7,947 | 7,772 | 7,728 | 8,373 |
| Contributions in relation to the contractually required contribution | 6,171 | 6,382 | 5,859 | 6,868 | 7,947 | 7,772 | 7,728 | 8,373 |
| Contribution deficiency (excess) | \$ — | — | — | — | — | — | — | — |
| University's covered-employee payroll | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 |
| Contributions as a percentage of covered-employee payroll | 3.41 % | 3.39 % | 3.17 % | 3.78 % | 4.17 % | 4.06 % | 3.86 % | 4.22 % |

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

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Notes to Required Supplementary Schedules (Unaudited)

September 30, 2024

(1) Summary of Cost-Sharing Pension Plan Provisions and Assumptions

Employees of the University of South Alabama are covered by a cost-sharing, multiple-employer defined-benefit pension plan administered by the Teachers Retirement System (TRS) of the State of Alabama.

(a) Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------|------------|
| Inflation | 2.5% |
| Investment rate of return* | 7.45% |
| Projected salary increases** | 3.25-5.00% |

* Net of pension plan investment expense

** Includes inflation

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period from October 1, 2015 through September 30, 2020, and a discount rate of 7.45%. Mortality rates for TRS were based on the Pub-2010 Teacher Below Median tables adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019. The September 30, 2022 valuation reflects the impact of Act 2022-222.

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

(b) Changes in Actuarial Assumptions

In 2021, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.70% to 7.45%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.70%.

In 2016, rates of retirement, disability, withdrawal and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life

UNIVERSITY OF SOUTH ALABAMA

(A Component Unit of the State of Alabama)

Notes to Required Supplementary Schedules (Unaudited)

September 30, 2024

mortality as changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

(c) Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2024 was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The assumptions and methods used in the valuation are based on the results of the Experience Investigation for the five-year period ended September 30, 2020, dated July 12, 2021, and adopted by the Teachers' Retirement System Board of Control on September 13, 2021. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 27 years |
| Asset valuation method | Market value of assets |
| Inflation | 2.50% |
| Salary increase | 3.25% to 5.00%, including inflation |
| Investment rate of return | 7.45%, net of pension plan investment expense, including inflation |

(2) Summary of OPEB Plan Provisions and Assumptions

Retirees of the University of South Alabama are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost-sharing, multiple-employer defined-benefit OPEB plan administered by the Teachers Retirement System (TRS) of the State of Alabama.

(a) Changes in Actuarial Assumptions

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
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September 30, 2024

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

(b) Recent Plan Changes

The September 30, 2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the Medicaid Advantage Prescription Drug plan premium rates exclude the ACA Health Insurer Fee, which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the Medicare Advantage Prescription Drug plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

UNIVERSITY OF SOUTH ALABAMA
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September 30, 2024

(c) Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ended September 30, 2023 is determined based on the actuarial valuation as of September 30, 2020. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent of pay, closed |
| Remaining amortization period | 21 years |
| Asset valuation method | Market value of assets |
| Inflation | 2.75% |
| Healthcare cost trend rate: | |
| Pre-Medicare eligible | 6.50% |
| Medicare eligible | * |
| Ultimate trend rate: | |
| Pre-Medicare eligible | 4.75% |
| Medicare eligible | 4.75% |
| Year of ultimate trend rate | 2027 for pre-Medicare eligible 2024 for Medicare eligible |
| Investment rate of return | 5.00%, including inflation |
| Optional plans trend rate | 2.00% |

*Initial Medicare claims are set based on scheduled increase through plan year 2022.



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

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

The Board of Trustees
University of South Alabama:

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 financial statements of the business-type activities and the aggregate discretely presented component units of University of South Alabama (the University) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 17, 2025.

Our report includes a reference to other auditors who audited the financial statements of University of South Alabama Foundation as described in our report on the University's financial statements. The financial statements of University of South Alabama Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with University of South Alabama Foundation or that are reported on separately by those auditors who audited the financial statements of University of South Alabama Foundation.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 financial statements, 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 entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



Report on Compliance and Other Matters

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

Purpose of This Report

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

KPMG LLP

Jackson, Mississippi
January 17, 2025



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

January 17, 2025

Audit Committee of the Board of Trustees
University of South Alabama
Mobile, Alabama

We have audited University of South Alabama (the University's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* (the Supplement) that could have a direct and material effect on each of the University's major federal programs for the year ended September 30, 2024, and have issued our report thereon under date of January 17, 2025. A single audit encompasses an audit of the financial statements and a compliance audit of federal awards. Under our professional standards, we are providing you with the accompanying information related to the conduct of our compliance audit. We have previously provided you with the information related to the audit of the financial statements in a letter dated January 17, 2025.

Our Responsibility under Professional Standards

We are responsible for forming and expressing an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. The University's major federal programs are identified in the schedule of findings and questioned costs. We have a responsibility to perform 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, 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). In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that instances of material noncompliance are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that noncompliance, whether caused by error or fraud, that is not direct and material to a major federal program are detected. Our audit does not relieve management or the audit committee of their responsibilities.

In addition, in planning and performing our audit of compliance, we considered internal control over compliance with the types of compliance requirements that could have a direct and material effect on each major federal program as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

We also have a responsibility to communicate significant matters related to the audit of compliance that are, in our professional judgment, relevant to the responsibilities of the audit committee in overseeing the financial reporting process. We are not required to design procedures for the purpose of identifying other matters to communicate to you.



Audit Committee of the Board of Trustees
University of South Alabama
Page 2 of 2

Disagreements with Management

There were no disagreements with management on compliance matters that individually or in the aggregate could be significant to our report.

Significant Issues Discussed, or Subject to Correspondence, with Management

We generally discuss a variety of matters with the audit committee and management each year prior to our retention by the audit committee as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

Consultations

In connection with our audit of the University's compliance over each of its major federal programs, we did not consult outside of the engagement team for any difficult or contentious matters.

Written Communications

Attached to this letter please find copies of the following written communications between management and us:

1. Engagement letter; and
2. Management representation letter

Confirmation of Audit Independence

We hereby confirm that as of January 17, 2025, we are independent accountants with respect to the University under relevant professional and regulatory standards.

* * * * *

This letter to the audit committee is intended solely for the information and use of the audit committee and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

KPMG LLP



KPMG LLP
One Jackson Place
Suite 1100, 188 East Capitol Street
Jackson, MS 39201-2127

Telephone +1 601 354 3701
Fax +1 601 354 3745
kpmg.com

February 28, 2024

Mrs. Kristen Roberts
Chief Financial Officer
University of South Alabama
307 University Boulevard, AD180
Mobile, Alabama 36688

Dear Mrs. Roberts:

This letter amends our engagement letter dated July 9, 2020, confirming our understanding to provide professional audit services to University of South Alabama (the University) and the entities set forth in Appendix I, by substituting the attached Appendix I for the Appendix I originally attached to our engagement letter and amending its terms as noted below.

Annual Report

The auditing standards require us to read the other information in the University's annual report and consider whether a material inconsistency exists between the other information and the financial statements. Management has identified the following document comprising the annual report: University of South Alabama 2024 Financial Report.

Management will provide final versions of these documents to us in a timely manner, and if possible, before the date of our auditors' report. If some or all of the documents are not available until after that date, management will provide written representation that the final documents will be provided when available and prior to issuance by the University.

Other Matters

In an effort to facilitate efficient communication between KPMG and the University related to the audit and to track engagement progress during the course of the engagement, KPMG may provide the University with access to certain service coordination tools (e.g., KPMG Clara). If such access is provided to the University, the provisions set forth in Appendix II shall apply to such access.

Each party represents to the other that neither it nor the KPMG Parties (with regard to KPMG) nor the Client Parties (with regard to the University) are (i) organized, incorporated or resident in jurisdictions sanctioned by the United States (by way of example, Cuba, Iran, North Korea, Syria or the Crimea, separatist-held Donetsk, and Luhansk regions of the Ukraine); (ii) listed in any economic, financial, or trade sanctions related list of designated parties maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, U.S. Department of Commerce, Public Safety Canada, Global Affairs Canada, the United Kingdom Office of Financial Sanctions, the United Nations Security Council, the European Union or any European Union member state; or (iii) owned 50% or more or controlled by parties described in (i) or (ii). Further, the University is not engaging KPMG to provide services directly or indirectly to the jurisdictions in (i) or to any party in (ii) or (iii). As used herein, "Client Parties" shall mean the University and its parent company and their affiliates, and their respective directors, officers, employees, and agents.



Mrs. Kristen Roberts
University of South Alabama
February 28, 2024
Page 2 of 4

The paragraph contained in the "Other Matters" section of the engagement letter which states that KPMG Parties and third party service providers may have access to your confidential information is revised as follows: "KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to the University. The KPMG Firms, together with the entities comprising KPMG International, shall be referred to herein as the "KPMG Parties." In connection with the performance of services under the Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third-party service providers within or outside of the United States to complete the services under the Engagement Letter. KPMG Parties and such third parties may have access to your confidential information from offshore locations. In the event that affiliates of the University located outside of the United States separately engage KPMG Firms to perform audit related services, for example for purposes of statutory audits, we may share the University's and/or its affiliates' confidential information with such KPMG Firms for purposes of their services for such affiliates. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third-party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Parties or such third-party service providers. In addition, KPMG Parties may have access to certain of your information in respect to engagement acceptance and other professional responsibilities such as maintaining independence and performing conflict checks. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use; and KPMG shall remain responsible to you for maintaining the confidentiality of your confidential information. KPMG shall remain responsible to the University for the performance of such services by any KPMG Parties or other third parties, including obligations of confidentiality, to the same extent KPMG is obligated under the terms of the Engagement Letter. As such, the University agrees it shall not bring any claim relating to the Engagement Letter against any KPMG Parties, other than KPMG.

The parties further agree that the provision contained in the engagement letter that addresses the use of the University's information for other purposes shall be revised in its entirety to read as follows: "You also understand and agree that the KPMG Parties, with the assistance of third parties as outlined in the engagement letter, may use all the University's information to (i) analyze trends, perform comparative analysis, and develop and improve benchmarks; (ii) develop and improve technology and services; and (iii) improve other services to the University and to provide insights to the University about its business. Such information will not be disclosed to third parties other than third parties as outlined above assisting KPMG Parties with these uses unless such information is in an aggregated or anonymized format that does not identify the University. It may be necessary or convenient for the University to use KPMG-owned or licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from the University's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audit, or to otherwise facilitate KPMG's services hereunder. The University understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of the University's information and Systems) (collectively, "Change Management Processes") before any such KPMG Technology is utilized to extract data from the Systems. In the event the University fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, the University acknowledges that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants the University the right to use KPMG Technology solely to facilitate the University's necessary or convenient



Mrs. Kristen Roberts
University of South Alabama
February 28, 2024
Page 3 of 4

provision of information to KPMG in connection with the audit, or to otherwise facilitate KPMG's services hereunder, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of the University having a need to know in order to perform their services to the University are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as the University exercises the same level of care to protect such KPMG Technology and KPMG confidential information as it uses to protect its own confidential information, but in no event less than reasonable care. Other than as expressly permitted hereby, the University agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in the engagement letter with respect to which KPMG Technology is being used, *mutatis mutandis*. KPMG Technology is not intended to be used as a system of record, repository, or hosting service, and the University acknowledges that its access to KPMG Technology and/or information contained therein may be removed within a reasonable period of time (no less frequently than annually) following the conclusion of the services to which such provision of access to KPMG Technology relates. The University may not redistribute, reproduce (except as necessary to run), modify, commercialize, allow third parties to access (except as permitted above or as otherwise authorized by KPMG in writing), or reverse engineer or decompile (except where such rights cannot be limited by applicable law) KPMG Technology. KPMG Technology is provided on an "as is", "as available" basis. If KPMG Technology is subject to any third-party license terms and conditions, then before being provided to the University, the University may be required to accept such terms and conditions before using KPMG Technology, in which case KPMG will provide such license terms and conditions to the University in writing before the University elects to use KPMG Technology.

For the purpose of complying with the AICPA Code of Professional Conduct, the University agrees to provide to KPMG, at least annually, a complete and accurate legal entity listing and a listing of other affiliated entities not included on the legal entity listing (e.g., parent company, entities under common control, joint ventures, equity method investments, and others). The University further agrees to provide a listing of the University's officers, directors, individuals who have a beneficial ownership interest (known through reasonable inquiry) that gives the individual significant influence over the University and individuals in key positions with respect to the preparation or oversight of the financial statements. The University also agrees to provide information to KPMG about acquisitions, investments or other transactions that may result in changes to the legal entity listing or the listing of other affiliated entities, not included on the legal entity listing, prior to the effective date of the acquisition, investment or other transaction.

The attached Appendix I lists the services to be rendered and related fees to provide each specified service for the identified time period. Except as specified in this letter and in the Appendix I attached to this letter, all provisions of the aforementioned engagement letter remain in effect until either the audit committee or we terminate this agreement or mutually agree to the modification of its terms.



Mrs. Kristen Roberts
University of South Alabama
February 28, 2024
Page 4 of 4

We shall be pleased to discuss this letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign in the space provided and return the copy to us.

Very truly yours,

KPMG LLP

Ashley E. Willson
Partner

Enclosures

ACCEPTED

University of South Alabama

Kristen Roberts

Chief Financial Officer _____
Title

3/8/24 _____
Date

Reports, Services and Associated Fees

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

| | |
|--|--------------------------------------|
| Audits of the basic financial statements and related notes to the basic financial statements of University of South Alabama and USA Research and Technology Corporation as of and for the year ended September 30, 2024 and the other reports detailed below. This fee also includes the audit of one major program in accordance with the Uniform Guidance. | \$707,000 |
| Audit of the basic financial statements and related notes to the basic financial statements of University of South Alabama Health Care Authority as of and for the year ended September 30, 2024. | 50% of KPMG's standard billing rates |

The other reports that we will issue as part of and upon completion of this engagement are as follows:

- Report
- Reports issued in connection with Uniform Guidance
- Debt covenant compliance report
- NCAA agreed upon procedures report

Fees and Expenses

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. The fees assume that you will provide routine client assistance activities such as preparation of the financial statements, certain account analyses, document retrieval and confirmation preparation. The fees also assume a commitment of approximately 400 hours of internal audit assistance related to the audit. The fees also assume no significant changes in operations or future acquisitions, and no significant increase in the purchase of additional alternative investments. Specifically, fees associated with auditing the opening balance sheet for the Providence Ascension acquisition, including the purchase price allocation, will be billed at 70% of KPMG's standard billing rates. Fees associated with incremental audit procedures related to the year ended September 30, 2024 associated with Providence Ascension will be billed at 50% of KPMG's standard billing rates.

In addition, the above fees do not consider any time associated with implementing any future GASB pronouncements. Any additional time associated with GASB pronouncements will be billed separately. The above fees also do not include any changes in the scope of KPMG's hours related to the NCAA agreed upon procedures report or Uniform Guidance procedures. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Our standard billing practice is to submit regular progress billings over the course of the engagement. You agree that such billings will be paid within thirty days. The timing of these billings is detailed below:

| <i>Progress bill to be mailed on</i> | <i>Amount to be billed</i> |
|---|-----------------------------------|
| March 1, 2024, | \$250,000 |
| July 1, 2024 | 250,000 |
| August 1, 2024 | 175,000 |
| October 1, 2024 | 32,000 |

An initial fee of \$100,000 will be billed on March 1, 2024 related to the audit of University of South Alabama Health Care Authority. Expenses are also billed for reimbursement as incurred.

Professional standards prohibit us from performing services for audit clients where the fee for such services is contingent, or has the appearance of being contingent, upon the results of such services.

Professional standards also indicate that independence may be impaired if fees for professional services are outstanding for an extended period of time; therefore, it is important that our fees be paid promptly when billed. If a situation arises in which it may appear that our independence would be questioned because of past due unpaid fees, we may be prohibited from issuing our audit report and associated consent, if applicable.

Where KPMG is reimbursed for expenses, KPMG will bill the University for the amount it paid and will not add any markup to the expense. After such expenses are incurred, KPMG may receive rebates or incentive payments based on its aggregate purchases, which may include expenses reimbursed by the University in addition to other clients. Such rebates are not credited back to the University but are used to reduce KPMG's overhead.

All fees, charges and other amounts payable to KPMG under the engagement letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be the University's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.

**KPMG CLARA
TERMS OF USE**

As used herein, "KPMG Clara" shall refer to those service coordination tools made available to University of South Alabama (the "University") by KPMG that allow a group of users to access a virtual repository for the purposes of sharing information, engaging in online discussions, and accessing certain content. These terms of use (the "Terms") are between the University and KPMG and shall govern the University's use of KPMG Clara, including content posted to KPMG Clara by KPMG and/or its licensors. If the University is comprised of multiple legal entities, the University agrees that (a) it has the authority to bind all such entities, and (b) these Terms shall govern such entities' use of KPMG Clara. In the event of any conflict or inconsistency between these Terms and the contract(s) between KPMG and the University to which these Terms or KPMG Clara relates, these Terms shall govern with respect to the University's use of KPMG Clara only.

1. The University and its Authorized Users (as defined below) may access and use KPMG Clara solely in furtherance of KPMG's engagement(s) with the University. KPMG Clara is not intended for use as a document retention system and should not be regarded as a system of record. The University should retain or download any information from KPMG Clara it wishes to retain for its files. Access to information within KPMG Clara may be removed or become unavailable within a reasonable time once the corresponding engagement is completed. "Authorized User" means the University's employees and other personnel authorized by the University and approved by KPMG to access and use KPMG Clara. The University shall ensure that all Authorized Users who access and use KPMG Clara comply with these Terms. The University shall promptly notify KPMG about any Authorized User who should no longer have access to KPMG Clara or improper access to the password of an Authorized User.
2. The University may not: (a) copy, translate, modify, adapt or create derivative works from KPMG Clara; (b) rent, lease, lend, pledge, or directly or indirectly transfer or distribute KPMG Clara to any third party; or (c) use KPMG Clara to upload, store, post, email, transmit or otherwise make available any content that is unlawful and/or infringes any intellectual property rights or data protection, privacy or other rights of any other party. The University is responsible for the information its users may upload to such tools and compliance with all laws and regulations applicable to use or access by the University's users outside the U.S. (e.g. export control and data privacy laws and regulations). Except for the license granted herein to the University, the University acquires no right or interest of any kind in or to KPMG Clara.
3. Technical factors such as bandwidth, network configurations, and browser settings can affect KPMG Clara's speed and accessibility. KPMG does not guarantee the continuous, uninterrupted or error-free operability of KPMG Clara, or compatibility with the University's computer browser or any other part of its computing systems. Access to KPMG Clara may be suspended or limited at any time, and content may be unavailable. KPMG is not responsible for the content of any third-party websites, or hyperlinks which may be featured on KPMG Clara.
4. If KPMG's relationship with the University terminates for any reason, all further access to and use of KPMG Clara by the University and its Authorized Users must immediately cease and KPMG may deactivate or delete related user accounts, unless otherwise required by applicable law or professional standards to maintain such accounts. KPMG reserves the right to terminate the University's access to KPMG Clara for any reason.

5. EXCEPT AS EXPRESSLY STATED IN THESE TERMS, KPMG CLARA IS MADE AVAILABLE ON AN "AS-IS", "AS AVAILABLE" BASIS WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED.
6. Refer to KPMG's Privacy Statement (<https://home.kpmg/us/en/home/misc/privacy.html>) for information about how KPMG collects, uses, and protects personal data.



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kpmg.com

July 9, 2020

Mr. Scott Weldon
Vice President for Finance and Administration
University of South Alabama
307 University Boulevard, AD180
Mobile, Alabama 36688

Dear Scott,

This letter (Engagement Letter) confirms our understanding of our engagement to provide professional services to the University of South Alabama (the University).

Objectives and Limitations of Services

Financial Statement Audit Services

You have requested that we audit the University's financial statements as set forth in Appendix I.

We have the responsibility to conduct and will conduct the audit of the financial statements in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (Government Auditing Standards), with the objectives of obtaining reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to error or fraud, and issuing an auditor's report that includes our opinion as to whether the presentation of the financial statements conforms with U.S. generally accepted accounting principles.

Reasonable assurance is a high level of assurance but it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit. We also will:

- Identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion on the financial statements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall financial statement presentation, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, fraud, and noncompliance with laws and regulations may exist and not be detected by an audit of financial statements even though the audit is properly planned and performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. 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. Also, an audit is not designed to detect matters that are immaterial to the financial statements.

We will also perform certain limited procedures to the required supplementary information as required by auditing standards generally accepted in the United States of America. However, we will not express an opinion or provide any assurance on the information. Our report relating to the financial statements will include our consideration of required supplementary information.

We also understand that the financial statements will include a schedule of expenditures of federal awards (SEFA) which is presented for the purpose of additional analysis and is not a required part of the 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 financial statements. The information will be subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America with the objective of expressing an opinion as to whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Subject to the remainder of this paragraph, we will issue a written report upon completion of our audit of the University's financial statements addressed to the Board of Trustees of the University. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report, or if necessary, withdraw from the engagement. If, during the performance of our audit procedures such circumstances arise, we will communicate to the audit committee our reasons for modification or withdrawal.

Internal Control over Financial Reporting and Compliance and Other Matters

We will obtain an understanding of the University's internal control relevant to the audit in order to determine the nature, timing, and extent of our audit procedures for the purpose of expressing an opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.

The objective of our audit of the financial statements is not to report on the University's internal control and we are not obligated to search for material weaknesses or significant deficiencies as part of our audit of the financial statements. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. 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. As part of obtaining reasonable assurance



about whether the financial statements are free of material misstatement, we will perform tests of the University's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, our objective is not to provide an opinion on compliance with such provisions.

In accordance with Government Auditing Standards, we will prepare a written report, Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards (GAGAS report), on our consideration of internal control over financial reporting and tests of compliance made as part of our audit of the financial statements. This report will include any material weaknesses and significant deficiencies identified during the audit. This report will also include any of the following that we identify or suspect:

- Instances of noncompliance with provisions of laws, regulations, contracts, or grant agreements that have a material effect on the financial statements or other financial data significant to the audit objectives.
- Instances of fraud that are material, either qualitatively or quantitatively, to the financial statements or other financial data significant to the audit objectives.

The report will describe its purpose and will state that it is not suitable for any other purpose.

In accordance with *Government Auditing Standards*, we will also communicate in writing when:

- Identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements comes to our attention during the course of our audit that has an effect on the financial statements or other financial data significant to the audit objectives that is less than material but warrants the attention of those charged with governance, or
- We obtained evidence of identified or suspected instances of fraud that have an effect on the financial statements or other financial data significant to the audit objectives that are less than material but warrant the attention of those charged with governance.

In accordance with *Government Auditing Standards*, we are also required in certain circumstances to report identified or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or instances of fraud directly to parties outside the auditee.

Uniform Guidance Audit Services

We will also perform audit procedures with respect to the University's major federal programs in accordance with Title 2 U.S. Code of Federal Regulations Part 200 (2 CFR 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("the Uniform Guidance"). The Uniform Guidance includes specific audit requirements, mainly in the areas of internal control and compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the University's major federal programs that exceed those required by *Government Auditing Standards*.

As part of our audit procedures performed in accordance with the provisions of the Uniform Guidance, we will perform tests to evaluate the effectiveness of the design and operation of internal controls that we consider relevant to preventing or detecting material noncompliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of the University's major federal programs. The tests of internal control performed in accordance with the Uniform Guidance are less in scope than would be necessary to render an opinion on internal control.



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We will perform tests of the University's compliance with federal statutes, regulations, and the terms and conditions of federal awards we determine to be necessary based on the *OMB Compliance Supplement*. The procedures outlined in the *OMB Compliance Supplement* are those suggested by each federal agency and do not cover all areas of regulations governing each program. Program reviews by federal agencies may identify additional instances of noncompliance. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material noncompliance, fraud, and noncompliance with laws and regulations may exist and not be detected even though the audit is properly planned and performed in accordance with *Government Auditing Standards*. The risk of not detecting material noncompliance 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.

In addition, we will prepare a written report (single audit report) which 1) provides our opinion on the University's compliance with federal statutes, regulations, and the terms and conditions of federal awards that may have a direct and material effect on each of its major federal programs and 2) communicates our consideration of internal control over major federal programs. The single audit report will describe its purpose and will state that it is not suitable for any other purpose.

The Federal Audit Clearinghouse requires the single audit reporting package, which includes the audited financial statements, to be submitted in a PDF format which is text searchable, unencrypted, and unlocked. This Engagement Letter serves as the University's authorization for the submission of the reporting package in this format.

Offering Documents

Should the University wish to include or incorporate by reference these financial statements and our audit report(s) thereon into a future exempt filing, the University agrees that the aforementioned auditor's report, or reference to KPMG LLP, will not be included in any such offering document without our prior permission or consent. Additionally, we may be required by the professional standards to perform procedures depending on our involvement with the exempt offering document. Any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent, will be a separate engagement and the specific terms of our future services with respect to future exempt offerings will be determined at the time the services are to be performed.

In the event the University does not obtain our permission or consent to include or incorporate by reference our report(s) on such financial statements, and we are not otherwise associated with the offering document, then the University agrees to include the following language in the offering document:

"KPMG LLP, our independent auditor, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. KPMG LLP also has not performed any procedures relating to this official statement."

Our Responsibility to Communicate with the Audit Committee

We will communicate our planned scope and timing for our audits with the audit committee, including significant risks identified in planning our audit of the financial statements.

We will report to the audit committee or those charged with governance the following matters:

- Material, corrected misstatements that were brought to the attention of management as a result of audit procedures.



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- Uncorrected misstatements accumulated by us during the audit and the effect that they, individually or in the aggregate, may have on our opinion in the auditor's report, and the effect of uncorrected misstatements related to prior periods.
- Significant difficulties and disagreements with management, if any, encountered during our audits.
- Other matters required to be communicated by auditing standards generally accepted in the United States of America and *Government Auditing Standards*.
- Significant findings from the compliance audit.

We will also read minutes, if any, of relevant committee meetings for consistency with our understanding of the communications made to the audit committee and determine that the audit committee has received copies of all material written communications between ourselves and management. We will also determine that the audit committee has been informed of i) the initial selection of, or the reasons for any change in, significant accounting policies or their application during the period under audit, ii) the methods used by management to account for significant unusual transactions, and iii) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

To the extent that they come to our attention, we will inform the appropriate level of management about any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements and any instances of fraud. Further, to the extent they come to our attention, we also will communicate directly to the audit committee any instances of noncompliance or suspected noncompliance with laws and regulations, unless they are clearly inconsequential, material errors in the financial statements, and any instances of fraud that involve senior management or that, in our judgment, cause a material misstatement of the financial statements.

Management Responsibilities

The management of the University acknowledges and understands that they have responsibility for the preparation and fair presentation, in accordance with U.S. generally accepted accounting principles, of the financial statements and all representations contained therein. Management also is responsible for:

- a. identifying and ensuring that the University complies with laws, regulations, contracts, and grant agreements applicable to its activities, and for informing us of any known instances of noncompliance or suspected noncompliance with laws, regulations and provisions of contracts and grant agreements;
- b. providing us with written responses in accordance with *Government Auditing Standards* to the findings included in the GAGAS or single audit report within 10 days of being provided with draft findings. If such information is not provided on a timely basis prior to release of the report(s), the report(s) will indicate management did not provide written responses;
- c. distributing the reports issued by KPMG.

Management also is responsible for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud, for adopting sound accounting policies, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements whether due to error or fraud. Management is also responsible for informing us, of which it has knowledge, of all material weaknesses and significant deficiencies in the design or operation of such controls. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.



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The management of the University also acknowledges and understands that they have responsibility for the preparation of the SEFA in accordance with the applicable criteria. Management is also responsible for providing us written representations regarding the supplementary information. Management is also responsible for including our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information, and for including the audited financial statements with any presentation of the supplementary information that includes our report thereon or making the audited financial statements readily available to intended users of the supplementary information no later than the date the supplementary information is issued with our report thereon.

Management of the University also acknowledges and understands that it is their responsibility to provide us with: i) access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements and the compliance requirements applicable to its federal programs such as records, documentation, and other matters; ii) additional information that we may request from management for purposes of the audits; and iii) unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence. As required by auditing standards generally accepted in the United States of America, we will make specific inquiries of management about the representations embodied in the financial statements and the effectiveness of internal control, and obtain a representation letter from management about these matters. The responses to our inquiries, the written representations, and the results of audit tests, among other things, comprise the evidential matter we will rely upon in forming an opinion on the financial statements.

Management is responsible for adjusting the financial statements to correct material misstatements and for affirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements being reported upon, taken as a whole. Because of the importance of management's representations to the effective performance of our services, the University will release KPMG and its personnel from any claims, liabilities, costs and expenses relating to our services under this Engagement Letter attributable to any misrepresentations in the representation letter referred to above. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss asserted, whether in contract, statute, tort (including but not limited to negligence) or otherwise.

In relation to compliance with the program requirements applicable to its federal programs, management acknowledges and understands its responsibility for:

- Identifying the University's government programs and understanding and complying with the compliance requirements.
- Establishing and maintaining effective controls that provide reasonable assurance that the University administers government programs in compliance with the compliance requirements.
- Evaluating and monitoring the University's compliance with the compliance requirements.
- Taking corrective action when instances of noncompliance are identified, including corrective action on audit findings of the compliance audit.

In addition to the Uniform Guidance requirements to maintain internal control and comply with the compliance requirements applicable to federal programs as discussed above, the Uniform Guidance also requires the University to prepare a:

- Schedule of expenditures of federal awards;



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- Summary schedule of prior audit findings;
- Corrective action plan; and
- Data collection form (auditee sections).

While we may be separately engaged to assist you in the preparation of these items, preparation is the responsibility of the University.

Certain provisions of the Uniform Guidance allow a granting agency to request that a specific program be selected as a major program provided that the federal granting agency is willing to pay the incremental audit cost arising from such selection. The University agrees to notify KPMG of any such request by a granting agency and to work with KPMG to modify the terms of this Engagement Letter as necessary to accommodate such a request.

To facilitate our audit planning, in accordance with *Government Auditing Standards*, management agrees to identify and provide copies of reports, if applicable, of previous audits, attestation engagements, or other studies that directly relate to the objectives of the audit, including whether related recommendations have been implemented, prior to August 15, 2020.

Use of Internal Audit

Management acknowledges and understands that internal auditors providing direct assistance to us will be allowed to follow our instructions and that personnel of the University will not intervene in the work the internal auditor performs for us. Further, management acknowledges and understands that if, in our sole judgment, we believe the objectivity of internal auditors providing direct assistance to us has been impaired, we will be unable to use the work performed or planned to be performed.

Government Auditing Standards require external and internal auditors to meet minimum Continuing Professional Education (CPE) hours. Therefore, management is responsible for monitoring and documenting the compliance with the *Government Auditing Standards* CPE hours of those internal auditors assigned to the audit in direct assistance roles.

Non-audit service - Assistance in Preparing Financial Statements (including the SEFA)

We will assist management in preparing the financial statements and related notes in accordance with U.S. generally accepted accounting principles. We will use information from the trial balance and/or other source documents provided by management to assist management in preparing the financial statements and related notes.

We may also provide advice and recommendations to assist management of the University in performing its responsibilities. We will not assume management responsibilities on behalf of the University.

The University agrees to:

- Assume all management responsibilities, including determining the accuracy and completeness of the financial statements and notes.
- Assign a suitable employee with appropriate skills, knowledge and/or experience to oversee the financial statement preparation assistance and evaluate the adequacy and results of the services.
- Accept responsibility for the results of the financial statement preparation assistance.



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Dispute Resolution

Any dispute or claim between the parties shall be submitted first to non-binding mediation and if mediation is not successful within 90 days after the issuance by one of the parties of a request for mediation then to binding arbitration in accordance with the Rules for Non-Administered Arbitration of the International Institute for Conflict Prevention and Resolution ("IICPR"). Any issue concerning the extent to which any dispute is subject to arbitration, or any dispute concerning the applicability, interpretation, or enforceability of these dispute resolution procedures, including any contention that all or part of these procedures is invalid or unenforceable, shall be governed by the Federal Arbitration Act and resolved by the arbitrators. By operation of this provision, the parties agree to forgo litigation over such disputes in any court of competent jurisdiction.

Mediation shall take place at a location to be designated by the parties using Mediation Procedures of the IICPR, with the exception of paragraph 2 (Selecting the Mediator). Arbitration shall take place in New York, New York and shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1, et seq. Party-selected arbitrators shall be selected from the lists of neutrals maintained by either the IICPR or by JAMS, Inc., but the chair of the arbitration panel does not have to be selected from those specific lists. The arbitration panel shall have no power to award non-monetary or equitable relief of any sort except as provided in IICPR Rule 13 (Interim Measures of Protection). Damages that are inconsistent with any applicable agreement between the parties, that are punitive in nature, or that are not measured by the prevailing party's actual damages shall be unavailable in arbitration or any other forum. In no event, even if any other portion of these provisions is held to be invalid or unenforceable, shall the arbitration panel have power to make an award or impose a remedy that could not be made or imposed by a court deciding the matter in the same jurisdiction.

Either party may seek to enforce any written agreement reached by the parties during mediation, or to confirm, enforce or vacate any final award entered in arbitration, in any court of competent jurisdiction, provided that any party moving to enforce, confirm or vacate any such agreement or award, as the case may be, will file such motion under seal unless prohibited under applicable court rules. Notwithstanding the agreement to such procedures, either party may seek equitable relief to enforce its rights in any court of competent jurisdiction.

Other Matters

In the event that any term or provision of this Engagement Letter shall be held to be invalid, void or unenforceable, then the remainder of the Engagement Letter shall not be affected, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

This Engagement Letter shall serve that e-mail travels over the public Internet, which is not a secure means of communication and, thus, confidentiality of the transmitted information could be compromised through no fault of KPMG. KPMG will employ commercially reasonable efforts and take appropriate precautions to protect the privacy and confidentiality of transmitted information.

In an effort to facilitate efficient communication between KPMG and the University related to the audit and to track engagement progress during the course of the engagement, KPMG may provide the University with access to certain online tools. If such access is provided to the University, the University shall be responsible for: (i) its users' access and use of such tools (including the information its users may upload to such tools and compliance with all laws and regulations applicable to use or access by the University's users outside of the United States (e.g. export control and data privacy laws and regulations)), and (ii) protecting the security of the account credentials in its possession for each user including timely informing KPMG when the University individuals' access should be removed. The University acknowledges that it shall not provide third parties (agents or contractors) with access to such tools without KPMG's written



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consent, use such tools as a system of record, nor use such tools other than for purposes of the audit engagement.

Except as permitted by law or as set forth in this paragraph, neither party shall acquire hereunder any right to use the name or logo of the other party or any part thereof, and any such use shall require the express written consent of the owner party. The University agrees that KPMG may list the University as a client in KPMG's internal and external marketing materials, including KPMG websites and social media, indicating the general services rendered (e.g., "University of South Alabama is an Audit client of KPMG LLP"). Further, for purposes of the services described in this Engagement Letter only, the University hereby grants to KPMG a limited, revocable, non-exclusive, non-transferable, paid up and royalty-free license, without right of sublicense, to use all logos, trademarks and service marks of the University solely for presentations or reports to the University or for internal KPMG presentations and intranet sites.

The University and KPMG acknowledge and agree that each shall comply with all applicable United States export control laws and regulations in the performance of each party's respective responsibilities under the Engagement Letter. Unless requested by KPMG to allow it to complete its audit, the University will not provide KPMG, or grant KPMG access to, (a) information (including technical data or technology), verbally, electronically, or in hardcopy, (b) software or (c) hardware, that is controlled for export by the United States government under the Arms Export Control Act of 1976, Export Control Reform Act of 2018, the International Traffic in Arms Regulations ("ITAR"), Export Administration Regulations ("EAR"), Department of Energy Part 810 Regulations or Nuclear Regulatory Commission Part 110 Regulations, except information, software or hardware that is classified as EAR99 under the EAR ("Export Controlled Information"). If KPMG requests Export Controlled Information from the University, the University shall provide KPMG with notice of provision of Export Controlled Information at least 48 hours prior to providing such Export Controlled Information to KPMG.

KPMG is a limited liability partnership comprising both certified public accountants and certain principals who are not licensed as certified public accountants. Such principals may participate in the engagements to provide the services described in this Engagement Letter. The audit documentation for this engagement is the property of KPMG. If KPMG receives a subpoena; other validly issued administrative, judicial, government or investigative regulatory demand or request; or other legal process requiring it to disclose the University's confidential information ("Legal Demand"), KPMG shall, unless prohibited by law or such Legal Demand, provide prompt written notice to the University of such Legal Demand in order to permit it to seek a protective order. So long as KPMG gives notice as provided herein, KPMG shall be entitled to comply with such Legal Demand to the extent required by law, subject to any protective order or the like that may have been entered in the matter. In the event KPMG is requested or authorized by the University, or is required by law, rule, regulation or Legal Demand in a proceeding or investigation to which KPMG is not a named party or respondent, to produce KPMG's documents or personnel as witnesses or for interviews, or otherwise to make information relating to the service under the Engagement Letter available to a third party, or the University, the University shall reimburse KPMG for its professional time, at its then-current standard hourly rates, and expenses, including reasonable attorneys' fees and expenses, incurred in producing documents or personnel or providing information pursuant to such requests, authorizations or requirements.

Pursuant to *Government Auditing Standards*, and subject to applicable provisions of laws and regulations, we are required to make appropriate individuals and certain audit documentation available in a timely manner to others, including Regulators, upon request. In addition, we may also be requested to make certain audit documentation available to Regulators pursuant to authority provided by law or regulation. If so requested, access to such audit documentation will be provided. Furthermore, Regulators may obtain copies of selected audit documentation. Such regulators may intend, or decide, to distribute the copies or information contained therein to others, including other government agencies.



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KPMG, as an accounting firm, has an obligation to comply with applicable professional standards. Certain professional standards, including AICPA Code of Professional Conduct Section 1.700, "Confidential Client Information Rule," adopted by the American Institute of Certified Public Accountants and similar rules adopted by the boards of accountancy of many states, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. KPMG represents to the University that KPMG will treat the University's confidential information in accordance with applicable professional standards.

KPMG may work with and use the services of other members of the international KPMG network of independent firms and entities controlled by, or under common control with, one or more KPMG member firms (together with KPMG, the "KPMG Firms") to provide services to the University. In connection with the performance of services under this Engagement Letter, the KPMG Firms may, in their discretion, utilize the services of third party service providers within or outside of the United States to complete the services under this Engagement Letter. KPMG Firms and such third parties may have access to your confidential information from offshore locations. In addition, KPMG uses third party service providers within and outside of the United States to provide, at its direction, back-office administrative and clerical, or analytical services to KPMG and these third party service providers may in the performance of such services have access to your confidential information. In particular, KPMG's audit technologies, software productivity tools and certain technology infrastructure and, necessarily, your confidential information, may be hosted in cloud environments operated by KPMG Firms or such third party service providers. We will perform tests of the University's compliance with federal statutes, regulations, and the terms and conditions related to the University's major federal program, Student Financial Assistance, that we determine to be necessary based on the 2020 OMB Compliance Supplement. We expect the 2020 OMB Compliance Supplement to include a requirement that auditors provide the US Department of Education information on all samples used to test disbursements and returns of Pell Grants and Direct Loans. We also expect it to request that auditors provide information for these two programs related to all instances of noncompliance, including those that are less than the \$25,000 Uniform Guidance reporting threshold. While this does not include direct access to the work papers, we believe this information request is within the scope of *Government Auditing Standards*, and we will provide the information to the US Department of Education. We will provide such information directly to the US Department of Education within 60 days of the filing of the Data Collection Form. In addition, for purposes of fulfilling our professional responsibilities, such as maintaining independence and performing conflict checks, the University of South Alabama will be listed as a client in internal KPMG systems accessible on a need to know basis to certain professionals in KPMG International member firms. KPMG represents that it has technical, legal and/or other safeguards, measures and controls in place to protect your confidential information from unauthorized disclosure or use.

You also understand and agree that the KPMG Firms, with the assistance of third parties as outlined above, may use all the University's information for other purposes consistent with our professional standards, such as improving the delivery or quality of audit and other services or technology to you and to other clients, thought leadership projects, to allow you and other clients to evaluate various business transactions and opportunities, and for use in presentations to you, other clients and non-clients. When your information is used outside of the KPMG Firms or such third parties assisting them as outlined above, the University will not be identified as the source of the information.

It may be necessary or convenient for the University to use KPMG-owned or -licensed software, software agents, scripts, technologies, tools or applications (collectively "KPMG Technology") designed to extract data from the University's electronic books and records systems or other systems (collectively, "Systems"), in connection with the audit. The University understands and agrees that it is solely responsible for following appropriate change management policies, processes and controls relating to use of such technology (including without limitation appropriate backup of the University's information and Systems) (collectively, "Change Management Processes") before such KPMG Technology is utilized to extract data



from the Systems. In the event the University fails to use such Change Management Processes or if such Change Management Processes prove to be inadequate, the University acknowledges that the Systems and/or KPMG Technology may not function as intended. In consideration of the foregoing, KPMG hereby grants the University the right to use KPMG Technology solely to facilitate the University's necessary or convenient provision of information to KPMG in connection with the audit, and this grant does not extend to any other purposes or use by third parties outside of your organization without our prior written approval, provided that third party contractors of the University having a need to know in order to perform their services to the University are permitted to use KPMG Technology to the extent necessary for such parties to perform such services, so long as the University exercises the same level of care to protect such KPMG Technology and KPMG confidential information as it uses to protect its own confidential information, but in no event less than reasonable care. Other than as expressly permitted hereby, the University agrees to keep KPMG Technology confidential, using no less than a reasonable standard of care to protect it from unauthorized disclosure or use, and to notify KPMG of any legal compulsions to disclose it, in accordance with the provisions governing legal demand of confidential information which appear in this engagement letter with respect to which the KPMG Technology is being used, *mutatis mutandis*. If the KPMG Technology is subject to any third party license terms and conditions before being provided to the University, the University may be required to accept such terms and conditions before using the KPMG Technology, in which case KPMG will provide such license terms and conditions to the University in writing before the University elects to use the KPMG Technology.

Except as otherwise provided for in this Engagement Letter, neither party may assign, transfer or delegate any of its rights, obligations, claims or proceeds from claims arising under or relating to this Engagement Letter (including by operation of law, in which case the assigning party will, to the extent legally permissible, give as much advance written notice as is reasonably practicable thereof) without the prior written consent of the other party, such consent not to be unreasonably withheld. Any assignment in violation hereof shall be null and void.

As required by *Government Auditing Standards*, we have attached a copy of KPMG's most recent peer review report.

Reports, Services and Associated Fees

Appendix I to this Engagement Letter lists the reports we will issue and the services we will provide as part of this engagement and our fees for professional services to be performed under this Engagement Letter.

In addition, fees for any special audit-related projects, such as research and/or consultation on special business or financial issues, will be billed separately from the audit fees for professional services set forth in Appendix I and may be subject to written arrangements supplemental to those in this Engagement Letter.

Our engagement herein is for the provision of annual audit services for the financial statements and the Uniform Guidance for the periods described in Appendix I, and it is understood that such services are provided as a single annual engagement. Pursuant to our arrangement as reflected in this Engagement Letter we will provide the services set forth in Appendix I as a single engagement for each of the University's subsequent fiscal years until either those charged with governance or we terminate this agreement, or mutually agree to the modification of its terms. The fees for each subsequent year will be annually subject to negotiation and approval by those charged with governance.

This Engagement Letter and any exhibits, attachments and appendices hereto, and amendments thereto agreed in writing by the parties, shall constitute the entire agreement between KPMG and the University



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with respect to the subject matter hereof and thereof, and supersede all other previous oral and written representations, understandings or agreements relating to the subject matter of this agreement.

We shall be pleased to discuss this Engagement Letter with you at any time. For your convenience in confirming these arrangements, we enclose a copy of this Engagement Letter. Please sign and return it to us to indicate your acknowledgement of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

Very truly yours,

KPMG LLP

Ashley E. Willson
Partner

(On the duplicate of the preceding letter, which should be signed in the same manner as the original, type the following):

ACCEPTED

University of South Alabama

Authorized Signature

Vice President for Finance & Administration
Title

7/10/2020
Date

Reports, Services and Associated Fees

Based upon our discussions with and representations of management, our fees for services we will perform are estimated as follows:

2020

| | |
|---|-----------|
| Audits of financial statements and related notes to the financial statements of the University as of and for the years ended September 30, 2020 and other reports detailed below (includes KPMG performing the audit of two major programs in connection with the under Uniform Guidance) | \$635,000 |
|---|-----------|

Other Reports:

The other reports that we will issue as part of and upon completion of this engagement are as follows:

Report

Reports issued in connection with Uniform Guidance
Debt covenant compliance report
Debt agreed upon procedures report
South Alabama Medical Science Foundation
USA Research and Technology Corporation
NCAA agreed upon procedures report

The above estimates are based on the level of experience of the individuals who will perform the services. In addition, expenses are billed for reimbursement as incurred. The fees assume that you will provide routine client assistance activities such as preparation of financial statements, certain account analyses, document retrieval and confirmation preparation. The fees also assume a commitment of appropriately 400 hours of internal audit assistance related to the audit. The fees also assume no significant changes in operations and no significant increase in the purchase of additional alternative investments. The above fees do not consider any time associated with implementing any future GASB pronouncements. Any additional time associated with GASB pronouncements will be billed separately. The above fees also do not include any changes in the scope of KPMG's hours related to the NCAA agreed upon procedures report or Uniform Guidance procedures. Circumstances encountered during the performance of these services that warrant additional time or expense could cause us to be unable to deliver them within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Professional standards also indicate that independence may be impaired if fees for professional services are outstanding for an extended period of time; therefore, it is important that our fees be paid promptly when billed. If a situation arises in which it may appear that our independence would be questioned because of past due unpaid fees, we may be prohibited from issuing our audit report and associated consent.

Where KPMG is reimbursed for expenses, it is KPMG's policy to bill clients the amount incurred at the time the good or service is purchased. If KPMG subsequently receives a volume rebate or other incentive payment from a vendor relating to such expenses, KPMG does not credit such payment to the client. Instead, KPMG applies such payments to reduce its overhead costs, which costs are taken into account in determining KPMG's standard billing rates and certain transaction charges which may be charged to clients.

All fees, charges and other amounts payable to KPMG under the Engagement Letter do not include any sales, use, excise, value added, income or other applicable taxes, tariffs or duties, payment of which shall be the University's sole responsibility, excluding any applicable taxes based on KPMG's net income or taxes arising from the employment or independent contractor relationship between KPMG and its personnel.



December 07, 2023

Paul Knopp
KPMG LLP
345 Park Ave
New York, NY 10154

Dear Paul Knopp:

It is my pleasure to notify you that on December 07, 2023, the National Peer Review Committee accepted the report on the most recent System Review of your firm. The due date for your next review is September 30, 2026. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Thank you for your cooperation.

Sincerely,

A handwritten signature in black ink that reads "Michael Wagner". The signature is fluid and cursive.

Michael Wagner
Chair, National PRC

+1.919.402.4502

cc: Dawn Trapani, Stephen Hicks

Firm Number: 900010054128

Review Number: 601233

GRANT THORNTON LLP

186 Wood Ave. S., 4th Floor
Iselin, NJ 08830-2725

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REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

November 20, 2023

To the Partners of KPMG LLP and the National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of KPMG LLP (the firm) applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2023. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a system review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported on in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing and complying with a system of quality control to provide the firm with reasonable assurance of performing and reporting in conformity with the requirements of applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported on in conformity with the requirements of applicable professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of and compliance with the firm's system of quality control based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under Government Auditing Standards, including compliance audits under the Single Audit Act; audits of employee benefit plans; an audit performed under FDICIA; and examinations of service organizations (SOC 1® and SOC 2® engagements).

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of KPMG LLP applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended March 31, 2023, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. KPMG LLP has received a peer review rating of *pass*.

Grant Thornton LLP



UNIVERSITY OF SOUTH ALABAMA

January 17, 2025

KPMG LLP
188 East Capitol Street
Suite 1100
Jackson, MS 39201

We are providing this letter in connection with your audit of the financial statements the business-type activities, the aggregate discretely presented component units, and the related notes to the financial statements of University of South Alabama as of and for the year ended September 30, 2024, for the purpose of expressing opinions as to whether these financial statements present fairly, in all material respects, the respective financial positions, changes in financial positions, and, where applicable, cash flows thereof in conformity with US generally accepted accounting principles (US GAAP).

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 the 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.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of January 17, 2025:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 28, 2024, for the preparation and fair presentation of the financial statements in accordance with US GAAP.
2. We have made available to you:
 - a. All records, documentation, and information that is relevant to the preparation and fair presentation of the financial statements;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. All minutes of the meetings of the Board of Trustees or summaries of actions of recent meetings for which minutes have not yet been prepared. All significant board and committee actions are included in the summaries; and
 - d. Unrestricted access and the full cooperation of personnel within the entity from whom you determined it necessary to obtain audit evidence.
3. Except as disclosed to you in writing, there have been no communications from regulatory agencies, governmental representatives, employees or others concerning investigations or allegations of noncompliance with laws and regulations in any jurisdiction, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.

BUSINESS OFFICE

AD 380 | 307 University Boulevard, N. | Mobile, Alabama 36688-0002
TEL: (251) 460-6241 | FAX: (251) 460-6647 | southalabama.edu

4. There are no known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing the financial statements.
5. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
6. There are no side agreements or other arrangements (either written or oral).
7. All events subsequent to the date of the statement of net position and through the date of this letter for which US GAAP requires adjustment or disclosure have been adjusted or disclosed.
8. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with paragraphs 96 – 113 of Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.
9. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
10. We are not aware of any concentrations or constraints, as defined in GASB Statement No. 102, *Certain Risk Disclosures*, that should be considered when preparing the financial statements.
11. The effects of the uncorrected financial statement misstatements summarized in the accompanying schedule are immaterial, both individually and in the aggregate, to the financial statements for each respective opinion unit.
12. We acknowledge our responsibility for the design, implementation, and maintenance of programs and controls to prevent, deter, and detect fraud; for adopting sound accounting policies; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements and to provide reasonable assurance against the possibility of misstatements that are material to the financial statements, whether due to error or fraud. We understand that the term 'fraud' is defined as an intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements that are the subject of an audit.
13. We have disclosed to you all deficiencies in the design or operation of internal control over financial reporting of which we are aware, which could adversely affect the University's ability to initiate, authorize, record, process, or report financial data. We have separately disclosed to you all such deficiencies that we believe to be significant deficiencies or material weaknesses in internal control over financial reporting, as those terms are defined in AU-C Section 265.07, *Communicating Internal Control Related Matters Identified in an Audit*.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or

- c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud, or suspected fraud, affecting the University's financial statements communicated by employees, former employees, regulators, or others.
 17. We have no knowledge of any officer or trustee of the University, or any other person acting under the direction thereof, having taken any action to fraudulently influence, coerce, manipulate, or mislead you during your audit.
 18. The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with US GAAP.
 19. We have disclosed to you the identity of all our related parties and all the related party relationships and transactions of which we are aware.
 20. The following have been properly recorded or disclosed in the financial statements:
 - a. Related party relationships and transactions, of which we are aware, in accordance with US GAAP, including sales, purchases, loans, transfers, leasing arrangements, guarantees, ongoing contractual commitments and amounts receivable from or payable to related parties. The term 'related party' refers to government's related organizations, joint ventures, and jointly governed organizations, as defined in GASB Statement No. 14, The Financial Reporting Entity, as amended; elected and appointed officials of the government; its management; members of the immediate families of elected or appointed officials of the government and its management; and other parties with which the government 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 also is 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.
 - b. Guarantees, whether written or oral, under which the University is contingently liable.
 - c. The existence of and transactions with joint ventures and other related organizations.
 21. The University has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral.
 22. The University has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
 23. The University's reporting entity includes all entities that are component units of the University, except as disclosed to you.
 24. We have disclosed to you all accounting policies and practices we have adopted that, if applied to significant items or transactions, would not be in accordance with US GAAP. We

have evaluated the impact of the application of each such policy and practice, both individually and in the aggregate, on the University's current period financial statements and the expected impact of each such policy and practice on future periods' financial reporting. We believe the effect of these policies and practices on the financial statements is not material. Furthermore, we do not believe the impact of the application of these policies and practices will be material to the financial statements in future periods.

25. To the best of our knowledge and belief, we have provided you with a complete and accurate listing of our affiliates as defined by the AICPA Code of Professional Conduct interpretation ET 1.224.020, *State and Local Government Client Affiliates*. We have also provided you with information about events, which may result in changes to the University's affiliates. We have also provided you with a list of officers, directors, individuals with significant influence over the University, and individuals in key positions with respect to the preparation or oversight of the financial statements. To the best of our knowledge and belief, we are not aware of any former KPMG partners in a key position with respect to the preparation or oversight of the University's financial statements and who have a prohibited financial or business relationship with KPMG (as defined under Section ET 1.279.020 of the AICPA Code of Professional Conduct) during the period covered by this letter.
26. We acknowledge our responsibility for the presentation of the required supplementary information which includes, management's discussion and analysis, schedule of University's proportionate share of the net pension liability and related ratios, schedule of the University's pension contributions to be presented to supplement the basic financial statements, in accordance with the applicable criteria and prescribed guidelines established by the *Governmental Accounting Standards Board* and:
 - a. Believe the required supplementary information, including its form and content, is fairly presented in accordance with the applicable criteria and prescribed guidelines.
 - b. The methods of measurement or presentation of the required supplementary information have not changed from those used in the prior period.
 - c. The significant assumptions or interpretations underlying the measurement or presentation of the required supplementary information are reasonable and appropriate.
27. The basis for our proportion of the collective pension and postemployment benefits other than pensions (OPEB) is appropriate and consistent with the manner in which future contributions to the pension and OPEB plans are expected to be made.
28. We agree with the findings of specialists in evaluating the valuation of the purchase price allocation for the Providence Hospital acquisition and have adequately considered the qualifications of the specialists of Andersen Tax, LLC in determining the amounts and disclosures used in the basic financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
29. There have been no false statements affecting the University's basis financial statements made to the University's internal auditors or other audits who have audited entities under our control upon who work you may be relying in connection with your audits.
30. We have received opinions of counsel upon each issuance of tax-exempt bonds that the interest on such bonds is exempt from federal income taxes under section 103 of the Internal Revenue Code of 1986, as amended. There have been no changes in the use of

property financed with the proceeds of tax-exempt bonds, or any other occurrences, subsequent to the issuance of such opinions, that would jeopardize the tax-exempt status of the bonds. Provision has been made, where material, for the amount of any required arbitrage rebate.

31. The University has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, and deferred inflows of resources
32. We confirm that the University is a public institution that meets the requirements of financial responsibility defined in 34 CFR 668.171.
33. There have been no triggering events, as described in 34 CFR 668.171, that have occurred during or subsequent to the period covered by the auditors' report.
34. In accordance with *Government Auditing Standards*, we have identified to you and provided copies of all previous audits, attestation engagements, and other studies that directly relate to the objectives of your audits, including whether findings have been addressed and related recommendations have been implemented.
35. We have disclosed to you, in writing, all known instances of non-compliance or suspected non-compliance with laws, regulations, contracts and grant agreements, whose effects should be considered when preparing the financial statements.
36. KPMG assisted management in drafting the financial statements and notes. In accordance with *Government Auditing Standards*, we confirm that we have reviewed, approved, and accept responsibility for the financial statements and notes.
37. Management is responsible for the accuracy and propriety of all cost reports filed and all required Medicare, Medicaid, and similar cost reports have been properly filed. All costs reflected on such reports are appropriate and allowable under applicable reimbursement rules and regulations and are patient related and properly allocated to applicable payors. The reimbursement methodologies and principles employed are in accordance with applicable rules and regulations. All items required to be disclosed, including disputed costs that are being claimed to establish a basis for a subsequent appeal, have been fully disclosed in the cost report. Recorded third-party settlements include differences between filed (and to be filed) cost reports and calculated settlements, which are necessary based on historical experience or new or ambiguous regulations that may be subject to differing interpretations and audit adjustments by intermediaries, third-party payors, or other regulatory agencies. While management believes the entity is entitled to all amounts claimed on the cost reports, management also believes the amounts of these differences are appropriate.

We confirm having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves, as of January 17, 2025, the following representations made to you during your single audit:

38. We are responsible for the design, implementation, and maintenance of effective internal control over compliance for federal programs that provides reasonable assurance that the University is managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award. We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of the University's federal programs.

39. We are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance, if applicable.
40. We are responsible for the design, implementation, and maintenance of internal controls to prevent and detect fraud in the administration of federal programs. We have no knowledge of any fraud or suspected fraud affecting the entity's federal programs involving:
 - a. Management, including management involved in the administration of federal programs.
 - b. Employees who have significant roles in internal control over the administration of federal programs.
 - c. Others where the fraud could have a material effect on compliance with federal statutes, regulations, and the terms and conditions of federal awards related to its federal programs.
41. We are responsible for the presentation of the schedule of expenditures of federal awards (SEFA) in accordance with the Uniform Guidance and:
 - a. The SEFA, including its form and content, is fairly presented in accordance with the requirements of the Uniform Guidance.
 - b. The SEFA includes all expenditures made during the year ended September 30, 2024 for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, cooperative agreements, interest subsidies, insurance, noncash assistance (such as free rent, food commodities, donated property or donated surplus property), direct appropriations, and other assistance.
 - c. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period.
 - d. The significant assumptions or interpretations underlying the measurement or presentation of the SEFA are reasonable and appropriate in the circumstances.
 - e. We will make the audited financial statements readily available to the intended users of the SEFA no later than the date of issuance by the entity of the SEFA and the auditors' report thereon.

Additionally, we confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purposes of appropriately informing ourselves, as of January 17, 2025 the following representations made to you during your single audit:

42. The University is responsible for complying, and has complied, with the requirements of the Uniform Guidance.
43. We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
44. The University has designed, implemented, and maintained effective internal control over compliance for federal programs that provides reasonable assurance that the University is

managing federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on its federal programs.

45. There are no deficiencies, significant deficiencies, or material weaknesses in the design or operation of internal control over compliance of which we are aware, which could adversely affect the University's ability to administer a major federal program in accordance with the applicable requirements of federal statutes, regulations, and the terms and conditions of federal awards. Under standards established by the American Institute of Certified Public Accountants, a deficiency in internal control over compliance 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 on a timely basis noncompliance with a type of compliance requirement of a federal program. A 'material weakness' is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement 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 over compliance with a compliance requirement that, is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
46. The University has complied with requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of its major federal programs.
47. The University has charged costs to federal awards in accordance with the applicable cost principles.
48. Federal program financial reports and claims for advances and reimbursements are supported by the accounting records from which the financial statements have been prepared.
49. The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
50. We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
51. We have issued management decisions on a timely basis (within six months of acceptance of the audit report by the FAC) for audit findings that relate to federal awards made to subrecipients. Additionally, we have followed up ensuring that the subrecipient takes timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient by the University.
52. We have considered the results of subrecipient audits and have made any necessary adjustments to the University's accounting records.
53. We have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program.
54. We have provided to you our interpretations of any compliance requirements that are subject to varying interpretations.

55. We have made available all documentation related to the compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements, for major federal programs.
56. We have made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities related to major federal programs.
57. We have identified and disclosed to you all questioned costs and any known noncompliance with the requirements of federal awards.
58. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the compliance requirements over federal programs, including communications received from the end of the period covered by the compliance audit to the date of the auditors' report.
59. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditors' report.
60. We have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
61. We are responsible for, and have accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance.
62. We have advised you of all contracts or other agreements with service organizations.
63. We have disclosed to you all communications from the University's service organizations relating to noncompliance at the service organizations.
64. We have disclosed to you whether any changes in internal control over compliance or other factors that might significantly affect internal control over major federal programs, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditors' report.
65. We have disclosed to you all known noncompliance relating to major federal programs occurring subsequent to the period covered by the auditors' report.
66. We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance over major federal programs during the reporting period.
67. KPMG will assist management in completing the following SF-SAC workbooks that are uploaded and submitted to the Federal Audit Clearinghouse:
 - a. SF-SAC Section 1: Federal awards
 - b. SF-SAC Section 2: Notes to SEFA
 - c. SF-SAC Section 5: Corrective action plan
68. In accordance with Government Auditing Standards, we confirm that we will review, approve, and accept responsibility for the information included in the SF-SAC workbooks that will be uploaded and submitted to the Federal Audit Clearinghouse of the data collection form.

- 69. We will accurately complete the appropriate sections of the data collection form.
- 70. The reporting package will not contain protected personally identifiable information.

Very truly yours,

University of South Alabama

A handwritten signature in blue ink that reads "Josiah R. Bonner, Jr." written in a cursive style.

Josiah R. Bonner, Jr.

University President

A handwritten signature in blue ink that reads "Kristen Roberts" written in a cursive style.

Kristen Roberts

Chief Financial Officer

University of South Alabama
 Summary of Audit Misstatements - Uncorrected
 Year ended September 30, 2024

| Correcting Entry Necessary at Current Period End | | | | | Income Statement Effect - Debit(Credit) | | | Balance Sheet Effect - Debit (Credit) | | |
|---|--|---|------------|--------------|--|--|--|---------------------------------------|------------------------------------|--|
| ID | Description of misstatement | Accounts (If applicable) | Debit | (Credit) | Income effect of correcting the balance sheet in prior period (carryforward from prior period) | Income effect of correcting the current period balance sheet | Income effect according to Rollover method | Net Position | Total Assets and Deferred Outflows | Total Liabilities and Deferred Inflows |
| 1 | <i>To reflect the discretely presented component units, SAMSF and GCTC, not included in the University's financial statements.</i> | Other noncurrent assets and accounts receivable | 14,142,441 | | | | | | 14,142,441 | |
| | | Other noncurrent liabilities | | (16,086,379) | | | | | | (16,086,379) |
| | | Other Operating Revenues | 11,884,121 | | | 11,884,121 | 11,884,121 | 11,884,121 | 11,884,121 | |
| | | Supplies and Other Services | | (9,940,093) | | (9,940,093) | (9,940,093) | (9,940,093) | - | |
| Aggregate effect of uncorrected audit misstatements: | | | | | 1,944,028 | 1,944,028 | 14,142,441 | (16,086,379) | | |
| Financial statement amounts (per final financial statements): | | | | | (191,422,000) | (684,661,000) | 2,361,597,000 | (1,676,936,000) | | |
| Uncorrected audit misstatements as a percentage of financial statement amounts: | | | | | (1.02%) | (0.28%) | 0.60% | 0.96% | | |



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Trustees
University of South Alabama:

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the business type activities and aggregate discretely presented component units of University of South Alabama (the University), a component unit of the State of Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements for the year then ended, and have issued our report thereon dated January 17, 2025. We did not audit the financial statements of the University of South Alabama Foundation, which represent 63% of the total assets of the aggregate discretely presented component units as of September 30, 2024, and 14% of the total revenues, gains and other support of the aggregate discretely presented component units for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for University of South Alabama Foundation, is based solely on the report of the other auditors.

In connection with our audit, nothing came to our attention that caused us to believe that the University failed to comply with the terms, covenants, provisions, or conditions of Article X of the Trust Indenture with The Bank of New York Trust Company, N.A., as amended, on June 28, 2013, authorizing the issuance of \$50,000,000 University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2013-B and 2013-C, as amended on March 14, 2014, authorizing the issuance of \$41,245,000 University Facilities Revenue Refunding Bond, Series 2015, as amended on September 14, 2016, authorizing the issuance of \$85,605,000 University Facilities Revenue Refunding Bonds, Series 2016-A, as amended on December 7, 2016 and on September 23, 2021, authorizing the issuance of \$100,000,000 University Facilities Revenue Refunding Bonds, Series 2017, as amended on February 7, 2019, authorizing the issuance of \$66,190,000 University Facilities Revenue Bonds, Series 2019-A and 2019-B, as amended on December 12, 2019, authorizing the issuance of \$19,086,000 University Facilities Revenue Bonds, Series 2019-C, as amended on March 10, 2020, authorizing the issuance of \$37,005,000 University Facilities Revenue Bonds, Series 2020, as amended on March 10, 2021, authorizing the issuance of \$40,555,000 University Facilities Revenue Bonds, Series 2021, as amended on July 8, 2021, authorizing the issuance of \$15,387,000 of University Facilities Revenue Bonds, Series 2021-B, and as amended on July 9, 2024, authorizing the issuance of \$183,585,000 University Facilities Revenue Bonds, Series 2024-A, 2024-B, and 2024-C, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the University's noncompliance with the above-referenced terms, covenants, provisions, or conditions of the Trust Indenture, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of University of South Alabama and management of The Bank of New York Trust Company, N.A. and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

Jackson, Mississippi
January 17, 2025



USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Basic Financial Statements

September 30, 2024

(With Independent Auditors' Report Thereon)

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

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USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)
Management's Discussion and Analysis (Unaudited)
September 30, 2024

Introduction

The following discussion presents an overview of the financial position and financial activities of USA Research and Technology Corporation (the Corporation) as of and for the year ended September 30, 2024. This discussion was prepared by management and should be read in conjunction with the basic financial statements and notes thereto, which follow.

Financial Highlights

The Corporation owns three buildings in the USA Technology & Research Park (the Park) on the campus of the University of South Alabama (the University), and one building located on the premises of USA Health. Housing both the University and third-party tenants, the area available for lease totals 229,110 square feet of gross leasable space. At September 30, 2024, total square feet leased and occupied was 187,664. The land on which each building is located is leased from the University. The Corporation owns another building located on the University campus, which is supplied at no cost to the University for use as a faculty club.

At September 30, 2024 and 2023, the Corporation had total assets and deferred outflows of approximately \$34,567,000 and \$33,118,000; total liabilities and deferred inflows of approximately \$31,436,000 and \$30,366,000; and net position of approximately \$3,131,000 and \$2,752,000, respectively.

An overview of each financial statement is presented herein along with a financial analysis of the transactions impacting the financial statements. Where appropriate, comparative financial information is presented to assist in the understanding of this analysis.

Condensed Financial Information

Condensed financial information for the Corporation as of and for the years ended September 30, 2024 and 2023, follows (in thousands):

Condensed Schedules of Net Position

| | 2024 | 2023 |
|-------------------------------|-------------|-------------|
| Assets and deferred outflows: | | |
| Current | \$ 5,092 | 4,927 |
| Capital assets – noncurrent | 17,367 | 18,144 |
| Other noncurrent assets | 11,647 | 9,440 |
| Deferred outflows | 461 | 607 |
| | \$ 34,567 | 33,118 |

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)
Management's Discussion and Analysis (Unaudited)
September 30, 2024

**Condensed Schedules of Net Position
(continued)**

| | 2024 | 2023 |
|----------------------------------|-------------|-------------|
| Liabilities: | | |
| Current | \$ 1,539 | 1,686 |
| Noncurrent | 15,906 | 16,967 |
| Deferred inflows | 13,991 | 11,713 |
| | 31,436 | 30,366 |
| Net position: | | |
| Net investment in capital assets | 1,009 | 918 |
| Unrestricted | 2,122 | 1,834 |
| | \$ 3,131 | 2,752 |

**Condensed Schedules of Revenues,
Expenses, and Changes in Net Position**

| | 2024 | 2023 |
|--|-------------|-------------|
| Operating revenues | \$ 3,775 | 4,202 |
| Operating expenses: | | |
| Building management and operating expenses | 1,264 | 1,140 |
| Depreciation and amortization | 1,326 | 1,318 |
| Other | 500 | 640 |
| Net operating expenses | 3,090 | 3,098 |
| Operating income | 685 | 1,104 |
| Nonoperating (expenses) revenues: | | |
| Interest expense | (820) | (871) |
| Other | 514 | 447 |
| Net nonoperating expenses | (306) | (424) |
| Change in net position | 379 | 680 |
| Beginning net position | 2,752 | 2,072 |
| Ending net position | \$ 3,131 | 2,752 |

USA RESEARCH AND TECHNOLOGY CORPORATION
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Analysis of Financial Position and Results of Operations

Statement of Net Position

The statement of net position presents the assets and deferred outflows, liabilities and deferred inflows, and net position of the Corporation. The net position is displayed in two parts: net investment in capital assets and unrestricted. Unrestricted net position is available for use by the Corporation to meet current expenses for any purpose. The statement of net position, along with all of the Corporation's basic financial statements, are prepared under the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred, regardless of when cash is exchanged.

Current assets consist of cash and cash equivalents, current portion of lease receivable, prepaid expenses and other current assets, and accrued interest receivable as of September 30, 2024. The increase in current assets was driven by new lease agreements and lease renewals, which was partially offset by a decrease in cash. Noncurrent assets as of September 30, 2024 consist of capital assets, net and noncurrent lease receivable. Similarly to current assets, noncurrent assets increased as a result of new lease agreements and lease renewals.

The decrease in deferred outflows resulted from the amortization of the swap termination fee.

Current liabilities primarily consist of deposits, other current liabilities, accrued expenses, unrecognized rent revenue, and the current portion of notes payable as of September 30, 2024. Noncurrent liabilities consist of notes payable at September 30, 2024.

Deferred inflows represent the Corporation's right to operating revenue from leases in future reporting periods in accordance with Governmental Accounting Standards Board Statement No. 87, *Leases*.

Net position represents the residual interest in the Corporation's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is classified into one of two categories.

Net investment in capital assets represent the Corporation's capital assets less accumulated depreciation and the outstanding principal balance of long-term debt attributable to the acquisition, construction, or improvement of those assets.

Unrestricted represents amounts not subject to externally imposed stipulations and are available for use at the discretion of the board of directors for any purpose.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total Corporation net position as reported in the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of this statement is to present the change in net position resulting from revenues earned and expenses incurred by the Corporation.

For the years ended September 30, 2024 and 2023, the Corporation reported a change in net position of approximately \$379,000 and \$680,000, respectively.

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)
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Statement of Cash Flows

The statement of cash flows presents information related to the cash flows of the Corporation. This statement presents cash flows by category: operating activities, capital and related financing activities, and investing activities.

Capital Assets and Debt Administration

Total capital asset additions during the years ending September 30, 2024 and 2023 were \$570,000 and \$428,000, respectively due to tenant improvement costs incurred for new leases, building improvements, equipment, and leasing commissions. At September 30, 2024, there were no construction projects in progress. At September 30, 2024 and 2023, the Corporation had outstanding commitments of approximately \$37,500 and \$145,000, respectively. See note 3 for further information.

Economic Outlook

Based on leases in effect as of September 30, 2024 and estimates of future operating expenses, it is expected that fiscal year 2025 financial performance will be comparable to fiscal year 2024 results. Corporation management is not aware of any other currently known facts, decisions, or conditions that are expected to have a significant effect on the Corporation's financial position or results of operations during fiscal year 2025 beyond the unknown variables.

Requests for Information

These basic financial statements are designed to provide a general overview of the Corporation and to demonstrate the Corporation's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kristen Roberts; Chief Financial Officer; University of South Alabama Administration Building – Suite 353; Mobile, Alabama 36688.



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Directors
USA Research and Technology Corporation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of USA Research and Technology Corporation (the Corporation), a component unit of University of South Alabama, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements for the year then ended as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 Corporation's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 Corporation'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 Corporation'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

U.S. generally accepted accounting principles require that the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

KPMG LLP

Jackson, Mississippi
January 17, 2025

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Statement of Net Position

September 30, 2024

(in thousands)

Assets:

Current assets:

| | | |
|---|----|-------|
| Cash and cash equivalents | \$ | 2,042 |
| Lease receivable, current portion | | 2,926 |
| Prepaid expenses and other current assets | | 66 |
| Accrued interest receivable | | 58 |
| | | 5,092 |

Noncurrent assets:

| | | |
|--|--|--------|
| Capital assets, net | | 17,367 |
| Lease receivable, less current portion | | 11,647 |
| | | 29,014 |

Deferred outflows

461

Total assets and deferred outflows

34,567

Liabilities:

Current liabilities:

| | | |
|---|--|-------|
| Deposits, other current liabilities, and accrued expenses | | 192 |
| Unrecognized rent revenue | | 286 |
| Notes payable, current portion | | 1,061 |
| | | 1,539 |

Noncurrent liabilities:

| | | |
|-------------------------------------|--|--------|
| Notes payable, less current portion | | 15,906 |
| | | 15,906 |

Deferred inflows

13,991

Total liabilities and deferred inflows

31,436

Net position:

| | | |
|----------------------------------|----|-------|
| Net investment in capital assets | | 1,009 |
| Unrestricted | | 2,122 |
| | | 3,131 |
| Total net position | \$ | 3,131 |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2024

(in thousands)

| | | |
|--|--|------------------------|
| Operating revenues | | \$ <u>3,775</u> |
| Operating expenses: | | |
| Building management and operating expenses | | 1,264 |
| Depreciation and amortization | | 1,326 |
| Legal and administrative fees | | 413 |
| Insurance | | <u>87</u> |
| Total operating expenses | | <u>3,090</u> |
| Operating income | | <u>685</u> |
| Nonoperating revenues (expenses): | | |
| Interest expense | | (820) |
| Interest income | | 81 |
| Other | | <u>433</u> |
| Net nonoperating expenses | | <u>(306)</u> |
| Change in net position | | <u>379</u> |
| Net position: | | |
| Beginning of year | | <u>2,752</u> |
| End of year | | \$ <u><u>3,131</u></u> |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Statement of Cash Flows

Year ended September 30, 2024

(in thousands)

| | |
|---|----------|
| Cash flows from operating activities: | |
| Receipts from lessees for rent and operating expense reimbursement | \$ 3,887 |
| Payments for building management and operating expenses | (1,297) |
| Payments to service providers and vendors for legal and administrative fees | (418) |
| Payments for insurance | (87) |
| Vending commissions | 7 |
| Net cash provided by operating activities | 2,092 |
| Cash flows from capital and related financing activities: | |
| Interest paid on notes payable | (676) |
| Principal repaid on notes payable | (1,022) |
| Purchases of capital assets | (633) |
| Net cash used in capital and related financing activities | (2,331) |
| Cash flows from investing activities: | |
| Interest income | 81 |
| Net cash provided by investing activities | 81 |
| Net change in cash and cash equivalents | (158) |
| Cash and cash equivalents: | |
| Beginning of year | 2,200 |
| End of year | \$ 2,042 |
| Reconciliation of operating income to net cash provided by operating activities: | |
| Operating income | \$ 685 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | |
| Depreciation and amortization | 1,326 |
| Operating expense payable to the University of South Alabama | 3 |
| Receivables and prepaid expenses | (2,109) |
| Unrecognized rent revenue | 2,207 |
| Other current liabilities, excluding items that are not components of operating income | (20) |
| Net cash provided by operating activities | \$ 2,092 |
| Noncash investing and capital and related financing transactions: | |
| Increase in accounts payable related to capital assets | \$ 13 |
| Interest expense from amortization of deferred cash flows related to debt refinancing | (146) |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Notes to Basic Financial Statements

September 30, 2024

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

In June 2002, the University of South Alabama (the University) Board of Trustees approved the formation of the USA Research and Technology Corporation (the Corporation). The accompanying basic financial statements present the financial position and activities of the Corporation, which is a discretely presented component unit of the University.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the basic financial statements include the accounts of the Corporation, as the primary government.

The basic financial statements include the statement of net position, the statement of revenues, expenses, and changes in net position, and the statement of cash flows.

(b) Measurement Focus and Basis of Accounting

For financial reporting purposes, and by virtue of its affiliation with the University, the Corporation is considered a special-purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Accordingly, the Corporation’s basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

(c) Estimates

The preparation of financial statements in conformity with US generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(d) Cash and Cash Equivalents

Cash and cash equivalents are defined as demand accounts, certificates of deposit, and any short-term investments that take on the character of cash, such as a money market account, with original maturities of 90 days or less.

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Notes to Basic Financial Statements

September 30, 2024

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for Corporation funds on deposit with QPD institutions. At September 30, 2024, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$18.7 billion. The Corporation had cash and cash equivalents in the pool of approximately \$2,055,000 at September 30, 2024.

(e) Accounts Receivable

Accounts receivable relates to short-term leases and is recorded net of estimated uncollectible amounts. At September 30, 2024, after reserving for uncollectible accounts, the Corporation had no outstanding accounts receivable.

(f) Capital Assets

All capital expenditures with a cost of \$1,000 or more and having a useful life of two or more years are capitalized at cost at the date of acquisition. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, 40 years for buildings and infrastructure, 20 years for land improvements, 10 years for furniture and fixtures, and 5 years for other equipment. Tenant improvements are amortized over the shorter of the asset's useful life or the term of the related lease. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Any purchase that is for multiple items of minor equipment is evaluated to see if it is substantively part of a single overall transaction, has a single objective, and meets or exceeds the established aggregate threshold of \$15,000. If a purchase of minor equipment meets the aggregate guidelines and has a useful life of two or more years, it is capitalized at cost once all items are received and placed into use.

Right-of-use assets represent the Corporation's right-to-use an underlying asset for a specified term and comprise leased equipment, buildings, office space, and subscription-based information technology arrangements (SBITAs). Lease and subscription right-of-use assets are recognized at the commencement date based on the present value of the lease and subscription payments over the agreement term discounted using the lessor interest rate or an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the lease or subscription term or the useful life of the asset, whichever is shorter.

(g) Lease Receivable and Lease and Subscription Obligations

Lease receivable and the current portion thereof on the statement of net position represents the Corporation's contractual right to receive cash in exchange for the right-to-use an asset for a specific amount of time. Lease and subscription obligations and the current portion thereof on the statement of net position represent the Corporation's liability to make payments arising from a lease or subscription agreement. Lease receivables, lease obligations, and subscription obligations are recognized at the commencement date based on the present value of lease payments to be received or made over the

USA RESEARCH AND TECHNOLOGY CORPORATION
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Notes to Basic Financial Statements

September 30, 2024

lease term discounted using the appropriate incremental borrowing rate. The commencement date is either when the lessee takes possession of the asset or, in the case of real estate leases, when the lessor makes the building or office space available for use. The value of an option to extend or terminate a lease or subscription is reflected to the extent it is reasonably certain the lessee will exercise that option. Interest revenue and interest expense is recognized as a component of the lease payments received or lease and subscription payments made and is included in other nonoperating revenues or expenses on the statement of revenues, expenses, and changes in net position. At September 30, 2024, the Corporation had no outstanding lease and subscription obligations.

(h) Intangible Assets

Leasing commissions are capitalized and amortized over the term of the related lease. Capitalized software is amortized over an estimated useful life of three years. Amortization for these assets is calculated using the straight-line method. See note 3 for further discussion.

(i) Derivatives

The Corporation has adopted the provisions of GASB Statement No. 53 (GASB 53), *Accounting and Financial Reporting for Derivative Instruments*. GASB 53 establishes a framework for accounting and financial reporting related to derivative instruments, requiring the fair value of derivatives to be recognized in the financial statements. As of and for the year ended September 30, 2024, the Corporation did not hold any derivative instruments.

(j) Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of the unamortized balance of the swap termination fee. See note 6 for further discussion.

Deferred inflows of resources consist of the value of contractual rights to financing lease revenue in future reporting periods.

(k) Classification of Net Position

The Corporation's net position is classified as follows:

Net investment in capital assets, reflects the Corporation's total investment in capital assets, net of accumulated depreciation and outstanding capital-related debt obligations and accrued construction costs related to those capital assets.

Unrestricted, represents amounts not subject to externally imposed stipulations and are available for use at the discretion of the board of directors for any purpose.

(l) Classification of Revenues

The Corporation has classified its rental revenues as operating revenues, as these activities have the characteristics of exchange transactions. Rental revenues are recognized in accordance with GASB Statement No. 87, *Leases*.

USA RESEARCH AND TECHNOLOGY CORPORATION
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Notes to Basic Financial Statements

September 30, 2024

(m) Recently Adopted Accounting Pronouncements

In May 2021, the GASB issued Implementation Guide No. 2021-1, to provide guidance and clarification on GASB statements. Included in this implementation guide was question 5.1, which addresses capitalization of asset purchases that in aggregate exceed an established monetary threshold, are substantively part of a single overall transaction, and have a single objective. The effective date of question 5.1 is for reporting periods beginning after June 15, 2023. There was no significant impact to the Corporation in the adoption of this implementation guide.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB statements and accounting and financial reporting for financial guarantees. The statement extends the use of the London Interbank Offered Rate (LIBOR) for accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement Nos. 53, *Accounting and Financial Reporting for Derivative Instruments*, and 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective upon issuance. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023. There was no significant impact to the Corporation in the adoption of this pronouncement.

In fiscal year 2024, the Corporation adopted GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, which requires changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity to be reported by adjusting beginning balances of the current period and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also provides guidance on the presentation of required supplementary information and supplementary information affected by a change in accounting principle or error correction. There was no significant impact to the Corporation in the adoption of this pronouncement.

(2) Income Taxes

The Corporation is classified as a tax-exempt entity under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(A Component Unit of the University of South Alabama)

Notes to Basic Financial Statements

September 30, 2024

(3) Capital Assets

Changes in capital assets for the year ended September 30, 2024 are as follows (in thousands):

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Transfers</u> | <u>Reductions</u> | <u>Ending balance</u> |
|---|------------------------------|------------------|------------------|-------------------|---------------------------|
| Capital assets not being depreciated or amortized: | | | | | |
| Land | \$ 223 | — | — | — | 223 |
| Construction-in-progress | 114 | — | (93) | (21) | — |
| | <u>337</u> | <u>—</u> | <u>(93)</u> | <u>(21)</u> | <u>223</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 1,985 | — | — | — | 1,985 |
| Buildings | 28,788 | 84 | — | — | 28,872 |
| Tenant improvements | 2,717 | 426 | 90 | — | 3,233 |
| Other equipment | 408 | 10 | 3 | — | 421 |
| Computer software | 56 | — | — | — | 56 |
| Lease commissions | 406 | 50 | — | — | 456 |
| Right-of-use assets | 3 | — | — | — | 3 |
| | <u>34,363</u> | <u>570</u> | <u>93</u> | <u>—</u> | <u>35,026</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Land improvements | (1,783) | (27) | — | — | (1,810) |
| Buildings | (12,511) | (793) | — | — | (13,304) |
| Tenant improvements | (1,600) | (417) | — | — | (2,017) |
| Other equipment | (362) | (11) | — | — | (373) |
| Computer software | (24) | (16) | — | — | (40) |
| Lease commissions | (275) | (61) | — | — | (336) |
| Right-of-use assets | (1) | (1) | — | — | (2) |
| | <u>(16,556)</u> | <u>(1,326)</u> | <u>—</u> | <u>—</u> | <u>(17,882)</u> |
| Capital assets being depreciated or amortized, net | <u>17,807</u> | <u>(756)</u> | <u>93</u> | <u>—</u> | <u>17,144</u> |
| Capital assets, net | <u>\$ 18,144</u> | <u>(756)</u> | <u>—</u> | <u>(21)</u> | <u>17,367</u> |

Depreciation and amortization expense totaled \$1,326,000 for the year ended September 30, 2024.

At September 30, 2024, there were no construction projects in progress. At September 30, 2024, the Corporation had outstanding commitments of approximately \$37,500.

USA RESEARCH AND TECHNOLOGY CORPORATION
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Notes to Basic Financial Statements

September 30, 2024

The Corporation's net right-of-use assets, categorized by classification for the year ended September 30, 2024, are as follows (in thousands):

| | | <u>Ending balance</u> |
|--|----|---------------------------|
| Right-of-use assets: | | |
| Software | \$ | <u>3</u> |
| | | <u>3</u> |
| Less accumulated amortization for right-of-use assets: | | |
| Software | | <u>(2)</u> |
| | | <u>(2)</u> |
| Right-of-use assets, net | \$ | <u><u>1</u></u> |

(4) Noncurrent Liabilities

Changes in noncurrent liabilities for the year ended September 30, 2024 are as follows (in thousands):

| | September 30, 2024 | | | | | |
|---------------|----------------------|-----------|------------|-------------------|--|---------------------------|
| | Beginning balance | Additions | Reductions | Ending balance | Less amounts due within one year | Noncurrent liabilities |
| Notes payable | \$ 17,989 | — | (1,022) | 16,967 | 1,061 | 15,906 |

(5) Notes Payable

(a) Notes Payable

Notes payable from direct borrowings consisted of the following at September 30, 2024 (in thousands):

| | | |
|---|----|----------------------|
| PNC Bank promissory note, 4.38%, payable through 2028 | \$ | 10,208 |
| Hancock Whitney Bank promissory note, 3.08%, payable through 2031 | | <u>6,759</u> |
| | \$ | <u><u>16,967</u></u> |

The promissory note payable to PNC Bank has a 10-year term and amortization is based on a 10-year term. The promissory note payable is secured by an interest in tenant leases for Buildings II and III, and an interest in income received from rental of Buildings II and III. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

USA RESEARCH AND TECHNOLOGY CORPORATION
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Notes to Basic Financial Statements

September 30, 2024

The promissory note payable to Hancock Whitney Bank has a 10-year term and is secured by an interest in rental leases and an interest in income received from rental of Building I. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

In connection with the PNC note and the Hancock Whitney note, the University entered into an agreement with both lenders providing that for any year in which the Corporation's debt service coverage ratio is less than 1 to 1, the University will pay the Corporation rent equal to the amount necessary to bring the ratio to 1 to 1. The debt service coverage ratio is calculated by dividing the sum of unrestricted cash and cash equivalents at the beginning of the year (reduced by current year capital asset additions) and current year change in net position (determined without depreciation, amortization, and interest expenses) by current year debt service. As of September 30, 2024, the Corporation's debt service coverage ratio was 2.41 to 1.

The Corporation's outstanding notes from direct borrowings with PNC Bank and Hancock Whitney Bank contain a provision that, in the event of default, PNC Bank or Hancock Whitney Bank may take any or all of the following actions: (a) declare the loan due and payable, (b) declare the note in default, and (c) exercise any other remedies or rights, which it has under any instrument executed in connection with the loan. Prior to any of these actions, however, PNC Bank and Hancock Whitney Bank will give the Corporation 30 days to cure the default.

(b) Debt Service on Long-Term Obligations

At September 30, 2024, total future debt service by fiscal year is as follows (in thousands):

| | Debt service on notes payable | | |
|-----------|--------------------------------------|-----------------|--------------|
| | Principal | Interest | Total |
| 2025 | \$ 1,061 | 637 | 1,698 |
| 2026 | 1,101 | 597 | 1,698 |
| 2027 | 1,144 | 554 | 1,698 |
| 2028 | 9,028 | 424 | 9,452 |
| 2029 | 574 | 135 | 709 |
| 2030–2032 | 4,059 | 151 | 4,210 |
| Total | \$ 16,967 | 2,498 | 19,465 |

(c) Derivative Transaction

The Corporation was a party to a derivative with Wells Fargo Bank, N.A., the counterparty (successor to Wachovia Bank, N.A. the original counterparty). The derivative was a "receive-variable, pay-fixed" interest rate swap entered into in connection with the promissory note to Wells Fargo Bank, N.A.

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The swap was terminated on June 20, 2018 as part of a transaction refunding the Wells Fargo loan with the proceeds of a loan from PNC Bank. The fee paid by the Corporation to Wells Fargo to terminate the swap was \$1,478,000. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the fee is reported in deferred outflows on the statement of net position and amortized to interest expense according to the percentage of annual interest paid on the loan from PNC Bank to the total interest to be paid on that loan over the 118 months that were remaining on the Wells Fargo loan when the swap was terminated. As of September 30, 2024, the unamortized balance in deferred outflows was \$461,000.

(6) Leases

The Corporation leases land, buildings, and suites to various lessees under financing leases and short-term leases expiring at various dates through 2057. In Building I, space is leased under four lease agreements. The first lease had a 5-year initial term that expired in October 2023, which was renewed in November 2023 for a 5-year term expiring October 2028. The first lease has one 5-year renewal option remaining. The second lease had a 1 year initial term, which was amended to include an additional 2-year term expiring in December 2025 with no renewal options. The third lease had a 5-year initial term that expired July 2024 with one 5-year renewal option. The fourth lease had a 5-year initial term that expired April 2024, which was amended in January 2024 for a 5-year term expiring April 2029.

Space in Buildings II and III is leased to the University and various other tenants. The leases have remaining terms varying from month-to-month to seven years.

Under leases for Buildings I, II, and III, the Corporation must pay all operating expenses of the buildings, including utilities, janitorial, maintenance, and insurance. Tenants will reimburse the Corporation for such expenses only as the total expenses for a year increase over the total expenses for the base year of the lease (which generally is the first calendar year of the lease term). In 2024, the Corporation recognized operating expense reimbursement income of \$37,000 as a component of operating revenues in the statement of revenues, expenses, and changes in net position.

Space under lease to the University was 80,092 square feet at September 30, 2024.

The Corporation owns a building located on the premises of USA Health, which is leased to a single tenant. The Corporation paid for construction of the building shell and land improvements while the tenant paid for the cost of finishing the building's interior. The lease had a 10-year initial term, which was set to expire in March 2020, with three 5-year renewal options. The initial lease was terminated in December 2022 and replaced with a new lease with an initial term of 10 years, expiring in March 2030, with three 5-year renewal options. Under the lease, the tenant must also pay for utilities, taxes, insurance, and interior repairs and maintenance. The Corporation is responsible for repairs and maintenance to the exterior and HVAC system.

The Corporation, as lessor, had three ground leases in place at September 30, 2024. One lease is for a 40-year initial term expiring in October 2046 with two renewal options, the first for 20 years and the second for 15 years. The second lease is for a 30-year initial term expiring in October 2036 with four 5-year renewal options. The third lease has a 38.5-year initial term expiring in September 2046 with two renewal options, the first for 20 years and the second for 15 years.

USA RESEARCH AND TECHNOLOGY CORPORATION
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The terms and conditions of each lease agreement vary by tenant with some including early termination options. Of the existing lease agreements, two tenants in Building II have options to terminate their lease agreement early if notice is given within the stated timeframe and all, if any, monetary obligations have been met.

For the year ended September 30, 2024, the Corporation recognized a total of \$3,741,000 of inflows of resources from financing leases, of which \$3,321,000 was recognized as lease revenue and \$420,000 was recognized as interest income in other nonoperating revenues.

The following table provides future minimum lease revenue by fiscal year that is included in the measurement of the lease receivable (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|------------------|-----------------|---------------|
| 2025 | \$ 2,926 | 408 | 3,334 |
| 2026 | 1,743 | 334 | 2,077 |
| 2027 | 1,582 | 284 | 1,866 |
| 2028 | 1,516 | 236 | 1,752 |
| 2029 | 1,248 | 191 | 1,439 |
| 2030–2034 | 1,687 | 697 | 2,384 |
| 2035–2039 | 1,240 | 511 | 1,751 |
| 2040–2044 | 1,568 | 295 | 1,863 |
| 2045–2049 | 819 | 72 | 891 |
| 2050–2054 | 143 | 27 | 170 |
| 2055–2059 | 101 | 5 | 106 |
| Lease receivable | <u>\$ 14,573</u> | <u>3,060</u> | <u>17,633</u> |

(7) Related Parties

University of South Alabama

The Corporation was formed exclusively for the purpose of supporting the educational and scientific research missions of the University. To ensure this relationship continues, the Corporation's bylaws require its directors to be either University trustees or employees, or approved by the University board of trustees.

During fiscal year 2024, the Corporation engaged in several transactions with the University. The University was charged \$1,442,000 during the year ended September 30, 2024, for rental space as described in note 7. The University provides certain administrative, property management, utilities, and other support services to the Corporation, for which the University charged \$610,000 for such services during fiscal year 2024. These charges are reflected in the Corporation's building management and operating expenses as well as legal and administrative fees on the statement of revenues, expenses, and changes in net position.

The Corporation leases four parcels of land approximating 39 acres from the University for \$1 per year in connection with the acquisition or construction of buildings held for lease. These four parcels are leased by the Corporation to Campus Crest, Jaguar Village, and Fresenius. Detail regarding the ground lease terms can be found in note 7.

USA RESEARCH AND TECHNOLOGY CORPORATION
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Notes to Basic Financial Statements

September 30, 2024

(8) Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The primary objective of Statement No. 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The primary objective of Statement No. 103 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets and requires disclosure of certain information regarding capital assets to be presented by major class.

The effect of the implementation of GASB Statement Nos. 101, 102, 103, and 104 on the Corporation has not yet been determined.



UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Basic Financial Statements

September 30, 2024

(With Independent Auditors' Report Thereon)

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

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UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY

(A Component Unit of the University of South Alabama)

Management's Discussion and Analysis (Unaudited)

September 30, 2024

Introduction

The following discussion presents an overview of the financial position and financial activities of the University of South Alabama Health Care Authority (HCA) at September 30, 2024 and 2023, and for the years then ended. This discussion has been prepared by HCA management and should be read in conjunction with the basic financial statements and notes thereto, which follow.

Financial Highlights

HCA was incorporated on May 2, 2017 and commenced operations on August 1, 2017. HCA was formed by the University of South Alabama (University) as an Alabama public corporation pursuant to the University Authority Act of 2016. The University's Board of Trustees appoints HCA's board of directors (the board). The board is composed of five ex officio members and six other members. The ex officio members are the chair pro tempore of the University's Board of Trustees, and the President and University employees holding the following University positions: Chief Financial Officer, Vice President for Medical Affairs, and Chief Executive Officer of the University of South Alabama Health System (USA Health). The other six members are all appointed by the University's Board of Trustees.

In April 2023, HCA entered into an agreement with Gulf Coast Health System to acquire an acute care hospital, its ancillary-related healthcare delivery businesses, and related facilities effective October 1, 2023. The acquisition was made by the University on behalf of HCA, and all assets were transferred to the University at the time of acquisition. HCA entered into a lease agreement with the University for the healthcare assets and facilities acquired in the acquisition. The lease is for 31 years with semi-annual rental payments equal to the principal and interest incurred on the debt service related to the acquisition. This lease is accounted for in accordance with GASB 87, *Leases*, and is reflected in net capital assets and current and noncurrent lease obligations on the statement of net position. Additionally, the operations of the acute care hospital, now known as USA Health Providence Hospital (Providence Hospital), are included in HCA's basic financial statements for the year ended September 30, 2024.

At September 30, 2024 and 2023, HCA had total assets of approximately \$230,044,000 and \$61,971,000; total liabilities and deferred inflows of approximately \$201,166,000 and \$47,541,000; and net position of approximately \$28,878,000 and \$14,430,000, respectively.

The annual change in net position for HCA is primarily the result of the addition of Providence Hospital operations and the timing of support payments from the University, which are largely made based on cash flow needs. For the years ended September 30, 2024 and 2023, support payments from the University to HCA totaled approximately \$69,059,000 and \$35,385,000, respectively. For the year ended September 30, 2024, net support payments were made at an accelerated rate as HCA incurred increased expenses related to funding the beginning working capital and ongoing operational needs of Providence Hospital operations.

In February 2024, Change Healthcare, the third-party vendor used by Providence Hospital to process patient claims, was targeted in a sophisticated cyberattack that resulted in significant operational disruptions and potential exposure of sensitive data. This incident created a backlog of unpaid claims and impaired cash collections directly impacting the balances in cash and cash equivalents listed in the statement of net position. Additionally, in May 2024, Ascension Health Alliance (Ascension) was targeted in a cyberattack that resulted in significant operational disruptions. Due to Providence Hospital still being engaged with Ascension through a transition services agreement for information technology and electronic medical record services, this attack

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY

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Management's Discussion and Analysis (Unaudited)

September 30, 2024

halted all electronic processes involving Providence Hospital operations for nearly five weeks. Traditional downtime procedures (manual processes) were initiated during this time frame resulting in diminished operations and patient volume.

An overview of each financial statement is presented herein along with a financial analysis of the transactions impacting the financial statements. Where appropriate, comparative financial information is presented to assist in the understanding of this analysis.

Analysis of Financial Position and Results of Operations

Statement of Net Position

The statement of net position presents the assets, liabilities and deferred inflows, and net position of HCA at September 30, 2024. Net position is displayed in three parts: net investment in capital assets, restricted, and unrestricted. Net investment in capital assets represents HCA's capital assets less accumulated depreciation and outstanding principal balances of the debt attributable to the acquisition, construction, or improvement of those assets. Restricted net position may be either expendable or nonexpendable and is the net position that is restricted by law or external agreements. Unrestricted net position is available for use by HCA to meet current expenses for any purpose. The statement of net position, along with all of HCA's basic financial statements, are prepared under the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred by HCA, regardless of when cash is exchanged.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY

(A Component Unit of the University of South Alabama)

Management's Discussion and Analysis (Unaudited)

September 30, 2024

The condensed schedules of net position at September 30, 2024 and 2023 follow (in thousands):

Condensed Schedule of Net Position

(In thousands)

| | <u>2024</u> | <u>2023</u> |
|--|-------------------|---------------|
| Assets: | | |
| Current | \$ 75,646 | 9,561 |
| Capital assets | 150,289 | 48,907 |
| Other noncurrent assets | 4,109 | 3,503 |
| Total assets | <u>\$ 230,044</u> | <u>61,971</u> |
| Liabilities: | | |
| Current | \$ 65,007 | 14,250 |
| Noncurrent | 132,479 | 30,005 |
| Total liabilities | 197,486 | 44,255 |
| Deferred inflows | 3,680 | 3,286 |
| Total liabilities and deferred inflows | <u>\$ 201,166</u> | <u>47,541</u> |
| Net position: | | |
| Net investment in capital assets | \$ 9,572 | 17,002 |
| Restricted | 431 | 558 |
| Unrestricted deficit | 18,875 | (3,130) |
| Total net position | <u>\$ 28,878</u> | <u>14,430</u> |

Assets included in the statement of net position are classified as current or noncurrent. Current assets at September 30, 2024, consist primarily of patient receivables, which comprise approximately 80% of total current assets. At September 30, 2023, current assets consist primarily of cash and cash equivalents and patient receivables, which comprise approximately 38% and 35% of total current assets, respectively.

At both September 30, 2024 and 2023, noncurrent assets consist primarily of capital assets and lease receivables. The increase in total assets is primarily attributed to the 31-year lease agreement between the University and HCA for the healthcare assets and facilities acquired in the Providence Hospital acquisition as well as an increase in net patient receivables of approximately \$57,000,000 from September 30, 2023 to September 30, 2024.

At September 30, 2024, current liabilities primarily consist of accounts payable and accrued liabilities, the current portion of lease and subscription obligations, and accrued salaries and wages, which comprise approximately 76%, 15%, and 8%, respectively of total current liabilities. At September 30, 2023, current liabilities primarily consist of accounts payable and accrued liabilities, the current portion of lease and subscription obligations, and accrued salaries and wages, which comprise approximately 65%, 14%, and 20%, respectively of total current liabilities.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY

(A Component Unit of the University of South Alabama)

Management's Discussion and Analysis (Unaudited)

September 30, 2024

At both September 30, 2024 and 2023, noncurrent liabilities primarily consist of the noncurrent portion of lease and subscription obligations and long-term debt. Of these amounts, the noncurrent portion of lease and subscription obligations and long-term debt at September 30, 2024, make up 82% and 16% of total noncurrent liabilities, respectively. At September 30, 2023, these percentages were 27% and 72% respectively.

Deferred inflows represent HCA's right to operating revenue from leases in future reporting periods in accordance with GASB Statement No. 87, *Leases*.

Net position represents the residual interest in HCA's assets after liabilities and deferred inflows are deducted. Net position is classified into one of three categories:

Net investment in capital assets represents HCA's capital assets less accumulated depreciation and outstanding principal balances of the debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position consists of cash earmarked as security reserves by the USA Health IPA, LLC, a blended component unit of HCA, to satisfy claims incurred but not reported. The funds are restricted specifically to cover said claims.

Unrestricted net position represents amounts not invested in capital assets or not subject to externally imposed stipulations. Even though these funds are not legally restricted, the majority of HCA's unrestricted net position has been internally designated for various projects that support the mission of HCA or general operations.

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total HCA net position as reported in the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement is to present the change in net position resulting from revenues earned and expenses incurred by HCA. The statement of revenues, expenses, and changes in net position present revenues received by HCA, both operating and nonoperating, and the expenses paid by HCA, both operating and nonoperating, and any other revenues and expenses received or expended by HCA.

The primary component of HCA's operating revenue sources are patient service revenues. Another significant revenue source, which is considered nonoperating as defined by the GASB, are transfers in from the University to cover the cost of HCA operations. Operating expenses are those incurred in conjunction with the fulfillment of the HCA's mission and include salaries, wages and benefits; building and equipment; medical supplies; and depreciation.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY

(A Component Unit of the University of South Alabama)

Management's Discussion and Analysis (Unaudited)

September 30, 2024

The condensed schedules of revenues, expenses, and changes in net position at September 30, 2024 and 2023 follow (in thousands):

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

(In thousands)

| | <u>2024</u> | <u>2023</u> |
|---|------------------|----------------|
| Operating revenues: | | |
| Net patient service revenues | \$ 273,727 | 46,296 |
| Other operating revenues | <u>32,477</u> | <u>14,667</u> |
| Total operating revenues | <u>306,204</u> | <u>60,963</u> |
| Operating expenses: | | |
| Salaries and benefits | 159,711 | 48,759 |
| Other operating expenses | <u>196,021</u> | <u>47,636</u> |
| Total operating expenses | <u>355,732</u> | <u>96,395</u> |
| Operating loss | (49,528) | (35,432) |
| Nonoperating revenues (expenses): | | |
| Support from University of South Alabama | 69,059 | 35,385 |
| Other nonoperating revenues and expenses, net | <u>(5,083)</u> | <u>(1,329)</u> |
| Total nonoperating revenues, net | <u>63,976</u> | <u>34,056</u> |
| Increase (decrease) in net position | 14,448 | (1,376) |
| Net position at beginning of year | <u>14,430</u> | <u>15,806</u> |
| Net position at end of year | <u>\$ 28,878</u> | <u>14,430</u> |

For the years ended September 30, 2024 and 2023, approximately 74% and 49% of total revenue is related to patient service revenues. Excluding patient service revenues, the largest component of total revenue is support payments from the University, which represent approximately 18% and 37% respectively.

HCA reported an increase in net position of approximately \$14,448,000 for the year ended September 30, 2024 and reported a decrease in net position of approximately \$1,376,000 for the year ended September 30, 2023.

Statement of Cash Flows

The statement of cash flows presents information related to cash flows of HCA. The statement presents cash flows by category: operating activities, noncapital financing activities, capital and related financing activities, and investing activities.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY

(A Component Unit of the University of South Alabama)

Management's Discussion and Analysis (Unaudited)

September 30, 2024

Capital Assets and Debt Administration

Total capital asset additions for HCA were approximately \$114,861,000 and \$24,385,000 in 2024 and 2023, respectively. The significant increase is attributable to the addition of right-of-use assets related to the lease between HCA and the University for assets acquired in the Providence acquisition. At September 30, 2024 and 2023, HCA had outstanding commitments of approximately \$28,000 and \$7,000 for various capital projects. Additional information regarding HCA's capital assets is included in note 5.

Total long-term debt additions were approximately \$21,869,000 in 2023. There were no additions to long-term debt in 2024. HCA's long-term debt is solely attributable to an agreement entered into by HCA with Family Medical Investments, LLC, which developed and completed construction for a medical office building on the USA Health Mapp Family Campus. HCA began making monthly payments at a 4.79% interest rate in October 2022 to Family Medical Investments, LLC. The total balance of principal payments outstanding at September 30, 2024 is approximately \$21,673,000. Upon conclusion of the agreement term, HCA will obtain ownership of the building.

Economic Outlook

The financial outlook for HCA is stable. Since inception, HCA's operations have been partially dependent on funding from the University of South Alabama, with total support amounting to \$69,059,000 and \$35,385,000 during the year ended September 30, 2024 and 2023, respectively. The University has committed to continued financial support sufficient for satisfying obligations as they come due until at least January 31, 2026.

Requests for Information

These basic financial statements are designed to provide a general overview of HCA and to demonstrate HCA's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mr. Benny Stover; Chief Financial Officer; USA Health; 207 N. Catherine Street, Suite 220, Mobile, AL 36604.



KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Auditors' Report

The Board of Directors
University of South Alabama Health Care Authority:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the University of South Alabama Health Care Authority (HCA), a component unit of University of South Alabama as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise HCA's basic financial statements for the year then ended as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of HCA as of September 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

We did not audit the financial statements of USA Health IPA, LLC which represent 1% and 3%, respectively, of the total assets as of September 30, 2024 and of the total revenues for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for USA Health IPA, LLC, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HCA 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 HCA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our



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 and *Government Auditing Standards* 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 and *Government Auditing Standards* 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 HCA'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 HCA'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

U.S. generally accepted accounting principles require that the 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 and other auditors 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 17, 2025, on our consideration of HCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HCA's internal control over



financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCA's internal control over financial reporting and compliance.

KPMG LLP

Jackson, Mississippi
January 17, 2025

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Net Position

September 30, 2024

(In thousands)

| | |
|--|-------------------|
| Current assets: | |
| Cash and cash equivalents | \$ 2,484 |
| Restricted cash and cash equivalents | 431 |
| Patient receivables (net of allowance for doubtful accounts of \$25,855) | 60,821 |
| Accounts receivable, other | 6,474 |
| Inventories | 2,529 |
| Lease receivable, current portion | 975 |
| Other current assets | <u>1,932</u> |
| Total current assets | <u>75,646</u> |
| Noncurrent assets: | |
| Capital assets, net | 150,289 |
| Investments | 936 |
| Lease receivable, less current portion | <u>3,173</u> |
| Total noncurrent assets | <u>154,398</u> |
| Total assets | <u>\$ 230,044</u> |
| Current liabilities: | |
| Accounts payable and accrued liabilities | \$ 49,307 |
| Accrued salaries and wages | 5,396 |
| Lease and subscription obligations, current portion | 9,899 |
| Long-term debt, current portion | 195 |
| Other liabilities, current portion | <u>210</u> |
| Total current liabilities | <u>65,007</u> |
| Noncurrent liabilities: | |
| Lease and subscription obligations, less current portion | 109,116 |
| Long-term debt, less current portion | 21,478 |
| Other liabilities, noncurrent | <u>1,885</u> |
| Total noncurrent liabilities | 132,479 |
| Deferred inflows | <u>3,680</u> |
| Total liabilities and deferred inflows | <u>\$ 201,166</u> |
| Net position: | |
| Net investment in capital assets | \$ 9,572 |
| Restricted | 431 |
| Unrestricted | <u>18,875</u> |
| Total net position | <u>\$ 28,878</u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2024

(In thousands)

| | |
|---|------------|
| Operating revenues: | |
| Patient service revenues (net of provision for bad debts of \$25,023) | \$ 273,727 |
| Other operating revenues | 32,477 |
| Total operating revenues | 306,204 |
| Operating expenses: | |
| Salaries and benefits | 159,711 |
| Building and equipment expenses | 15,294 |
| Medical and surgical supplies | 97,684 |
| Other expenses | 73,775 |
| Depreciation and amortization | 9,268 |
| Total operating expenses | 355,732 |
| Operating loss | (49,528) |
| Nonoperating revenues (expenses): | |
| Investment income | 666 |
| Support from University of South Alabama | 69,059 |
| Interest expense | (5,769) |
| Other nonoperating revenues | 139 |
| Other nonoperating expenses | (119) |
| Total nonoperating revenues, net | 63,976 |
| Increase in net position | 14,448 |
| Net position at beginning of period | 14,430 |
| Net position at end of period | \$ 28,878 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Cash Flows

Year ended September 30, 2024

(In thousands)

| | |
|---|--------------------|
| Cash flows from operating activities: | |
| Receipts from and on behalf of patients and third-party payors | \$ 218,026 |
| Payments to suppliers and vendors | (156,752) |
| Payments to employees and related benefits | (158,631) |
| Other operating receipts | <u>26,857</u> |
| Net cash used in operating activities | <u>(70,500)</u> |
| Cash flows from noncapital financing activities: | |
| Advance payment receipts | 7,076 |
| Support from University of South Alabama | 69,059 |
| Other nonoperating revenues | 139 |
| Other nonoperating expenses | <u>(102)</u> |
| Net cash provided by noncapital financing activities | <u>76,172</u> |
| Cash flows from capital and related financing activities: | |
| Purchases of capital assets | (204) |
| Proceeds from sale of capital assets | 2 |
| Principal payments on capital debt | (3,036) |
| Interest payments on capital debt | <u>(3,861)</u> |
| Net cash used in capital and related financing activities | <u>(7,099)</u> |
| Cash flows from investing activities: | |
| Investment Income | 183 |
| Purchase of equity investment | <u>(13)</u> |
| Net cash provided by investing activities | <u>170</u> |
| Net decrease in cash, cash equivalents, and restricted cash and cash equivalents | (1,257) |
| Cash, cash equivalents, and restricted cash and cash equivalents: | |
| Beginning of year | <u>4,172</u> |
| End of year | <u>\$ 2,915</u> |
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$ (49,528) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation and amortization | 9,268 |
| Changes in assets and liabilities, net: | |
| Net patient receivables | (55,701) |
| Other receivables | (6,014) |
| Inventories and other current assets | (2,685) |
| Accounts payable and accrued liabilities | <u>34,160</u> |
| Net cash used in operating activities | <u>\$ (70,500)</u> |
| Noncash capital and related financing transactions: | |
| Net increase to right-of-use assets | \$ 111,093 |
| Increase in accounts payable related to capital projects | 20,416 |
| Loss on disposal of capital assets | (116) |

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Statement of Cash Flows

Year ended September 30, 2024

(In thousands)

In connection with the Ascension Providence acquisition made on behalf of HCA by the University, HCA acquired the following noncash assets and related liabilities:

| | | |
|--|----|---------|
| Prepaid expenses, inventories, and other | \$ | 7,737 |
| Capital Assets | | 81,467 |
| Current liabilities | | (2,236) |
| Other long term investments | | 2,622 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Notes to Basic Financial Statements

September 30, 2024

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

The accompanying basic financial statements present the financial position and activities of the University of South Alabama Health Care Authority (HCA), a component unit of the University of South Alabama (the University).

HCA was incorporated on May 2, 2017 and commenced operations on August 1, 2017. HCA enhances the University's provision of patient care by providing it with a corporate structure, which allows for greater flexibility and options to achieve goals consistent with the public health mission of the University. HCA provides group medical practices for physicians who strive to make a difference in the lives of those they serve through promoting excellence in healthcare.

HCA was formed by the University as an Alabama public corporation pursuant to the provisions of the State of Alabama University Authority Act of 2016. The University's Board of Trustees appoints the HCA's board of directors (the board). The board is composed of five ex officio members and six other members. The ex officio members are the chair pro tempore of the University's Board of Trustees, and the President and University employees holding the following University positions: USA Chief Financial Officer, Vice President for Medical Affairs, and Chief Executive Officer of USA Health. The other six members are all appointed by the University's Board of Trustees.

Since inception, HCA's operations have been partially dependent on funding from the University, with total support amounting to \$69,059,000 during the year ended September 30, 2024. The University has committed to continued financial support sufficient for satisfying obligations as they come due until at least January 31, 2026. Due to the significance of the relationship between HCA and the University, HCA is considered a component unit of the University and the support provided is reported in nonoperating revenues on the statement of revenues, expenses, and changes in net position.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization is included as a component unit. Accordingly, the basic financial statements include the accounts of HCA, as the primary government, and the accounts of the entities discussed below as component units.

GASB Statement No. 61 amended GASB Statements No. 14 and No. 39, and provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. Such criteria include the appointment of a voting majority of the board of the organization, the ability to impose the will of the primary government on the organization, and the financial benefits/burden between the primary

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government and the potential component unit. The statement also clarifies reporting and disclosure requirements for those organizations.

Over the past several years, HCA has formed Mobile Heart USA, LLC; USA Health HCA Industrial Medicine Clinic, LLC; USA Health IPA, LLC; USA Health Daphne Family Practice, LLC; USA Health Mobile County ASC; USA Health HCA Providence Hospital, LLC; and USA Health Providence Retail Pharmacy, LLC as not-for-profit limited liability companies, in which HCA is the sole member. USA HCA OBGYN Services, LLC and USA HCA PBC, LLC were also formed by HCA as the sole member, however, both were dissolved in January 2024. These companies were created to assist with the complex patient and insurance billings within HCA. Based on the criteria listed above, GASB requires HCA, as the primary government, to include each of these limited liability companies as blended component units. All significant transactions among HCA and its blended component units have been eliminated.

In August 2020, HCA formed USA Health IPA, LLC (the IPA), a limited liability company of which HCA is the sole member. The IPA was formed to operate an independent physician association, which began in August 2021. Exclusive of transactions between HCA and the IPA totaling approximately \$917,000, IPA revenues and expenses of approximately \$7,599,000 and \$7,599,000, respectively, are included within the statement of revenues, expenses, and changes in net position. The IPA has a calendar year-end, which differs from HCA's September 30 year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, HCA has included the IPA's financial statements for the year ended December 31, 2023 in HCA's financial statements as of September 30, 2024. For the year ended September 30, 2024, the IPA has paid approximately \$516,000 in claims to HCA.

During fiscal year 2022, HCA obtained equity interest in a multimember limited liability company, USA Fairhope Physician Investors, LLC (FPI). FPI was initially considered as a component unit under the provisions of GASB Statement Nos. 14 and 61. Amendment 1 to the initial agreement was executed during fiscal year 2023, removing HCA's control of the entity and ability to impose its will on the entity. The change resulted in HCA's relationship with FPI shifting from a component unit to an investment in a joint venture. FPI has a calendar year-end, which differs from HCA's September 30 year-end. HCA's capital account balance is presented on the September 30, 2024 statement of net position as a noncurrent investment.

During fiscal year 2023, HCA obtained a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco). USA BC ASC Holdco's primary purpose is to invest in ambulatory surgery centers (ASCs) and promote health and wellness to the area. Surgery Center Holdings, Inc. owns the remaining 49%. USA BC ASC Holdco owns 51% of USA Baldwin County ASC, LLC (USA BC ASC), which is a limited liability company that was formed to develop, own, and operate the ASC on the USA Health Mapp Family Campus. The remaining 49% of USA BC ASC is owned by individual physician investors. USA BC ASC Holdco has a calendar year-end, which differs from HCA's September 30 year-end. HCA's capital account balance is presented on the September 30, 2024 statement of net position as a noncurrent investment.

In April 2023, HCA entered into an agreement with Gulf Coast Health System to acquire an acute care hospital, its ancillary-related healthcare delivery businesses, and related facilities effective October 1,

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Notes to Basic Financial Statements

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2023 for \$89,590,000. The acquisition was made by the University on behalf of HCA, and all assets were simultaneously transferred to the University at the time of acquisition. The operations of the acute care hospital, now known as USA Health Providence Hospital (Providence Hospital), are included in HCA's basic financial statements for the year ended September 30, 2024. HCA entered into a lease agreement with the University for the hospital facilities and related equipment acquired in the Ascension Providence acquisition. Additional information regarding the lease is included in note 6.

(b) Measurement Focus and Basis of Accounting

For financial reporting purposes, HCA is considered a special-purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Accordingly, HCA's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

(c) Statement of Revenues, Expenses, and Changes in Net Position

Transactions deemed to be ongoing, major, or central to the provision of healthcare services are reported as operating revenues and expenses. Revenues that are not generated by HCA's core missions are reported as nonoperating revenues and expenses.

(d) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

(e) Cash and Cash Equivalents (including restricted amounts)

Cash and cash equivalents are defined as petty cash, demand accounts, certificates of deposit, and any short-term investments that take on the character of cash. These investments have maturities of less than three months when purchased and include repurchase agreements and money market accounts. Restricted cash and cash equivalents share the same definitions and maturities of unrestricted cash and cash equivalents, but are designated by external parties for specified purposes.

(f) Accounts Receivable

Patient receivables primarily result from hospital and ambulatory patient service revenues. Accounts receivable, other includes amounts due from affiliates and other sources. Accounts and patient receivables are recorded net of estimated uncollectible amounts.

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Notes to Basic Financial Statements

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(g) Inventories

Inventories consist of medical supplies and pharmaceuticals, which are stated at the lower of cost (first-in, first-out method) or market.

(h) Capital Assets

All capital expenditures with a cost of \$2,000 or more and having a useful life of two or more years are recorded at cost the date of acquisition. Depreciation is recorded over the estimated useful life of each class of depreciable assets using the straight-line method. Major aggregate capital asset purchases, including renewals and renovations, are capitalized. Any purchases for multiple items of minor equipment is evaluated to see if it is substantively part of a single overall transaction, have a single objective, and meets or exceeds the established aggregate threshold of \$30,000. If a purchase of minor equipment meets the aggregate guidelines and has a useful life of two or more years, it is capitalized at cost once items are received. Costs for repairs and maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statement of revenues, expenses, and changes in net position.

All capital assets other than construction in progress, land, and works of art are depreciated using the following asset lives:

| | |
|------------------------|-------------|
| Buildings | 10–30 years |
| Leasehold improvements | 10–20 years |
| Equipment | 3–20 years |
| Computer software | 3–5 years |

Leases and subscriptions are included in capital assets as right-of-use assets on the statement of net position. Right-of-use assets represent HCA's right to use an underlying asset for the specified term and are comprised of leased equipment, buildings, office space, and subscription-based information technology arrangements (SBITAs). Lease and subscription right-of-use assets are recognized at the commencement date based on the present value of the payments over the agreement term discounted using the lessor interest rate or an appropriate incremental borrowing rate. The commencement date is either when HCA takes possession of the asset or when the asset becomes available for use. Amortization of right-of-use assets is recognized on a straight-line basis over the agreement term or useful life of the asset, whichever is shorter.

HCA evaluates impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. For the year ended September 30, 2024, no impairments were identified.

(i) Lease Receivable

Lease receivable and current portion thereof on the statement of net position represents HCA's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. Lease receivables are recognized at the commencement date based on the present value of lease

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payments to be received over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is either when the lessee takes possession of the asset or, in the case of real estate leases, when the landlord makes the building or office space available for use. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the lessee will exercise that option. Interest revenue is recognized as a component of the lease payments received and is included in other nonoperating revenues on the statement of revenues, expenses, and changes in net position.

(j) *Deferred Inflows of Resources*

Deferred inflows represent HCA's right to operating revenue from leases in future reporting periods in accordance with GASB Statement No. 87, *Leases*.

(k) *Classification of Net Position*

HCA's net position is classified as follows:

- *Net investment in capital assets* represents HCA's total investment in capital assets less related debt.
- *Restricted* net position represents funds that are obligated contractually to be spent in accordance with restrictions imposed by external parties.
- *Unrestricted* net position represents amounts not invested in capital assets or not subject to externally imposed stipulations. Even though these funds are not legally restricted, the majority of HCA's unrestricted net position has been internally designated for various projects that support the mission of HCA or general operations.

When an expense is incurred that can be paid using either restricted or unrestricted resources, HCA addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation.

(l) *Patient Service Revenues*

Patient service revenues are reported at estimated net realizable amounts from patients, third-party payors, and others for services rendered, and include estimated retroactive revenue adjustments (if necessary) due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

HCA provides a standard discount from gross charges for uninsured patients. Such discounts are subtracted from gross patient service charges to determine net patient service revenues.

For uninsured patients, HCA recognizes revenue based on established rates, subject to certain discounts as determined by HCA. An estimated provision for bad debt is recorded that results in patient service revenues being reported at the net amount expected to be received. HCA has determined that patient service revenues are primarily recorded prior to assessing the patient's ability to pay and as such, the entire provision for bad debt related to patient revenues are recorded as a deduction from

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patient service revenues in the accompanying statement of revenues, expenses, and changes in net position.

Patient receivables are reduced by an allowance for doubtful accounts. The allowance for doubtful accounts is based upon management's assessment of historical and expected net collections considering historical business and economic conditions, trends in healthcare coverage, major payor sources, and other collection indicators. Periodically throughout the year, management assesses the adequacy of the allowance for doubtful accounts based upon historical write-off experience by payor category. The results of this review are then used to make modifications to the provision for doubtful accounts to establish an appropriate allowance for doubtful accounts. After satisfaction of amounts due from insurance, HCA follows established guidelines for placing certain past-due patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by HCA.

(m) Recently Adopted Accounting Pronouncements

In fiscal year 2024, HCA adopted the provisions of GASB Statement No. 99, *Omnibus 2022*, related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The objectives of the statement are to establish accounting and reporting requirements for exchange and exchange-like financial guarantees, other derivative instruments that do not meet the definition of investment derivative instruments nor hedging derivative instruments, and termination of hedge accounting. There was no significant impact to HCA in the adoption of this pronouncement.

In addition, HCA adopted GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, which requires changes in accounting principles and error corrections be reported retroactively by restating prior periods, changes to or within the financial reporting entity to be reported by adjusting beginning balances of the current period, and changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also provides guidance on the presentation of required supplementary information and supplementary information affected by a change in accounting principle or error correction. There was no significant impact to HCA in the adoption of this pronouncement.

In May 2021, the GASB issued Implementation Guidance Update 2021, to provide guidance and clarification on GASB statements. Included in this implementation guide was question 5.1 which addresses capitalization of asset purchases that in aggregate exceed an established monetary threshold, are substantively part of a single overall transaction, and have a single objective. The effective date of question 5.1 is for reporting periods beginning after June 15, 2023. There was no significant impact to the HCA in the adoption of this implementation guide.

(2) Income Taxes

HCA was incorporated in Alabama as a public corporation. HCA is an instrumentality of the State of Alabama by virtue of its control by the University. As an integral part of the State of Alabama, the income of HCA is exempt from federal and state income taxation pursuant to the provisions of Section 115(1) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying basic financial statements.

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(3) Cash

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for HCA funds on deposit with QPD institutions. At September 30, 2024, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$18.7 billion. HCA had cash in the pool of approximately \$4,405,000 at September 30, 2024.

At September 30, 2024, restricted cash and cash equivalents consist of approximately \$431,000 related to cash reserved as security reserves by the IPA to satisfy the claims incurred but not reported balance.

(4) Investments

HCA holds a 2.5% equity interest in USA Fairhope Physician Investors LLC (FPI), a multimember limited liability company that was formed to invest in the entity that developed and is now leasing an ambulatory surgical center. HCA's capital account balance is approximately \$(6,000) for the year ended September 30, 2024 and is presented on the statement of net position as an investment. As a whole, there is positive monthly cash flow and no expectation for HCA to be required to contribute additional capital.

HCA holds a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco), a multimember limited liability company formed to invest in USA Baldwin County ASC, LLC (USA BC ASC), a limited liability company formed to develop, own, and operate the Ambulatory Surgery Center on the USA Health Mapp Family Campus. For the year ended September 30, 2024, HCA's capital account balance is approximately \$942,000 and is presented on the statement of net position as an investment.

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September 30, 2024

(5) Capital Assets

A summary of HCA's capital assets activity for the year ended September 30, 2024 is as follows (in thousands):

| | 2024 | | | | Ending balance |
|---|----------------------|----------------|------------|----------------|-------------------|
| | Beginning balance | Additions | Transfers | Reductions | |
| Capital assets not being depreciated or amortized: | | | | | |
| Construction in progress | \$ 556 | 57 | (7) | (549) | 57 |
| Works of art | 1 | — | — | — | 1 |
| | <u>557</u> | <u>57</u> | <u>(7)</u> | <u>(549)</u> | <u>58</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Buildings | 33,024 | — | 29 | (4) | 33,049 |
| Leasehold improvements | 5,362 | 55 | (29) | — | 5,388 |
| Equipment | 4,266 | 114 | 7 | (216) | 4,171 |
| Computer software | 139 | — | — | — | 139 |
| Right-of-use assets | 13,741 | 114,635 | — | (3,885) | 124,491 |
| | <u>56,532</u> | <u>114,804</u> | <u>7</u> | <u>(4,105)</u> | <u>167,238</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Buildings | (1,030) | (1,249) | (14) | — | (2,293) |
| Leasehold improvements | (597) | (551) | 14 | — | (1,134) |
| Equipment | (2,323) | (442) | — | 101 | (2,664) |
| Computer software | (77) | (21) | — | — | (98) |
| Right-of-use assets | (4,155) | (7,005) | — | 342 | (10,818) |
| | <u>(8,182)</u> | <u>(9,268)</u> | <u>—</u> | <u>443</u> | <u>(17,007)</u> |
| Capital assets being depreciated or amortized, net | <u>48,350</u> | <u>105,536</u> | <u>7</u> | <u>(3,662)</u> | <u>150,231</u> |
| Capital assets, net | <u>\$ 48,907</u> | <u>105,593</u> | <u>—</u> | <u>(4,211)</u> | <u>150,289</u> |

Construction in progress totaled approximately \$57,000 as of September 30, 2024 and relates to renovation projects at USA Mobile Diagnostic Center and USA Health Family Practice Associates. A clinic renovation project that began in prior years was determined as no longer needed during fiscal year 2024. This resulted in a decrease to construction in progress in the amount of approximately \$549,000 in the current year that was expensed rather than capitalized.

Depreciation and amortization totaled approximately \$9,268,000 for the year ended September 30, 2024.

At September 30, 2024, HCA had commitments of approximately \$28,000 related to construction projects for USA Mobile Diagnostic Center.

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A summary of HCA's net right-of-use assets, categorized by classification for the year ended September 30, 2024 follows (in thousands):

| | | | | <u>Ending Balance</u> |
|---|----|--|--|---------------------------|
| Right-of-use assets: | | | | |
| Buildings | \$ | | | 116,929 |
| Equipment | | | | 7,305 |
| Software subscriptions | | | | <u>257</u> |
| | | | | <u>124,491</u> |
| Less accumulated amortization for right of use: | | | | |
| Buildings | | | | (9,280) |
| Equipment | | | | (1,500) |
| Software subscriptions | | | | <u>(38)</u> |
| | | | | <u>(10,818)</u> |
| Right-of-use assets, net | \$ | | | <u><u>113,673</u></u> |

HCA entered into a lease agreement with the University for the hospital facilities and related equipment acquired in the Ascension Providence acquisition. The lease is for 31 years with semi-annual rental payments equal to the principal and interest incurred on the debt service related to the acquisition. This lease is accounted for in accordance with GASB 87, *Leases*, and is reflected in net capital assets and current and noncurrent lease obligations on the statement of net position.

(6) Noncurrent Liabilities

A summary of HCA's noncurrent liability activity for the year ended September 30, 2024 follows (in thousands):

| | | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Adjustments</u> | <u>Ending balance</u> | <u>Less amounts due within one year</u> | <u>Noncurrent liabilities</u> |
|------------------------------------|----|------------------------------|------------------|-------------------|--------------------|---------------------------|---|-----------------------------------|
| Long-term debt | \$ | 21,834 | — | (161) | — | 21,673 | 195 | 21,478 |
| Lease and subscription obligations | | 10,063 | 115,244 | (2,875) | (3,417) | 119,015 | 9,899 | 109,116 |
| Other noncurrent liabilities | | 228 | 1,867 | — | — | 2,095 | 210 | 1,885 |
| | | | | | | | | |
| Total noncurrent liabilities | \$ | <u>32,125</u> | <u>117,111</u> | <u>(3,036)</u> | <u>(3,417)</u> | <u>142,783</u> | <u>10,304</u> | <u>132,479</u> |

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Long-Term Debt

HCA entered into an agreement with Family Medical Investments, LLC to construct a medical office building on the USA Health Mapp Family Campus. Construction began in 2021 and was completed in October 2022. The agreement commenced upon construction completion for an initial 15-year period plus two options to extend for consecutive 5-year terms. HCA began making monthly payments at an interest rate of 4.79% in October 2022 to Family Medical Investments, LLC. The total balance of principal payments outstanding at September 30, 2024 is approximately \$21,673,000. Upon conclusion of the agreement term, HCA will obtain ownership of the building.

At September 30, 2024, future debt service for long-term debt by year is as follows (in thousands):

| | Debt service on long-term debt | | |
|-----------|---------------------------------------|-----------------|--------------|
| | Principal | Interest | Total |
| 2025 | \$ 195 | 1,034 | 1,229 |
| 2026 | 236 | 1,024 | 1,260 |
| 2027 | 280 | 1,011 | 1,291 |
| 2028 | 326 | 997 | 1,323 |
| 2029 | 376 | 980 | 1,356 |
| 2030-2034 | 2,750 | 4,559 | 7,309 |
| 2035-2039 | 4,573 | 3,697 | 8,270 |
| 2040-2044 | 7,030 | 2,327 | 9,357 |
| 2045-2048 | 5,907 | 464 | 6,371 |
| Total | \$ 21,673 | 16,093 | 37,766 |

Lease and Subscription Obligations

HCA determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether HCA obtains substantially all of the economic benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets with a related lease and subscription obligation. Right-of-use assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using the lessor interest rate or an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the lease term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription liability.

HCA has entered into agreements to lease various buildings and equipment and to utilize various software under lease and subscription obligations expiring at various dates through 2055.

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Aggregate future minimum lease payments under noncancelable agreements as of September 30, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-----------------|----------------|
| 2025 | \$ 9,899 | 3,720 | 13,619 |
| 2026 | 5,509 | 4,916 | 10,425 |
| 2027 | 5,641 | 4,664 | 10,305 |
| 2028 | 4,738 | 4,426 | 9,164 |
| 2029 | 3,278 | 4,228 | 7,506 |
| 2030–2034 | 11,828 | 19,335 | 31,163 |
| 2035–2039 | 13,621 | 16,392 | 30,013 |
| 2040–2044 | 16,986 | 13,031 | 30,017 |
| 2045–2049 | 21,156 | 8,855 | 30,011 |
| 2050–2054 | 26,359 | 3,656 | 30,015 |
| | <u>\$ 119,015</u> | <u>83,223</u> | <u>202,238</u> |

These amounts are included in lease and subscription obligations and current portion thereof in the accompanying statement of net position.

The University has entered into an equipment lease agreement on behalf of Providence Hospital in the amount of approximately \$2,001,000 for which the terms have not yet commenced. HCA will be responsible for making lease payments to the University for use of the equipment once the terms commence. As of September 30, 2024, there are no other known lease or subscription commitments for which the terms have not yet commenced.

Other Noncurrent Liabilities

Other noncurrent liabilities consist of liabilities related to long-term vacation accruals. Amounts due within one year are included in current portion of other long-term liabilities.

(7) Deferred Inflows

Deferred inflows of resources represent HCA's right to receive lease revenue in future reporting periods. In accordance with GASB Statement No. 87, *Leases*, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms. Deferred inflows for the year ended September 30, 2024 totaled approximately \$3,680,000.

(8) Lease Receivable

Leases as a lessor are included in the lease receivable and current portion thereof on the statement of net position.

Lease receivables represent HCA's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. HCA subleases buildings, suites, and land under leases expiring at various dates through 2073. For the year ended September 30, 2024, HCA recognized a total of

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approximately \$970,000 of inflows of resources from leases, of which approximately \$781,000 was recognized as lease revenue and approximately \$189,000 was recognized as interest income. 98% of total lease revenue recognized was attributable to subleases to the University. The other 2% of total lease revenue is attributable to a ground lease with Family Medical Investments and a ground lease with HHRE USA Fairhope ASC, LLC; both of which lease land from HCA at the USA Health Mapp Family Campus. Lease revenue is included within other operating revenues and interest income is included within investment income on the statement of revenues, expenses, and changes in net position.

Future minimum lease revenue under noncancelable agreements as of September 30, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|-----------------|--------------|
| 2025 | \$ 975 | 162 | 1,137 |
| 2026 | 682 | 131 | 813 |
| 2027 | 727 | 98 | 825 |
| 2028 | 777 | 63 | 840 |
| 2029 | 237 | 36 | 273 |
| 2030-2034 | 250 | 130 | 380 |
| 2035-2039 | 28 | 111 | 139 |
| 2040-2044 | 35 | 104 | 139 |
| 2045-2049 | 44 | 95 | 139 |
| 2050-2054 | 55 | 84 | 139 |
| 2055-2059 | 69 | 71 | 140 |
| 2060-2064 | 86 | 54 | 140 |
| 2065-2069 | 107 | 32 | 139 |
| 2070-2073 | 76 | 7 | 83 |
| | <u>\$ 4,148</u> | <u>1,178</u> | <u>5,326</u> |

As of September 30, 2024, 87% of the total lease receivable balance amount reflected on the accompanying statement of net position is related to subleases to the University.

(9) Patient Service Revenues

HCA has agreements with governmental and other third-party payors that provide for reimbursement to HCA at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between HCA's billings at established rates and amounts reimbursed by third-party payors.

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A summary of the basis of reimbursement with major third-party payors follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. HCA is generally paid for certain retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by HCA and audits by the Medicare fiscal intermediary.

HCA acquired Providence Hospital on October 1, 2023. HCA had no prior responsibility for filing Providence Hospital's Medicare cost report prior to that date. HCA will file the first Medicare cost report for Providence Hospital no later than February 28, 2025, for review and audit by the Medicare fiscal intermediary.

Revenues from the Medicare program accounted for approximately 17% of HCA's patient service revenues for the year ended September 30, 2024.

Blue Cross Blue Shield – Inpatient services rendered to Blue Cross subscribers are paid at a contractually determined per diem rate based upon Medicare Severity Diagnosis Related Groups. Outpatient services are reimbursed under a contractually determined reimbursement methodology based on Blue Cross Enhanced Ambulatory Patient Groups.

Revenues from the Blue Cross program accounted for approximately 21% of HCA's patient service revenues for the year ended September 30, 2024.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

Revenues from the Medicaid program accounted for approximately 7% of HCA's patient service revenues for the year ended September 30, 2024.

Other – HCA has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to HCA under these agreements includes discounts from established charges and prospectively determined daily and case rates.

The composition of net patient service revenues for the year ended September 30, 2024 is as follows (in thousands):

| | |
|---|-------------------|
| Gross patient service revenues | \$ 1,092,011 |
| Provision for contractual and other adjustments | (793,261) |
| Provision for bad debts | <u>(25,023)</u> |
| Net patient service revenues | <u>\$ 273,727</u> |

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Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance which vary in amount. HCA also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. HCA estimates the provision for bad debts for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. Subsequent changes to the estimate of the provision for bad debts are generally recorded as adjustments to net patient service revenues in the period of the change.

Providence Hospital provides charity care to patients who meet specific financial need criteria, as outlined in the USA Health Providence Financial Assistance Policy. Charity care is defined as services provided to patients who are unable to pay for all or part of their care and for whom no expectation of payment exists. Charity care costs are calculated based on the cost-to-charge ratio, which is applied to the amounts of services provided to qualifying patients. Total charity care provided for the fiscal year ended September 30, 2024, was approximately \$34,894,000 in charges which represents 3.5% of total hospital charges.

The composition of gross patient service revenues before the provision for contractual and other adjustments and the provision for bad debts by major payor source is as follows for the year ended September 30, 2024 (in thousands):

| | Gross patient service revenues | Percentage |
|---------------------------------|---|-------------------|
| Medicare managed care | \$ 407,848 | 38 % |
| Blue Cross | 233,018 | 21 |
| Medicare | 189,139 | 17 |
| Health maintenance organization | 102,563 | 9 |
| Medicaid | 75,208 | 7 |
| Self pay | 56,700 | 5 |
| Other | 27,535 | 3 |
| | \$ 1,092,011 | 100 % |

For patient accounts receivables associated with self-pay or uninsured patients, including patients with deductibles and copayment balances for third-party coverage, HCA records an estimated allowance for doubtful accounts. The allowance for doubtful accounts is approximately \$25,855,000 at September 30, 2024.

(10) Related Party Transactions

During the year ended September 30, 2024, the University provided support of approximately \$69,059,000 to HCA. That amount is reflected on the accompanying statement of revenues, expenses, and changes in net position as nonoperating revenues.

During the year ended September 30, 2024, the University was charged a total of \$769,000 for rental space as described in note 8, which accounted for 98% of total lease revenue recognized by HCA on the

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accompanying statement of revenues, expenses, and changes in net position. At September 30, 2024, the University's outstanding balance of sublease payments to HCA is approximately \$3,606,000, which represents 87% of the lease receivable amount reflected on the accompanying statement of net position.

(11) Business and Credit Concentrations

HCA grants credit to patients, substantially all of whom reside in HCA's service area. HCA generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, preferred provider arrangements, and commercial insurance policies).

The mix of receivables from patients and third-party payors as of September 30, 2024 is as follows:

| | |
|---------------------------------|-------|
| Medicare managed care | 41 % |
| Blue Cross | 17 |
| Medicare | 12 |
| Health maintenance organization | 10 |
| Self Pay | 8 |
| Medicaid | 7 |
| Other | 5 |
| | 100 % |

(12) Employee Benefits

(a) Pension Plans

Staff employees of HCA clinics participate in a combined deferred compensation plan/money purchase pension plan arrangement. The arrangement covers all eligible employees, and participation by eligible employees is optional. Under this plan, administered by HCA, contributions by eligible nonphysician employees are matched equally by HCA up to a maximum of 5% of current annual pay. Contributions by eligible physician employees, up to the 457(b) deferred compensation plan limits, are matched at a 25% rate by HCA. HCA contributed approximately \$908,000 for the year ended September 30, 2024, representing 309 employees in this plan. These contributions are included within salaries and benefits expenses on the statement of revenues, expenses, and changes in net position.

Physician employees of HCA also have the option to participate in a second money purchase pension plan. This plan is funded entirely by pretax deductions from the participating physicians' salaries.

All Providence Hospital employees working at least half-time are eligible to participate in a defined-contribution pension plan. Under this plan, contributions by eligible employees are matched equally by HCA up to a maximum of 5% of current annual pay. HCA contributed approximately \$2,919,000, representing 1,095 employees participating in this plan, for the year ended September 30, 2024, which is included within salaries and benefits expenses on the statement of revenues, expenses, and changes in net position.

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(b) *Compensated Absences*

Regular HCA employees accumulate paid time off (PTO). These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Employees that were transferred to HCA through clinic acquisitions were grandfathered in with their original date of hire. Employees hired before January 1, 2012 are eligible for payout of their PTO. Anyone hired on or after January 1, 2012 is not eligible for payment of PTO hours upon separation of employment.

Any employees employed by Providence Hospital prior to the acquisition date of October 1, 2023 were eligible to carryover accrued PTO balances, as provided by Ascension, and are eligible to be paid out at the time of separation.

The accompanying statement of net position includes accruals for PTO of approximately \$2,095,000 at September 30, 2024. In the accompanying basic financial statements, approximately \$1,885,000 of the accrual represents other noncurrent liabilities, while the remaining \$210,000 represents other current liabilities.

(13) Risk Management

HCA, along with the University and other entities affiliated with the University, participates in the professional liability trust fund and the general liability trust fund. Both funds are administered by an independent trustee. These trust funds are revocable and use contributions by the participating entities, together with earnings thereon, to pay liabilities arising from the performance of employees, trustees, and other individuals acting on behalf of the participating entities. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance may be distributed to the participating entities in proportion to contributions made.

HCA, along with the University and other entities affiliated with the University, participates in a self-insured health plan, which is administered by an unaffiliated entity. Contributions by employees and assets of the participating entities, together with earnings thereon, are used to pay liabilities arising from healthcare claims. Any risk related to the payment of claims is the responsibility of the plan. It is the opinion of HCA management that plan assets are sufficient to meet future plan obligations.

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September 30, 2024

(14) Blended Component Unit

As more fully described in Note 1(a), HCA reports USA Health IPA, LLC as a blended component unit. Required combining financial information of the blended component unit as of and for the year ended December 31, 2023 is presented below (in thousands):

| | | |
|-----------------------|----|---------|
| Current assets | \$ | 1,249 |
| Total assets | | 1,249 |
| Current liabilities | | 1,249 |
| Total liabilities | | 1,249 |
| Total net position | \$ | — |
| Operating revenues | \$ | 8,510 |
| Operating expenses | | (8,516) |
| Operating loss | | (6) |
| Nonoperating revenues | | 6 |
| Net position | \$ | — |

(15) Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*, which is effective for fiscal years beginning after December 15, 2023. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*, which is effective for fiscal years beginning after June 15, 2024. The primary objective of Statement No. 102 is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The primary objective of Statement No. 103 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets and requires disclosure of certain information regarding capital assets to be presented by major class.

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The effect of the implementation of GASB Statement Nos. 101, 102, 103, and 104 on HCA has not yet been determined.

(16) Cyber Attacks

During fiscal year 2024, there were two cyberattacks that resulted in a significant impact on Providence Hospital operations.

In February 2024, Change Healthcare was targeted in a sophisticated cyberattack that resulted in significant operational disruptions and potential exposure of sensitive data. This incident created a backlog of unpaid claims and impaired cash collections directly impacting the balances in cash and cash equivalents listed in the statement of net position.

Additionally, in May 2024, Ascension was targeted in a cyberattack that resulted in significant operational disruptions. Due to Providence Hospital still being engaged with Ascension through a transition services agreement for information technology and electronic medical record services, this attack halted all electronic processes involving Providence Hospital operations for nearly five weeks. Traditional downtime procedures (manual processes) were initiated during this time-frame resulting in diminished operations and recording of patient visits.



**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Statement of Revenues and Expenses

Year Ended September 30, 2024

(With Independent Accountants' Agreed-Upon
Procedures Report Thereon)

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Year ended September 30, 2024

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KPMG LLP
Suite 1100
One Jackson Place
188 East Capitol Street
Jackson, MS 39201-2127

Independent Accountants' Agreed-Upon Procedures Report

To the President of University of South Alabama:

We have performed the procedures enumerated in the attached Appendix I related to University of South Alabama's (the University) Statement of Revenues and Expenses of the Intercollegiate Athletics Department (the Statement)) for the year ended September 30, 2024 to assist you in evaluating whether the Statement is following the National Collegiate Athletic Associate (NCAA) Bylaws 20.2.4.17 and 20.2.4.17.1. The University is responsible for the Subject Matter.

The University has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of evaluating whether the Statement is in compliance with the NCAA Bylaws 20.2.4.17 and 20.2.4.17.1. This report may not be suitable for any other purpose.

No other parties have agreed to or acknowledged the appropriateness of these procedures for the intended purpose or 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. We make no representation regarding the appropriateness of the procedures either for the intended purpose or for any other purpose.

The procedures and the associated findings are included in the attached Appendix I. For purposes of this report, all amounts have been rounded to the nearest dollar. For purposes of performing these procedures, no exceptions were reported for differences less than \$10.

We were engaged by the University to perform this agreed-upon procedures engagement. We conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, which involves us performing the specific procedures agreed to and acknowledged above and reporting on findings based on performing those procedures. The agreed-upon procedures do not constitute an audit (or a review) of financial statements or any part thereof, the objective of which is the expression of an opinion (or conclusion) on the financial statements or a part thereof.

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 the President, management and the Board of Trustees of the University and is not intended to be, and should not be, used by anyone other than the specified parties.

KPMG LLP

Jackson, Mississippi
January 15, 2025

Statement of Revenues and Expenses – Agreed-Upon Procedures

1. We obtained University of South Alabama's (the University) Statement of Revenues and Expenses (the Statement) of the Intercollegiate Athletic Department (Athletic Department) for the year ended September 30, 2024, as prepared by management. We tested the mathematical accuracy of the Statement and the reconciliation prepared by the University of the amounts on the Statement to corresponding amounts in the University's general ledger after considering the University management's post-closing and reclassification and elimination entries. We found no exceptions as a result of the procedures.
2. We compared actual 2024 Athletic Department revenues and expenses greater than 4% of total revenues and expenses per the University's Statement with budgeted amounts. We noted that no budget for the Athletic Department is prepared by management at the same level of detail presented in the Statement.
3. For individual categories that exceeded 10% of total revenues and expenses per the Statement, we compared actual 2024 Athletic Department revenues and expenses per the University's Statement to actual Athletic Department revenues and expenses for 2023 and inquired of Athletic Department management as to variances greater than 10%.

No individual revenue or expense line items exceeded the thresholds for explanation, except (1) Direct Institutional Support and (2) Support Staff/Administrative Compensation, Benefits & Bonuses Paid by the University & Related Entities. We obtained the following explanation from management: Direct Institutional Support increased from the prior year by approximately 12%, or \$1,464,000 due to an increase in expenses for the year which required a greater contribution by the University for 2024. Additionally, Support Staff/Administrative Compensation, Benefits & Bonuses Paid by the University & Related Entities increased from the prior year by approximately 11% or \$517,000 due to the increase in salary for several employees and staff, as well as bonuses paid during the year. No additional procedures were performed with respect to management's representations as to the reasons for the variances.

Operating Revenues – Agreed-Upon Procedures

The procedures that we performed on the specific revenue reporting categories greater than 4% of total operating revenues on the Statement are as follows:

4. Student Fees – We compared and agreed student fees reported by the University in the Statement to student enrollments obtained from the University's accounting records during the same reporting period and recalculated totals. We obtained documentation of the University's methodology for allocating student fees to intercollegiate athletics programs. As the athletics department reports that an allocation of student fees should be countable as generated revenue, we recalculated the totals of their methodology for supporting that they are able to count each sport. We agreed the calculation of the allocation to supporting documents, including participant counts reported on the Sports Sponsorship and Demographics Form and student fee totals obtained from management. We selected a sample of 5 student fees detailed below and compared each selection to supporting calculations. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|----------------|---------------|
| 1 | October 2023 | 585,941.61 |
| 2 | October 2023 | 1,560,668.39 |
| 3 | March 2024 | 2,454,973.97 |
| 4 | September 2024 | 953,744.00 |
| 5 | September 2024 | 2,540,318.00 |

5. Direct Institutional Support – We compared the direct institutional support per the Statement to the institutional supporting budget transfers documentation and other corroborative supporting documentation provided by management and recalculated totals. We found no exceptions as a result of the procedures.
6. Indirect Institutional Support – Athletic Facilities Debt Service – We compared the indirect institutional support per the Statement with debt transactions reports, amortization schedules and related general ledger details provided by management and recalculated totals. We selected a sample of 5 cost allocations, including the top two highest facility payments as detailed below and compared to supporting approvals. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|----------------|---------------|
| 1 | October 2023 | 1,250,000.00 |
| 2 | May 2024 | 69,410.00 |
| 3 | June 2024 | 44,856.00 |
| 4 | June 2024 | 39,878.00 |
| 5 | September 2024 | 330,590.00 |

7. Guarantees- We compared guarantees on the Statement with supporting schedules from the University's accounting records and compared the totals on the supporting schedules to the University's general ledger. We selected a sample of 3 settlement reports for away games during the reporting period and agreed related expenses to the institution's general ledger and/or the statement and recalculated the totals. We selected a sample of 3 guarantees as detailed below and compared to the contractual agreements pertaining to revenues derived from guaranteed contests during the reporting period and compared and agreed each selection to the institution's general ledger and/or the statement and recalculated the totals. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|----------------|---------------|
| 1 | November 2023 | 18,000.00 |
| 2 | January 2024 | 85,000.00 |
| 3 | September 2024 | 1,650,000.00 |

8. Contributions – We compared contributions on the Statement with supporting schedules from the University's accounting records and compared the totals on the supporting schedules to the University's general ledger.

We noted one individual contribution exceeded 10% of all contributions, totaling \$235,490, received for intercollegiate athletics reported on the Statement. In addition, we selected 7 additional contributions from the supporting schedules. For the 8 samples detailed below, we obtained and

reviewed supporting documentation for the contribution and recalculated totals. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|---------------|---------------|
| 1 | December 2023 | 15,680.00 |
| 2 | April 2024 | 20,220.00 |
| 3 | May 2024 | 22,070.00 |
| 4 | May 2024 | 76,826.67 |
| 5 | June 2024 | 15,680.00 |
| 6 | August 2024 | 27,546.00 |
| 7 | August 2024 | 6,885.00 |
| 8 | August 2024 | 235,490.00 |

9. Conference Distributions (Non Media or Bowl) – We obtained and inspected agreements related to the University’s Sunbelt Conference distributions and participation in revenues from tournaments during the year ended September 30, 2024 for relevant terms and conditions. We compared and agreed the related revenues per the agreements to the University’s general ledger and the Statement and recalculated totals. We selected a sample of 2 conference distributions, as detailed below, and compared to conference agreements and supporting approvals. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|-------------|---------------|
| 1 | June 2024 | 794,444.00 |
| 2 | June 2024 | 850,000.00 |

Operating Expenses – Agreed-Upon Procedures

The procedures that we performed on the specific expense reporting categories greater than 4% of total operating expenses on the Statement are as follows:

10. Athletic Student Aid – We obtained a listing of institutional student aid recipients from management. We tested the mathematical accuracy of the detail and agreed the total to the Statement. We selected a sample of 60 student-athletes from the listing of institutional student aid recipients during the year ended September 30, 2024, as detailed below. As the University utilizes averages to determine the amount of aid recorded for each student athlete and to calculate the revenue distribution equivalencies within the NCAA Membership Financial Reporting System (FRS) as allowable by the NCAA Bylaws, we obtained the calculation of the amount of aid recorded for each selected student-athlete and tested the mathematical accuracy of the calculation and compared the total to the total aid within the FRS. We also obtained the calculation of the revenue distribution equivalency for each selected student-athlete and tested the mathematical accuracy of the calculation and compared to the value recorded in the FRS. We recalculated totals for each sport and overall. We found no exceptions as a result of the procedures.

| <u>Item</u> | <u>Student ID</u> | <u>Sport</u> | <u>Item</u> | <u>Student ID</u> | <u>Sport</u> |
|-------------|-------------------|------------------|-------------|-------------------|--------------------|
| 1 | J00659759 | Football | 31 | J00636004 | Men's Track |
| 2 | J00718040 | Football | 32 | J00676087 | Men's Track |
| 3 | J00739632 | Football | 33 | J00704661 | Men's Tennis |
| 4 | J00740171 | Football | 34 | J00719397 | Men's Tennis |
| 5 | J00760297 | Football | 35 | J00664447 | Softball |
| 6 | J00654165 | Football | 36 | J00728129 | Softball |
| 7 | J00665773 | Football | 37 | J00697988 | Softball |
| 8 | J00749020 | Football | 38 | J00731034 | Softball |
| 9 | J00723951 | Football | 39 | J00698340 | Women's Basketball |
| 10 | J00718276 | Football | 40 | J00668684 | Women's Basketball |
| 11 | J00760200 | Football | 41 | J00697994 | Women's Basketball |
| 12 | J00739808 | Football | 42 | J00747349 | Women's Golf |
| 13 | J00732455 | Football | 43 | J00687632 | Women's Golf |
| 14 | J00677140 | Football | 44 | J00723143 | Women's Track |
| 15 | J00759268 | Football | 45 | J00727371 | Women's Track |
| 16 | J00724973 | Baseball | 46 | J00747495 | Women's Track |
| 17 | J00749354 | Baseball | 47 | J00714020 | Women's Track |
| 18 | J00738957 | Baseball | 48 | J00730749 | Women's Track |
| 19 | J00732783 | Baseball | 49 | J00720974 | Women's Track |
| 20 | J00738576 | Baseball | 50 | J00723218 | Women's Soccer |
| 21 | J00730730 | Baseball | 51 | J00728524 | Women's Soccer |
| 22 | J00691285 | Baseball | 52 | J00738034 | Women's Soccer |
| 23 | J00738015 | Men's Basketball | 53 | J00590343 | Women's Soccer |
| 24 | J00702514 | Men's Basketball | 54 | J00747693 | Women's Soccer |
| 25 | J00740994 | Men's Basketball | 55 | J00726515 | Women's Tennis |
| 26 | J00740553 | Men's Golf | 56 | J00725258 | Women's Tennis |
| 27 | J00723660 | Men's Golf | 57 | J00742929 | Women's Volleyball |
| 28 | J00728902 | Men's Track | 58 | J00737598 | Women's Volleyball |
| 29 | J00671909 | Men's Track | 59 | J00702489 | Women's Volleyball |
| 30 | J00709554 | Men's Track | 60 | J00674548 | Women's Volleyball |

11. Coaching Salaries, Benefits, and Bonuses Paid by the University – We obtained and inspected a listing of coaches employed by the University during the year ended September 30, 2024. We selected a sample of 3 coaches' contracts including football, and men's and women's basketball from the listing as detailed below. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by the University in the Statement. We obtained and inspected payroll summary registers for the reporting year for each selection. We compared and agreed payroll summary registers from the reporting period to the related coaching salaries, benefits and bonuses paid by the University and expense recorded by the University in the Statement. We compared and agreed the totals recorded to any employment contracts executed for the sample selected and recalculated totals. We found no exceptions as a result of the procedures.

| <u>Item</u> | <u>Employee ID</u> | <u>Sport</u> |
|-------------|--------------------|--------------------|
| 1 | J00742170 | Football |
| 2 | J00642355 | Men's Basketball |
| 3 | J00304299 | Women's Basketball |

12. Support Staff Administrative Salaries, Benefits, and Bonuses Paid by the University – We obtained a listing of support staff employed by the University during the year ended September 30, 2024. We selected a sample of 3 support staff and administrative personnel employed by the University during the year ended September 30, 2024. We obtained and inspected reporting period summary payroll registers for each selection. We compared and agreed related summary payroll registers to the related support staff administrative salaries, benefits and bonuses paid by the University and expense recorded by the University in the Statement for the year ended September 30, 2024 and recalculated totals. We found no exceptions as a result of the procedures.

| <u>Item</u> | <u>Employee ID</u> |
|-------------|--------------------|
| 1 | J00516790 |
| 2 | J00699608 |
| 3 | J00728601 |

13. Team Travel- We obtained documentation of the University's team travel policies. Given the nature of agreed-upon procedures, we are unable to comment on the adequacy of the policies. We obtained the general ledger detail of team travel expenses, compared to the total expenses reported in the Statement and recalculated totals. We additionally selected a sample of 4 transactions from the general ledger detail as detailed below and agreed to invoice copies and direct pay requests or purchase orders (as applicable) and recalculated totals. We found no exceptions as a result of the procedures.

| <u>Item</u> | <u>Date</u> | <u>Amount</u> |
|-------------|--------------|---------------|
| 1 | October 2023 | 5,813.00 |
| 2 | October 2023 | 2,961.70 |
| 3 | April 2024 | 11,254.98 |
| 4 | August 2024 | 10,328.00 |

14. Sports Equipment, Uniforms and Supplies – We obtained the general ledger detail of sports equipment, uniforms and supplies and compared to the total expenses reported in the Statement. We selected a sample of 4 transactions from the general ledger as detailed below and agreed to invoice copies and direct pay requests or purchase orders (as applicable) and recalculated totals. We found no exceptions as a result of the procedures.

| <u>Item</u> | <u>Date</u> | <u>Amount</u> |
|-------------|----------------|---------------|
| 1 | October 2023 | 13,205.00 |
| 2 | November 2023 | 44,691.31 |
| 3 | December 2023 | 9,750.73 |
| 4 | September 2024 | 15,217.19 |

15. Athletic Facility Debt Service, Leases and Rental Fees – We obtained a listing of debt service schedules, lease payments and rental fees for athletics facilities for the year ended September 30, 2024. We selected a sample of 5 facility payments, including the top two highest facility payments, as detailed below, and compared to amortization schedules and calculations provided by management. We compared amounts recorded in the Statement to amounts listed in the general ledger detail and recalculated totals. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|----------------|---------------|
| 1 | October 2023 | 1,250,000.00 |
| 2 | May 2024 | 69,410.00 |
| 3 | June 2024 | 44,856.00 |
| 4 | June 2024 | 39,878.00 |
| 5 | September 2024 | 330,590.00 |

16. Other Operating Expenses – We obtained the general ledger detail of other operating expenses and compared to the total expenses reported in the Statement. We selected a sample of 4 transactions from the general ledger detail, as detailed below, and agreed to invoice copies and direct pay requests or purchase orders (as applicable) and recalculated totals. We found no exceptions as a result of the procedures.

| Item | Date | Amount |
|-------------|----------------|---------------|
| 1 | December 2023 | 21,600.00 |
| 2 | February 2024 | 9,562.50 |
| 3 | April 2024 | 17,592.64 |
| 4 | September 2024 | 4,482.70 |

Additional Minimum Agreed-Upon Procedures

17. Grants-in-Aid – We compared and agreed the sports sponsored reported in FRS to the equivalency calculations from the University. We found no exceptions as a result of the procedures. We compared 2024 Grants-in-Aid revenue distribution equivalencies totals per the NCAA Membership Financial Reporting Revenue Distribution – Grants in Aid schedule to 2023 reported equivalencies per the Membership Financial Report submission. No variance was noted greater than 4% and we found no exceptions as a result of the procedures.
18. Sports Sponsorship – We obtained the University’s Sports Sponsorship and Demographics Form submitted to the NCAA for 2024. We validated that the countable NCAA sports reported by the University met the minimum requirements set forth in Bylaw 20.10.6.3 related to the number of contests and the number of participants. We compared the 2024 number of Sports Sponsored to the 2023 reported total per the Membership Financial Report submission. We noted the same number of Sports Sponsored in both 2024 and 2023.
19. Pell Grants – We obtained a detail of student athletes receiving Pell Grants from management. We agreed the total number of Division I student-athletes who during the academic year 2023-2024 received a Pell Grant award and the total dollar amount of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report generated out of the University’s financial aid records of all student-athletes receiving Pell Grants. We compared 2024 Pell Grants total to 2023 reported total per the Membership Financial Report submission. An increase of 21 Pell Grants from 2023 to 2024 was noted. Management represented that the increase was due to the University of South Alabama being much more diligent about having student athletes apply for financial aid, including Pell Grants during the year. No additional procedures were performed with respect to management’s representations as to the reasons for the variances.

Minimum Agreed-Upon Procedures for Other Reporting Items

20. Total Athletics Related Debt – We obtained repayment schedules for all outstanding intercollegiate athletics debt as of September 30, 2024 from management. We recalculated annual maturities provided in the schedules obtained. We agreed the total annual maturities and total outstanding

athletic related debt to the University's Analysis of Athletics Related Debt and Debt Service Schedule, which is reconciled the University's general ledger. We found no exceptions as a result of the procedures.

21. Total University Debt – We agreed total outstanding University debt to the University's general ledger. We found no exceptions as a result of the procedures.
22. Fair Value of Athletics Dedicated Endowments – We obtained a schedule of all athletics dedicated endowments maintained by athletics, the University, and affiliated organizations from management. We agreed the fair value in the schedule to the general ledger details. We found no exceptions as a result of the procedures.
23. Fair Value of University Endowments – We agreed the total fair value of University endowments to supporting schedules obtained from University's general ledger details. We found no exceptions as a result of the procedures.
24. Total Athletics Related Capital Expenditures – We obtained a schedule of athletics related capital expenditures made by athletics and the University during the year ended September 30, 2024 from management. We obtained a general ledger detail of capital expenditures and compared to the total expenses reported in the Statements. We selected all 33 transactions from the general ledger detail, recalculated totals and agreed the items to the capital assets rollforward details that were reconciled to the University's general ledger. We found no exceptions as a result of the procedures.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Statement of Revenues and Expenses

Year Ended September 30, 2024

(Unaudited)

| NCAA Description | Not Related To Team | Men's Baseball | Men's Basketball | Men's Golf | Men's Tennis | Men's Track | Men's Football | Women's Basketball | Women's Golf | Women's Soccer | Women's Tennis | Women's Track | Women's Volleyball | Women's Softball | Total |
|--|-----------------------|------------------|------------------|----------------|----------------|------------------|--------------------|--------------------|----------------|------------------|----------------|------------------|--------------------|------------------|-------------------|
| Operating revenues: | | | | | | | | | | | | | | | |
| Ticket Sales | \$ 192,156 | 82,924 | 124,556 | — | — | 1,409 | 867,527 | 7,566 | — | — | — | — | — | — | 1,297,402 |
| Student Fees | — | 292,815 | 67,573 | 50,680 | 45,048 | 563,106 | 6,678,794 | 90,097 | 39,417 | 157,670 | 50,680 | 534,951 | 123,883 | 135,145 | 8,829,859 |
| Direct Institutional Support | 3,091,592 | 1,316,135 | 2,121,561 | 349,933 | 346,266 | 229,354 | 991,570 | 1,763,140 | 360,541 | 783,747 | 464,107 | 187,653 | 825,798 | 1,230,960 | 14,062,357 |
| Indirect Institutional Support – Athletic Facilities Debt Service, Lease and Rental Fees | 5,744,801 | — | — | — | — | — | — | — | — | — | — | — | — | — | 5,744,801 |
| Guarantees | — | 3,000 | 85,000 | — | — | 2,000 | 1,650,000 | 23,500 | — | — | — | — | — | — | 1,773,500 |
| Contributions | 1,609,300 | 46,960 | 11,366 | 17,540 | 9,070 | 4,783 | 28,799 | 3,605 | 125 | 9,070 | 350 | — | 21,120 | 40,792 | 1,802,880 |
| NCAA Distributions | — | 78,104 | 18,024 | 13,518 | 12,016 | 150,200 | 213,284 | 24,032 | 10,514 | 42,056 | 13,518 | 142,690 | 33,044 | 36,048 | 787,048 |
| Conference Distributions (Non Media or Bowl) | — | 224,991 | 51,898 | 38,923 | 34,599 | 432,482 | 614,125 | 69,197 | 30,274 | 121,095 | 38,923 | 410,858 | 95,146 | 103,796 | 2,286,207 |
| Conference Distributions for Football Bowl Generated Revenue (Football Only) | — | — | — | — | — | — | 321,488 | — | — | — | — | — | — | — | 321,488 |
| Program, Novelty, Parking and Concession Sales | — | 7,454 | 10,227 | — | — | — | 315,149 | — | — | 458 | — | — | 2,601 | 1,062 | 336,971 |
| Royalties, Licensing, Advertisement and Sponsorships | 280,554 | 129,545 | 252,369 | — | — | — | 748,949 | — | — | — | — | — | — | — | 1,411,917 |
| Sports Camps Revenues | 18,860 | 4,282 | 684 | — | 263 | 268 | 4,204 | 604 | — | 1,059 | — | — | — | 2,121 | 32,345 |
| Athletics Restricted Endowment and Investments Income | 476 | — | — | — | — | — | — | — | — | — | — | — | — | — | 476 |
| Other Operating Revenue | 527,930 | — | — | 50,700 | — | 40,355 | 2,282 | — | — | — | — | — | — | 1,663 | 623,070 |
| Bowl Revenues | — | — | — | — | — | — | 57,024 | — | — | — | — | — | — | — | 57,024 |
| Total operating revenues | 11,485,669 | 2,186,110 | 2,743,758 | 521,294 | 449,262 | 1,421,957 | 12,493,195 | 1,981,741 | 440,871 | 1,115,155 | 567,578 | 1,276,152 | 1,109,255 | 1,575,348 | 39,347,345 |
| Operating expenses: | | | | | | | | | | | | | | | |
| Athletic Student Aid | 382,676 | 431,072 | 456,265 | 189,466 | 174,850 | 474,695 | 2,981,913 | 601,883 | 210,409 | 503,093 | 314,242 | 649,475 | 492,990 | 422,782 | 8,265,811 |
| Guarantee Expenses | — | 36,413 | 95,000 | — | — | — | 375,000 | 2,000 | — | — | — | — | — | 2,000 | 510,413 |
| Coaching Salaries, Benefits and Bonuses Paid by the University - | — | 701,931 | 1,017,550 | 126,594 | 129,001 | 191,428 | 4,197,702 | 626,402 | 118,441 | 276,676 | 129,686 | 156,624 | 283,990 | 481,985 | 8,418,210 |
| Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by University | 4,449,568 | 21,175 | 14,455 | 19,979 | 26,685 | 14,433 | 645,511 | 14,566 | 14,456 | 23,933 | 11,809 | 3,049 | 43,108 | 5,305,263 | |
| Recruiting | — | 84,978 | 83,916 | 1,462 | — | 5,592 | 414,989 | 144,716 | 6,286 | 23,449 | 6,773 | 4,575 | 41,957 | 47,453 | 928,156 |
| Team Travel | 20,430 | 325,872 | 307,333 | 56,948 | 54,663 | 119,720 | 1,103,072 | 254,645 | 47,410 | 137,331 | 49,180 | 97,952 | 133,961 | 286,796 | 3,005,313 |
| Sports Equipment, Uniforms and Supplies | 111,523 | 141,282 | 108,066 | 26,526 | 37,527 | 21,215 | 1,088,806 | 62,022 | 31,960 | 58,140 | 30,545 | 17,358 | 51,813 | 124,247 | 1,911,050 |
| Game Expenses | 242,986 | 62,478 | 160,294 | 650 | 5,900 | 198 | 602,328 | 97,023 | — | 17,909 | 162 | — | (1,017) | 27,358 | 1,223,444 |
| Fundraising, Marketing and Promotions | 279,700 | — | — | — | — | — | 414 | — | — | — | — | — | — | 600 | 280,714 |
| Spirit Groups | 217,413 | — | — | — | — | — | — | — | — | — | — | — | — | — | 217,413 |
| Athletic Facilities Debt Service, Leases and Rental Fees | 553,536 | 942,870 | 69,500 | — | — | — | 1,250,000 | 47,000 | — | — | — | — | — | — | 2,862,906 |
| Direct Facilities, Maintenance and Rentals | 649,783 | 77,694 | 12,562 | 5,442 | — | 40 | 154,345 | 12,062 | 1,651 | 24,037 | — | 33 | 8,732 | 10,879 | 957,250 |
| Medical Expense and Medical Insurance | 572,918 | 8,350 | 1,780 | 1,054 | 625 | 576 | 524,713 | 2,571 | 1,054 | 4,050 | — | 471 | 9,400 | 8,514 | 1,136,076 |
| Membership and Dues | 159,006 | 30,550 | 53,308 | 13,865 | 1,869 | 1,570 | 193,846 | 38,704 | 3,819 | 19,974 | 1,170 | 1,284 | 9,948 | 14,811 | 543,724 |
| Student-Athlete Meals (Non-Travel) | 9,862 | 28,609 | 58,940 | 2,680 | 4,272 | 2,373 | 1,139,106 | 32,754 | 915 | 16,470 | 2,407 | 1,942 | 12,818 | 13,037 | 1,325,965 |
| Other Operating Expenses | 888,513 | 67,135 | 35,036 | 56,354 | 2,668 | 29,794 | 331,759 | 89,542 | 4,344 | 31,512 | 2,714 | 24,377 | 37,139 | 85,029 | 1,696,116 |
| Bowl Expenses | — | — | — | — | — | — | 374,758 | — | — | — | — | — | — | — | 374,758 |
| Bowl Coaching Bonuses | — | — | — | — | — | — | 197,368 | — | — | — | — | — | — | — | 197,368 |
| Total operating expenses | 8,527,704 | 2,940,399 | 2,454,025 | 501,017 | 438,260 | 861,634 | 15,575,640 | 2,025,890 | 440,745 | 1,115,390 | 567,825 | 966,062 | 1,084,780 | 1,558,599 | 39,057,970 |
| Net | \$ 2,937,965 | (754,289) | 289,733 | 20,277 | 11,002 | 560,323 | (3,082,445) | (44,149) | 126 | (235) | (247) | 310,090 | 24,475 | 16,749 | 289,375 |
| Total Athletics Related Debt | \$ 74,584,436 | | | | | | | | | | | | | | |
| Total University Debt | \$ 593,054,000 | | | | | | | | | | | | | | |
| Fair Value of Athletics Dedicated Endowments | \$ 2,000,391 | | | | | | | | | | | | | | |
| Fair Value of University Endowments | \$ 268,950,000 | | | | | | | | | | | | | | |
| Total Athletics Related Capital Expenses | \$ 3,855,442 | | | | | | | | | | | | | | |
| Total Athletic Fund Balance | \$ 651,371 | | | | | | | | | | | | | | |

See accompanying independent accountants' agreed-upon procedures report and notes to statement of revenues and expenses.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Notes to Statement of Revenues and Expenses

Year ended September 30, 2024

(Unaudited)

(1) Summary of Significant Accounting Policies and Reporting Practices

The accompanying statement of revenues and expenses (the Statement) includes revenue, expense, and transfer accounts of University of South Alabama Intercollegiate Athletics Department (the Department), which oversees University of South Alabama's (the University) intercollegiate athletics program. The Statement is not intended to and does not represent the revenues and expenses of the University. The Statement was prepared in accordance with the accrual basis of accounting.

Included in the Statement are allocations made by the University to the Department, in accordance with the University's practice of allocations.

(2) Financial Aid

The Statement includes athletic financial aid awards for students participating in athletic programs. Financial aid awarded to athletic participants on the basis of other criteria, such as need or academic excellence, is not reflected in the Statement.

(3) Booster Activities

The revenues and expenses of the Jaguar Athletic Fund are recorded in the Statement. The University has no other outside booster clubs.

(4) Capitalization of Assets

Equipment is capitalized if the individual item equals or exceeds \$5,000. Building additions are capitalized per the policies of the University. Depreciation is provided over the estimated useful life of each class of depreciable assets using the straight-line method.

(5) Athletics Facility Related Debt

Future principal payments due through maturity dates are as follows as of September 30, 2024:

| | <u>Principal</u> |
|----------------------------|----------------------|
| Years ending September 30: | |
| 2025 | \$ 2,253,094 |
| 2026 | 2,244,784 |
| 2027 | 2,327,426 |
| 2028 | 2,417,589 |
| 2029 | 2,456,331 |
| Thereafter | <u>62,275,729</u> |
| | <u>\$ 73,974,953</u> |

Total athletic related debt recorded in the Statement includes \$609,483 of lease obligations.

**UNIVERSITY OF SOUTH ALABAMA INTERCOLLEGIATE
ATHLETICS DEPARTMENT**

Notes to Statement of Revenues and Expenses

Year ended September 30, 2024

(Unaudited)

(6) Pledges Dedicated to Athletics

The University has pledges supporting athletics valued at \$6,613,048 as of September 30, 2024.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**DEVELOPMENT, ENDOWMENT
AND INVESTMENTS COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Development, Endowment and Investments Committee

December 4, 2024

2:11 p.m.

A meeting of the Development, Endowment and Investments Committee of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Mr. Jim Yance, Chair, on Wednesday, December 4, 2024, at 2:11 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Chandra Brown Stewart, Jimmy Shumock, Mike Windom and Jim Yance were present.

Members Absent: Scott Charlton, Luis Gonzalez and Steve Stokes.

Other Trustees: Alexis Atkins, Ron Graham, Meredith Hamilton, Ron Jenkins, Bill Lewis, Arlene Mitchell and Lenus Perkins.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Michael Chambers, Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Mike Mitchell, Norman Pitman, Kristen Roberts, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman, Drew Underwood and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 7**, Mr. Yance called for consideration of the minutes for a meeting held on September 12, 2024, **Item 8**. On motion by Judge Windom, seconded by Ms. Brown Stewart, the committee voted unanimously to adopt the minutes.

Mr. Yance called on Ms. Roberts; Mr. Drew Underwood, Director of Treasury Management, and Mr. Norman Pitman, the University’s investment consultant, to report on endowment and investment performance for the fourth quarter of fiscal year 2024, **Item 9**. Mr. Underwood shared insight on investment allocations by asset type; the strategic initiatives recently attained, as well as goals moving forward; manager performance; and activities and actions pertaining to the Jaguar Investment Fund. He advised of a 19.4 percent return on investments for 2024 that resulted in earnings and appreciation totaling more than \$35 million and discussed the University’s positive standing in an early-release NACUBO (National Association of College and University Business Officers) Commonfund Study of Endowments. Mr. Pitman discussed factors of liquidity that are monitored on a routine basis.

Mr. Yance asked Ms. Roberts to present **Item 10**, a resolution acknowledging the Committee’s annual evaluation of the University’s endowment fund and non-endowment fund investment policy statements (IPS) and authorizing the *Investment Policy Statement for the University of South Alabama Endowment Fund*. (To view resolutions, policies and other documents authorized, refer to the minutes for the Board of Trustees meeting held on December 5, 2024.) Ms. Roberts shared

that the University's endowment fund IPS had not been updated in some time and outlined the primary changes of the IPS recommended. On motion by Mr. Shumock, seconded by Judge Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Yance called on Ms. Sullivan to give a report on the activities of the division of Development and Alumni Relations, **Item 11**. Ms. Sullivan advised that fiscal year 2024 was a record fundraising year with new gifts and commitments totaling just over \$45.2 million and reported approximately \$1 million in new gifts and commitments secured thus far for fiscal year 2025. Concerning the capital campaign quiet phase, she noted approximately \$290 million in new gifts and commitments recorded toward attainment of the \$400 million goal as of November 26, 2024. Also discussed was the employee and retiree campaign for the United Way of Southwest Alabama that raised close to \$145,000, as well as the fundraising and alumni and friends engagement events held recently and scheduled into 2025. She thanked the Trustees for their willingness to share their love for USA through videos designed to inspire donors to support the University and introduced one of the videos featuring Capt. Jenkins.

There being no further business, the meeting was adjourned at 2:39 p.m.

Respectfully submitted:

James A. Yance, Chair

University of South Alabama Endowment Investment Performance Summary Analysis

Fiscal Year 2025

USA Endowment Fund Performance - Fiscal Year to Date

October 1, 2024 to December 31, 2024

- The USA Endowment Fund is up 0.2%, while the blended benchmark was down 0.9%.

USA Endowment Fund Manager Performance - Fiscal Year to Date

October 1, 2024 to December 31, 2024

Individual Manager versus Benchmark performance:

- Mutual Funds (USA Treasury and N.D. Pitman) are down 0.2%, while its blended benchmark is down 0.6%
- Gerber Taylor Hedge is up 3.1%, while its blended benchmark is up 1.5%
- Gerber Taylor International is down 5.7%, while its benchmark is down 8.1%
- Commonfund is down 3.5%, while its benchmark is down 3.1%
- Hancock Whitney is up 0.7%, while its benchmark is down 0.5%
- JP Morgan is down 6.4%, while its benchmark is down 7.9%
- Jaguar Investment Fund (Student Investment Fund) is up 2.1%, while its benchmark is up 2.4%.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

DATE: February 28, 2025

TO: Jo Bonner
President

FROM: Kristen Roberts,
Chief Financial Officer

A handwritten signature in black ink that reads "Kristen Roberts".

SUBJECT: Resolution for Revising the University's Non-Endowment Long-Term Fund
Investment Policy Statement

Pursuant to the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) requirements, the Board of Trustees should evaluate the University's Investment Policy Statements regularly.

This resolution facilitates the evaluation process and requires Board approval for adopting the revised Non-Endowment Long-Term Fund Investment Policy Statement, which must be signed by the Secretary of the Board of Trustees.

KCR:asu

Attachment

A handwritten signature in black ink that reads "Jo Bonner".

RESOLUTION

**EVALUATION OF THE UNIVERSITY'S NON-ENDOWMENT LONG-TERM FUND
INVESTMENT POLICY STATEMENT**

WHEREAS, the Southern Association of Colleges and Schools Commission on Colleges requires that investment policy statements be evaluated regularly, and

WHEREAS, the University of South Alabama (the "University") Board of Trustees has previously approved the University's endowment fund and non-endowment fund investment policy statements,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby approves the Development, Endowment and Investments Committee's recommendation to adopt the revised non-endowment long-term fund investment policy statement.

Investment Policy Statement
for the University of South Alabama Non-Endowment Long
Term Fund

Approved

March 14, 2025

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The purpose of this policy is to establish a framework within which the Treasury Management Department manages investment operations of the University of South Alabama

The Development, Endowment, and Investment Committee (the “Investment Committee”) of the Board of Trustees (the “Board”) of the University of South Alabama (the “University”) shall be ultimately responsible for the investment policy. By Board Resolution, the Board of Trustees has delegated investment authority to the Chief Financial Officer (the “CFO”) and the Head of the Treasury Management Department (the “HTM”).

I. Purpose of this Investment Policy Statement

This Investment Policy Statement (the “IPS”) outlines the goals and guidelines for the accumulated non-endowed investment funds of the University of South Alabama for long-term investment. The Investment Committee oversees the investments of the University’s Non-Endowed long-term investment portfolio (the “Long-Term Fund”). The purpose of this IPS is to delegate responsibilities among the parties involved in the oversight and management of the Long-Term Fund and to describe the investment objectives, constraints, risk guidelines, policies, and procedures that apply. The goal of the Long-Term Fund is to protect and grow assets that are not needed for daily operational cash flows by earning a total return appropriate for the portfolio’s time horizon, spending requirements, and risk tolerance. The returns generated will be used to support the University while maintaining sufficient liquidity to accommodate fluctuations in revenues and expenses.

II. Roles and Responsibilities

1. Role of the University of South Alabama Board of Trustees:

The Board is ultimately responsible for the IPS and for delegating the investment management of the Long-Term Fund. As such, it is authorized to delegate certain authority to professional experts in various fields. The Board shall discharge its duties in good faith, with the care that an ordinary, prudent person in a similar position would exercise under comparable circumstances. The Board assigns the following authority and responsibilities.

Responsibilities of the Board:

- Develop sound and consistent investment policy guidelines for use by the Treasury Management Department when making investment decisions.
- Monitor implementation of this IPS to ensure investment decisions are in line with goals.
- Review the IPS annually.
- Act in accord with this IPS and all applicable laws and state and federal regulations that apply to public universities.

- Delegate selection of investments, securities, funds, Investment Managers, and Custodians to the CFO and HTM.

2. Role of the Development, Endowment, and Investment Committee:

The Committee approves policy recommendations and provides general oversight to maintain fiduciary standards and meet the Long-Term Fund's objectives.

Responsibilities of the Committee:

- Review and recommend investment policies, objectives, and guidelines to the Board for approval.
- Oversee the CFO and HTM to ensure investments are managed prudently and in accordance with IPS guidelines.
- Make recommendations to the Board regarding any necessary policy updates or strategic adjustments to maintain alignment with the University's goals.

3. Role of the CFO and HTM:

The HTM serves as the primary executive responsible for executing the investment policy as approved by the Board. This individual works with the University's CFO to implement strategy, manage fund operations, and report on performance.

Responsibilities of the HTM in coordination with the CFO:

- Acknowledge acceptance of responsibility as a fiduciary.
- The CFO will review periodic performance reports provided by the HTM to assess the alignment with benchmarks and objectives.
- Establish investment policies, objectives, and guidelines for the Committee to review and the Board to approve.
- Identify, evaluate, and recommend investment managers suitable for fulfilling the objectives and risk profile of the Long-Term Fund.
- Measure performance in terms of total return, net of management fees, in comparison to appropriate benchmarks.
- Ensure that investments comply with established guidelines and regulatory requirements, advising on risk management practices and any necessary adjustments.
- Manage the Long-Term Fund according to the investment guidelines, limitations, and restrictions set forth in this IPS.
- Make all decisions on a discretionary basis with the CFO's approval regarding assets placed under its jurisdiction. This discretion includes decisions to buy, hold, and sell securities in amounts and proportions that reflect the investment strategy and are compatible with the Long-Term Fund's investment guidelines.
- Participate in ongoing professional development, including attending relevant educational conferences and workshops, to remain informed about evolving

investment strategies, market trends, regulatory changes, and best practices in investment management.

4. Role of the Fund/Investment Manager(s):

The Long-Term Fund will be managed primarily by index funds; both commingled vehicles and separate accounts may be used. Any actively managed Fund/Investment Manager has discretion to purchase or sell, in the University's name, the specific securities that will be used to meet the Long-Term Fund's investment objectives.

Responsibilities of active Fund/Investment Manager(s):

- Discretionary management of security transactions and asset allocation within the Manager's portfolio sleeve.
- Reporting investment performance and valuations on a timely basis.
- Notification of major changes in economic outlook, strategy, or other factors impacting the Long-Term Fund's objectives.
- Updating the HTM on any organizational changes in management, ownership, or philosophy.
- Meet with the CFO and HTM as needed.
- Proxy voting on behalf of the Long-Term Fund, with records communicated promptly; the University reserves right to vote on specific issues.

5. Role of the Custodian(s):

The Custodian will physically (or through securities owned by the Long-Term Fund) collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. Additionally, the Custodian will perform regular accounting of all assets (owned, purchased, or sold) and monitor the movement of assets within the Long-Term Fund's account(s).

III. Time Horizon

The Organization shall maintain a long-term investment horizon of more than five years. Assets invested are to be used to support both current and future spending needs.

IV. Gift Policy

The University may periodically receive gifts in the form of marketable securities. Upon receipt, the Treasury Management Department will liquidate these securities as promptly as possible. If regulatory restrictions prevent immediate sale, the University will hold the securities until the restriction period ends and then proceed with liquidation at the earliest opportunity. The University will not attempt to enhance the Long-Term Fund's value by holding gifted securities.

The University may also accept land donations. Upon receipt, the University will evaluate the land for alignment with institutional needs and potential benefits. If the land is not designated for specific university use, it will be liquidated in a manner consistent with maximizing value while adhering to applicable regulations and donor wishes, including any use or sale restrictions specified in the gift agreement or other supporting documentation.

V. Liquidity

The Long-Term Fund is structured to balance long-term growth objectives with liquidity needs, ensuring sufficient cash is available to meet the University's spending requirements and operational commitments.

VI. Investment Strategy

The investment strategy of the Long-Term Fund emphasizes total return, defined as the combined return from capital appreciation and dividend and interest income. The Long-Term Fund will be monitored for returns relative to objectives, consistency of investment philosophy, and investment risk.

VII. Asset Types and Vehicles

The CFO and HTM will consider underlying costs, diversification benefits, and the expected return and risk when selecting vehicles for each asset classes. Selected investments should have reasonable and competitive fees. Investment asset classes will be categorized as follows:

- Return Seeking Assets: These assets are expected to achieve higher long-term growth, but typically carry a higher level of risk. They include equities, mutual funds, and ETFs.
- Risk-Mitigating Assets: These assets are expected to provide stability during periods of market volatility. They generally carry lower risk and tend to retain or appreciate in value during market downturns, helping to counterbalance the volatility in return-seeking assets. This category includes cash, bonds, and fixed-income mutual funds and ETFs.

VIII. Portfolio Investment Guidelines

Long-Term Investment Portfolio

Risk Guidelines

The objective of the Long-Term Fund is to maximize total return (capital appreciation and income) while managing the risk of significant principal decline. The Board acknowledges that short-term market fluctuation may result in capital loss; however, the Long-Term Fund's asset value (without additional contributions or withdrawals) should grow over the long term, if it avoids excess risk.

Long-Term Investment Portfolio Strategic Asset Allocation Targets

To achieve its objective, the Board, in conjunction with the CFO and HTM, has established the following long-term strategic asset allocation targets.

| Asset Category | Target Asset Allocation Exposure | Target Allowable Range |
|--------------------------------|----------------------------------|------------------------|
| | | |
| Return-Seeking Assets | 100% | 50-100% |
| U.S. Large & Mid-Cap Equity | 72% | 50-80% |
| U.S. Small-Cap Equity | 10% | 0-15% |
| Developed International Equity | 15% | 0-20% |
| Emerging Markets | 3% | 0-5% |
| | | |
| Risk-Mitigating Assets | 0% | 0-20% |
| Multi-Strategy Bonds | 0% | 0-20% |
| Cash | 0% | 0-5% |
| | | |
| Total | 100% | 100% |

Limitations on Allocations

1. No more than 20% of the Long-Term Fund's assets will be allocated to any single actively managed fund.
2. No more than 45% of the Long-Term Fund's assets will be allocated to a single "Fund of Funds" or multi-manager fund.

IX. Rebalancing

The Treasury Department will be responsible for rebalancing among the necessary asset categories and classes in accordance with its own internal rebalancing rules, which may be adjusted from time to time. This process may result in portfolio exposure to an asset category or class temporarily exceeding or falling below the stated maximum/minimum target range. The Long-Term Fund should be analyzed and reviewed for rebalancing semi-annually.

X. Investment Manager Due Diligence, Evaluation, Selection, Monitoring and Corrective Action

The University seeks investment managers who demonstrate effective strategies, sustainable advantages, and high-quality organizational structures. The Long-Term Fund expects its active managers to generate superior risk-adjusted returns relative to benchmarks, net of fees, while its passive managers efficiently mirror and gain exposure to specific markets at relatively low costs. Attractive firm characteristics include:

1. A strong market reputation and a substantial, high-quality client base.
2. Alignment of interests and principles.
3. A stable, experienced professional team with employees holding equity in the firm.
4. Controlled growth with manageable assets.
5. Competitive long-term performance relative to peers and appropriate benchmark(s).
6. Competitive fees with minimum account sizes.
7. Annual audits conducted by an independent audit firm.

Performance (net of fees) will be provided monthly by the Investment Manager. Reports will include time-weighted total returns measured against relative benchmark(s). Historical data will also be included to assess short-term results within the context of long-term strategies (e.g., Rolling Period Analysis).

Corrective action may be taken as part of the ongoing review of Investment Managers. Instances warranting corrective action or termination include:

1. Organizational changes
2. Contract Violations
3. Style Drift
4. Underperformance based on three- and five- year returns
5. Rebalancing
6. Any other events or conditions deemed in the University's best interest

XI. Performance Evaluation

The CFO and HTM will evaluate the performance of Investment Managers and underlying funds in accordance with the Long-Term Fund's stated time horizon. Performance evaluation will be made over a full market cycle, typically five to ten years. The CFO and HTM will review the performance of Investment Managers and their underlying funds relative to appropriate benchmarks, as well as their risk-return profiles, to ensure alignment with the Long-Term Fund's objectives and risk tolerance.

XII. Reporting

The Investment Managers and underlying funds are expected to provide monthly statements and quarterly performance reports that include performance against their stated benchmarks, valuation, asset allocation, and cash flow summary.

XIII. Investment Advisory Fees

The University recognizes that investment advisory fees impact the net return of the Long-Term Fund and is committed to managing these costs effectively. All investment advisory fees and related services, must be fully disclosed, transparent, reasonable, and competitive with industry standards.

This Investment Policy Statement is hereby adopted by the University of South Alabama Board of Trustees.

Agreed and Acknowledged:

[University of South Alabama Board of Trustees]

By: _____ Date: _____

Name:

Title: Secretary, USA Board of Trustees

[Chief Financial Officer, University of South Alabama]

By: _____ Date: _____

Name:

Title: CFO

[Head of the Treasury Management Department, University of South Alabama]

By: _____ Date: _____

Name:

Title: Executive Director, Treasury Management

RESOLUTION

AUTHORITY TO SELL ALCOHOL AT SELECT LOCATIONS ON CAMPUS

WHEREAS, the University of South Alabama (the “University”) complies with and upholds all federal state, and local laws that regulate and prohibit the possession, use, and distribution of alcohol, prescription drugs not prescribed by medical personnel, and/or illicit drugs, and

WHEREAS, students, faculty, staff, and employees are hereby notified of the University’s alcoholic beverages policy and are expected to adhere to the guidelines set forth by the University, and

WHEREAS, the University already contracts with Aramark Educational Services, LLC, to serve and/or sell alcoholic beverages at several venues on the University’s main campus, specifically Hancock Whitney Stadium (football and special events), located at 500 Stadium Drive, Mobile, AL 36688; the Faculty Club, located at 6350 Fincher Road, Mobile, AL 36688; the Mitchell Center (basketball and special events), located at 5950 Old Shell Road, Mobile, AL 36608, as well as the outdoor areas immediately surrounding the Mitchell Center; the MacQueen Alumni Center, located at 100 Alumni Drive, Mobile, AL 36688; Moulton Tower and Alumni Plaza, located at 5985 USA South Drive, Mobile, AL 36688; the Laidlaw Performing Arts Center, located at 5751 USA South Drive, Mobile, AL 36688; the Health Sciences Building, located at 5721 USA North Drive, Mobile, AL 36688; the USA Technology and Research Park, located at 650 Clinic Drive, Mobile, AL 36688 and 775 North University Boulevard, Mobile, AL 36608; the Alfred and Lucille Delchamps Archeology Museum, located at 6050 USA South Drive, Mobile, AL 36688; the Mitchell Cancer Institute, located at 1660 Springhill Avenue, Mobile, AL 36604; the Strada Patient Care Center, located at 1601 Center Street, Mobile, AL 36604; Shelby Hall, located at 150 Student Services Drive, Mobile AL 36688; the Seamen’s Bethel Theatre, located at 5920 USA South Drive, Mobile AL 36688; the SGA Pavilion, located at 6431 John Counts Drive, Mobile, AL 36688; Stanky Field (baseball), located at 70 Jaguar Boulevard, Mobile, AL 36688; and Jaguar Field (softball), located at 6080 Old Shell Road, Mobile, AL 36688, and

WHEREAS, the University desires to extend Aramark’s authority to serve and/or sell alcohol at the following location: USA Technology and Research Park, located at 600 Clinic Drive, Mobile, AL 36688, and

WHEREAS, the Board of Trustees has been vested with full management and control over the University pursuant to Section 16-55-1 of the Code of Alabama, 1975,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the University to contract with Aramark Educational Services, LLC, to obtain the necessary and specific license(s) to serve and/or sell alcoholic beverages at the above-described locations.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

DATE: February 17, 2025

TO: Jo Bonner
President

FROM: Mrs. Margaret M. Sullivan *Margaret Sullivan*
Vice President for Development and Alumni Relations

SUBJECT: Alcohol Sales Resolution

I would like to recommend presentation of the attached resolution to the Board of Trustees.

This resolution will allow authority for Aramark to extend serving and selling alcohol at select locations for the University.

With your support, this commendation by the Board of Trustees will be an effective method for continued service for the University of South Alabama.

attachment

Cc: Mrs. Monica Ezell

Jo Bonner

RESOLUTION

COMMENDATION OF MR. JOE SHEWMAKE

WHEREAS, Mr. Joe Shewmake has demonstrated unwavering support for the University of South Alabama (the “University”) over many years through his impactful contributions to scholarships for undergraduate students, and

WHEREAS, Mr. Shewmake graduated from the University of South Alabama in 1970 with a Bachelor of Science degree in Mathematics and went on to a rewarding 27-year career in information systems with International Paper Company and later with Scott Paper Company, and in 1997 he became the owner and operator of a wholesale distribution business from which he retired in 2013, and

WHEREAS, Mr. Shewmake attributes the foundation of his successful business career to his University of South Alabama education and was inspired to extend similar opportunities to future generations of students through endowed scholarships, and

WHEREAS, Mr. Shewmake’s deep commitment to philanthropy led him and his late wife, Mrs. Audrey Shewmake, to establish and enhance multiple scholarship endowments, including the *Joe and Audrey Shewmake Endowed Scholarship* and the *Joe and Audrey Shewmake Computing Scholarship*, and, in 2024, led Mr. Shewmake to establish the *Joe and Audrey Shewmake Mathematics Scholarship*,

THEREFORE, BE IT RESOLVED that the Board of Trustees of the University of South Alabama extends its deepest appreciation and admiration to Mr. Joe Shewmake for his extraordinary generosity; celebrates the enduring legacy of philanthropy that Mr. and Mrs. Shewmake created for the University; and gratefully commends Mr. Shewmake for his selfless commitment to ensuring future students receive the educational foundation needed for happy and productive lives.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Development and Alumni Relations

DATE: February 24, 2025

TO: Jo Bonner
President

FROM: Mrs. Margaret M. Sullivan *Margaret Sullivan*
Vice President for Development and Alumni Relations

SUBJECT: Resolution of Commendation for Mr. Joe Shewmake

As you know, Mr. Joe Shewmake has recently enhanced his commitment to the University of South Alabama by documenting an additional \$2.65 million for his estate gift now totaling \$5.3 million in support of student scholarships at the University. Some years ago, Joe and his late wife Audrey established the Joe and Audrey Shewmake Endowed Scholarship; the Joe and Audrey Shewmake Computing Endowed Scholarship. Recently Joe established the Joe and Audrey Shewmake Mathematics Endowed Scholarship. Through his current support and future enhancements from his **estate gift, Joe's support for undergraduate students at the University of South Alabama** through these three scholarships will grow perpetually, extending access to even more students in the future.

To recognize this generous commitment from Mr. Shewmake, I request your approval of the attached resolution of commendation by the Board of Trustees.attachment

Cc: Mrs. Monica Ezell

Jo Bonner

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**HEALTH AFFAIRS
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Health Affairs Committee

**December 4, 2024
2:39 p.m.**

A meeting of the Health Affairs Committee of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Mr. Jimmy Shumock, Chair, on Wednesday, December 4, 2024, at 2:39 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Chandra Brown Stewart, Meredith Hamilton, Jimmy Shumock and Jim Yance were present.

Members Absent: Scott Charlton, Steve Furr and Steve Stokes.

Other Trustees: Alexis Atkins, Ron Graham, Ron Jenkins, Bill Lewis, Arlene Mitchell, Lenus Perkins and Mike Windom.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Michael Chambers, Michael Chang, Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Mike Mitchell, Kristen Roberts, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 12**, Mr. Shumock called for consideration of the minutes for a meeting held on September 12, 2024, **Item 13**. On motion by Mr. Yance, seconded by Ms. Brown Stewart, the Committee voted unanimously to adopt the minutes.

Mr. Shumock called on Dr. Chang, USA Health Chief Medical Officer, to present **Item 14**, a resolution authorizing the USA Health Hospitals medical staff appointments and reappointments for August, September and October 2024. (To view resolutions, policies and other documents authorized, refer to the minutes for the Board of Trustees meeting held on December 5, 2024.) On motion by Mr. Yance, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Dr. Chang shared background on **Item 15**, a resolution authorizing a waiver of eligibility request in order for a physician recommended to be recruited for a position with the Department of Anesthesia. On motion by Mr. Yance, seconded by Ms. Brown Stewart, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Shumock called on Mr. Kelley to share a report on the activities of USA Health and the Whiddon College of Medicine (“WCOM”), **Item 16**. As the group viewed aerial footage of the WCOM construction site, Mr. Kelley presented an update on the project, pointing to various structural elements taking shape, such as the facility’s storm shelter, stairwells, pilings and foot-

Health Affairs Committee
December 4, 2024
Page 2

ings. He discussed the next steps of construction, which he noted would include utility work, and said the project was progressing at a good pace.

There being no further business, the meeting was adjourned at 2:47 p.m.

Respectfully submitted:

James H. Shumock, Chair



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

USA Health

DATE: February 10, 2025

TO: Jo Bonner
President

FROM: Owen Bailey, Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Owen Bailey'.

SUBJECT: Board Meeting Documents

Attached for review and approval by the Health Affairs Committee and the Board of Trustees are:

Resolution – USA Health Hospitals Medical Staff Appointments and Reappointments for November, December 2024 and January 2025

- USA Health Hospitals Medical Staff Appointments and Reappointments Board of Trustees Report

OB/kh

Attachments

A handwritten signature in black ink, appearing to read 'Jo Bonner'.

RESOLUTION

USA HEALTH HOSPITALS MEDICAL STAFF APPOINTMENTS AND REAPPOINTMENTS FOR NOVEMBER AND DECEMBER 2024 AND JANUARY 2025

WHEREAS, the Medical Staff appointments and reappointments for November and December 2024 and January 2025 for the USA Health Hospitals are recommended for Board approval by the Medical Executive Committees and the USA Health Credentialing Board,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the appointments and reappointments as submitted.

**USA BOARD OF TRUSTEES REPORT
USA HEALTH HOSPITALS MEDICAL STAFF
APPOINTMENTS APPROVED IN NOVEMBER 2024, DECEMBER 2024, AND JANUARY 2025**

The following is a listing of recommendations for approval of new appointments, reappointments and other status changes of physicians and APP staff professionals. These have been reviewed and are recommended by the Medical Executive Committees of the respective hospitals.

| Initial Appointments | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | |
|------------------------------------|--|--------------------|--------------------------|--------------------------------|--------------------|--------------------|----------------------------|------------|--------------------|
| Name | Type/Status | Category | Department | Type/Status | Category | Department | Type/Status | Category | Department |
| Abdel, Abdelrahim Y., MD | Initial Appointment | Contract/Locums | Neurology | Initial Appointment | Contract/Locums | Neurology | N/A | N/A | N/A |
| Astrup, Bruce J., MD | Initial Appointment | Active USA | Anesthesiology | Initial Appointment | Active USA | Anesthesiology | N/A | N/A | N/A |
| Alford, Hannah G., MD | Initial Appointment | Active USA | OBGYN | Initial Appointment | Active USA | OBGYN | Initial Appointment | Active USA | OBGYN |
| Ault, Emily, CRNP | N/A | N/A | N/A | Initial Appointment | APP USA | Family Medicine | Initial Appointment | APP USA | Family Medicine |
| Bath, Natalie M., MD | Initial Appointment | Active USA | Active USA | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery |
| Batson, Jacob R., MD | Initial Appointment | Active | Active | Initial Appointment | Active | Radiology | N/A | N/A | N/A |
| Benjamin, Carla G., MD | Initial Appointment | Active USA | Internal Medicine | Initial Appointment | Active USA | Internal Medicine | Initial Appointment | Active USA | Internal Medicine |
| Berry, Travis C., DO | Initial Appointment | Active USA | Pathology | Initial Appointment | Active USA | Pathology | Initial Appointment | Active USA | Pathology |
| Bittles, Christopher D., MD | Initial Appointment | Active | Radiology | Initial Appointment | Active | Radiology | N/A | N/A | N/A |
| Bregni, Jose A., MD | Initial Appointment | Courtesy | Radiology | Initial Appointment | Courtesy | Radiology | N/A | N/A | N/A |
| Chalela, Julio A., MD | Initial Appointment | Active USA | Neurology | Initial Appointment | Active USA | Neurology | Initial Appointment | Active USA | Neurology |
| Chalela, Julio A., MD | Initial Appointment | Active USA | Neurosurgery | Initial Appointment | Active USA | Neurosurgery | Initial Appointment | Active USA | Neurosurgery |
| Cook, Ansley R., CRNP | N/A | N/A | N/A | Initial Appointment | APP USA | Radiology | Initial Appointment | APP USA | Radiology |
| Daniel, Lindsey, PA | Initial Appointment | APP USA | Neurosurgery | Initial Appointment | APP USA | Neurosurgery | Initial Appointment | APP USA | Neurosurgery |
| Dimoff, Megan B., MD | Initial Appointment | Contract/Locums | OBGYN | N/A | N/A | N/A | N/A | N/A | N/A |
| Donovan, Timothy B., MD | Initial Appointment | Consulting | Radiology | Initial Appointment | Consulting | Radiology | N/A | N/A | N/A |
| Drouin, Arnaud C., MD | Initial Appointment | Active USA | Pathology | Initial Appointment | Active USA | Pathology | N/A | N/A | N/A |
| Edgerton, Joshua K., MD | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery |
| Emmi, Adelina M., MD | Initial Appointment | Courtesy | OBGYN | N/A | N/A | N/A | N/A | N/A | N/A |
| Fesenmeier, Michael F., MD | Initial Appointment | Active USA | OBGYN | Initial Appointment | Active USA | OBGYN | Initial Appointment | Active USA | OBGYN |
| Fowler, Kelli, CRNP | N/A | N/A | N/A | Initial Appointment | APP USA | Neurosurgery | Initial Appointment | APP USA | Neurosurgery |
| Fusco, Dahlene N., MD | Initial Appointment | Active USA | Internal Medicine | Initial Appointment | Active USA | Internal Medicine | Initial Appointment | Active USA | Internal Medicine |
| Greer, Tiashi R., MD | Initial Appointment | Active USA | Anesthesiology | Initial Appointment | Active USA | Anesthesiology | N/A | N/A | N/A |
| Harrison, Cameron D., CRNP | Initial Appointment | APP USA | OBGYN | Initial Appointment | APP USA | OBGYN | Initial Appointment | APP USA | OBGYN |
| Harvell, Aubrey B., PA | N/A | N/A | N/A | Initial Appointment | APP USA | Emergency Medicine | Initial Appointment | APP USA | Emergency Medicine |
| Kasniya, Gangajal, MD | Initial Appointment | Active USA | Pediatrics | Initial Appointment | Active USA | Pediatrics | Initial Appointment | Active USA | Pediatrics |
| Link, Mackenzie K., MD | N/A | N/A | N/A | Initial Appointment | Active USA | Emergency Medicine | Initial Appointment | Active USA | Emergency Medicine |
| Lowery, Brittany, CRNP | Initial Appointment | APP USA | Pediatrics | N/A | N/A | N/A | Initial Appointment | APP USA | Pediatrics |
| Manoharan, Suganva, MD | Initial Appointment | Active USA | Internal Medicine | Initial Appointment | Active USA | | Initial Appointment | Active USA | Internal Medicine |
| McDade, Carey L., MD | Initial Appointment | Active USA | Pediatrics | N/A | N/A | N/A | Initial Appointment | Active USA | Pediatrics |
| Miller, Michael J., MD | Initial Appointment | Contract/Locums | OBGYN | Initial Appointment | Contract/Locums | OBGYN | N/A | N/A | N/A |
| Montes, Arthur A., MD | Initial Appointment | Consulting | Radiology | Initial Appointment | Consulting | Radiology | N/A | N/A | N/A |
| Olson, Marcus B., Athletic Trainer | Initial Appointment | APP USA | Orthopaedics | Initial Appointment | APP USA | Orthopaedics | Initial Appointment | APP USA | Orthopaedics |
| Owen, Callie T., PA | N/A | N/A | N/A | Initial Appointment | APP USA | Neurosurgery | Initial Appointment | APP USA | Neurosurgery |
| Peters, Melissa L., MD | Initial Appointment | Active USA | Pediatric Emergency Med. | N/A | N/A | N/A | N/A | N/A | N/A |
| Rieske, Richard R., MD | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery |
| Scott, Derrick, CRNA | N/A | N/A | N/A | Initial Appointment | APP USA | Anesthesiology | N/A | N/A | N/A |
| Self, Lauren, MD | Initial Appointment | Community Staff | OBGYN | Initial Appointment | Community Staff | OBGYN | N/A | N/A | N/A |
| Slaughter, Kevin A., MD | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery | Initial Appointment | Active USA | Surgery |
| Southwood, Jessica, MD | Initial Appointment | Courtesy | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Tallis, Audrey L., CRNP | Initial Appointment | APP USA | Pediatrics | N/A | N/A | N/A | Initial Appointment | APP USA | Pediatrics |
| Taylor, Jr., Eddie L., MD | Initial Appointment | Consulting | Radiology | Initial Appointment | Consulting | Radiology | N/A | N/A | N/A |
| Ten Eyck, Benjamin L., MD | Initial Appointment | Active USA | Anesthesiology | Initial Appointment | Active USA | Anesthesiology | N/A | N/A | N/A |
| Tillman, III, William H., MD | Initial Appointment | Consulting | Psychiatry | Initial Appointment | Consulting | Psychiatry | N/A | N/A | N/A |
| Trupp, Austin H., MD | Initial Appointment | Active USA | Radiology | Initial Appointment | Active USA | Radiology | Initial Appointment | Active USA | Radiology |
| Walters, Murphy M., MD | Initial Appointment | Active USA | Orthopaedics | Initial Appointment | Active USA | Orthopaedics | Initial Appointment | Active USA | Orthopaedics |
| Ward, Anastasia L., CRNP | Initial Appointment | APP USA | Pediatrics | Initial Appointment | APP USA | Pediatrics | Initial Appointment | APP USA | Pediatrics |
| Wilson, Timberly J., MD | Initial Appointment | Active USA | Family Medicine | Initial Appointment | Active USA | Family Medicine | Initial Appointment | Active USA | Family Medicine |
| | | | | | | | | | |
| Reappointments | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | |
| Name | Type/Status | Category | Department | Type/Status | Category | Department | Type/Status | Category | Department |
| Bartel, Tracy E., CRNP | Reappointment | APP USA | Neurosurgery | Reappointment | APP USA | Neurosurgery | Reappointment | APP USA | Neurosurgery |
| Beck, Maria C., CRNP | Reappointment | APP Non-Privileged | Family Medicine | Reappointment | APP Non-Privileged | Family Medicine | N/A | N/A | N/A |
| Bedwell, Noel W., MD | Reappointment | Consulting | Internal Medicine | Reappointment | Active | Internal Medicine | N/A | N/A | N/A |

USA BOARD OF TRUSTEES REPORT
USA HEALTH HOSPITALS MEDICAL STAFF
APPOINTMENTS APPROVED IN NOVEMBER 2024, DECEMBER 2024, AND JANUARY 2025

| Reappointments (Continued) | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | |
|-------------------------------|--|---------------------|--------------------------|--------------------------------|---------------------|--------------------|----------------------------|---------------------------|-------------------|
| Name | Type/Status | Category | Department | Type/Status | Category | Department | Type/Status | Category | Department |
| Bercier, Baret T., MD | Reappointment | Consulting USA | Internal Medicine | Reappointment | Active USA | Internal Medicine | Reappointment | Consulting USA/Active USA | Internal Medicine |
| Bouska, Gregory W., MD | Reappointment | Active USA | Anesthesiology | Reappointment | Active USA | Anesthesiology | NA | N/A | N/A |
| Broughton, William A., MD | Reappointment | Courtesy USA | Internal Medicine | Reappointment | Active USA | Internal Medicine | Reappointment | Court. USA/Active USA | Internal Medicine |
| Browning, Savannah I., MD | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Buchanan, Lucas B., DO | N/A | N/A | N/A | Reappointment | Active HCA/JAG | Internal Medicine | Reappointment | Active HCA/JAG | Internal Medicine |
| Clark, Savannah E., PA | Reappointment | APP USA | Pediatric Emergency Med. | N/A | N/A | N/A | N/A | N/A | N/A |
| Clark, Savannah E., PA | N/A | N/A | N/A | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery |
| Crocker, Percy V., MD | Reappointment | Active USA | Surgery | Reappointment | Active USA | Surgery | Reappointment | Active USA | Surgery |
| Curtiss, Rebecca V., MD | Reappointment | Community Staff USA | Internal Medicine | Reappointment | Community Staff USA | Internal Medicine | N/A | N/A | N/A |
| Day, Kelley C., CRNP | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery |
| Delmas, John F., MD | Reappointment | Community Staff HCA | Internal Medicine | Reappointment | Community Staff HCA | Internal Medicine | N/A | N/A | N/A |
| Divittorio, Gino, MD | Reappointment | Consulting HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Cons. HCA/Active HCA | Internal Medicine |
| Dobbs, Tonya R., MD | Reappointment | Community Staff | Pediatrics | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A |
| Dodson, Lindsey K., CRNA | Reappointment | APP USA | Anesthesiology | Reappointment | APP USA | Anesthesiology | N/A | N/A | N/A |
| Dolbear, Sarah S., MD | Reappointment | Courtesy USA | Anesthesiology | Reappointment | Active USA | Anesthesiology | N/A | N/A | N/A |
| Dotson, Randy G., MD | Reappointment | Community Staff | Internal Medicine | N/A | N/A | N/A | N/A | N/A | N/A |
| Douglas, Allison B., MD | Reappointment | Courtesy HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Court. HCA/Active HCA | Internal Medicine |
| Estis, Julie M., CCC-SLP, PhD | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery |
| Faust, Michelle K., CRNP | N/A | N/A | N/A | Reappointment | APP HCA/JAG | Internal Medicine | Reappointment | APP HCA/JAG | Internal Medicine |
| Freeman, Hope F., PA | N/A | N/A | N/A | Reappointment | APP HCA/JAG | Internal Medicine | Reappointment | APP HCA/JAG | Internal Medicine |
| Gardner, Debra E., MD | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Gavrilita, Cristina E., MD | Reappointment | Active USA | Pediatrics | Reappointment | Consulting USA | Pediatrics | Reappointment | Active USA/Cons. USA | Pediatrics |
| Gelpi, Brian J., MD | Reappointment | Active USA | Anesthesiology | Reappointment | Active USA | Anesthesiology | N/A | N/A | N/A |
| Gilbert, Heather M., CRNP | Reappointment | APP USA | Ped. Emerg. Med. | N/A | N/A | N/A | N/A | N/A | N/A |
| Golden, Jr., Joe A., MD | Reappointment | Active USA | Anesthesiology | Reappointment | Active USA | Anesthesiology | N/A | N/A | N/A |
| Griffis, Chrystal M., MD | Reappointment | Consulting HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Cons. HCA/Active HCA | Internal Medicine |
| Grimm, Jr., Leander M., MD | Reappointment | Courtesy USA | Surgery | Reappointment | Active USA | Surgery | Reappointment | Court. USA/Active USA | Surgery |
| Gujjula, Rajesh, MD | N/A | N/A | N/A | Reappointment | Community Staff | Family Medicine | N/A | N/A | N/A |
| Gupta, Shikha, MD | Reappointment | Active USA | Radiology | Reappointment | Active USA | Radiology | Reappointment | Active USA | Radiology |
| Gwaltney, Robin M., MD | Reappointment | Consulting | Radiology | Reappointment | Consulting | Radiology | N/A | N/A | N/A |
| Harrell, James B., MD | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Helmer, II, Robert S., PharmD | N/A | N/A | N/A | Reappointment | APP | Internal Medicine | N/A | N/A | N/A |
| Holliday, Nicolette P., MD | Reappointment | Active USA | OBGYN | Reappointment | Active USA | OBGYN | Reappointment | Active USA | OBGYN |
| Honkanen, Mary H., MD | Reappointment | Courtesy HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Court. HCA/Active HCA | Internal Medicine |
| Hooks, III, Samuel B., MD | N/A | N/A | N/A | Reappointment | Consulting | Internal Medicine | N/A | N/A | N/A |
| Howard, IV, Clinton W., MD | Reappointment | Consulting | Orthopaedics | Reappointment | Courtesy | Orthopaedics | N/A | N/A | N/A |
| Israel, Robert W., MD | Reappointment | Consulting HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Cons. HCA/Active HCA | Internal Medicine |
| Johannesmann, Daniel B., CRNA | Reappointment | APP USA | Anesthesiology | Reappointment | APP USA | Anesthesiology | N/A | N/A | N/A |
| Jones, Crystle D., PA | Reappointment | APP Non-Privileged | Pediatrics | Reappointment | APP Non-Privileged | Pediatrics | N/A | N/A | N/A |
| Jones, Kelly M., DMD | Reappointment | APP | Surgery | Reappointment | APP | Surgery | N/A | N/A | N/A |
| Keel, Christopher E., DO | Reappointment | Active USA | Urology | Reappointment | Active USA | Urology | Reappointment | Active USA | Urology |
| Keith, Kimberly R., MD | Reappointment | Active HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine |
| Kittrell, William A., MD | Reappointment | Consulting HCA/JAG | Internal Medicine | Reappointment | Active HCA/JAG | Internal Medicine | Reappointment | Cons. HCA/Active HCA | Internal Medicine |
| Knowles, Kurt J., MD | Reappointment | Active USA | Pathology | Reappointment | Active USA | Pathology | Reappointment | Active USA | Pathology |
| Kumar, Deepak, MD | N/A | N/A | N/A | Reappointment | Community Staff | Internal Medicine | N/A | N/A | N/A |
| Lambert, Marla M., MD | N/A | N/A | N/A | Reappointment | Community Staff | Internal Medicine | N/A | N/A | N/A |
| Lemeshko, Sergiy V., MD | Reappointment | Consulting | Radiology | Reappointment | Consulting | Radiology | N/A | N/A | N/A |
| Lenz, Cara B., MD | Reappointment | Active HCA | OBGYN | N/A | N/A | N/A | Reappointment | Active HCA | OBGYN |
| Lovell, Christopher M., CRNP | Reappointment | APP USA | Internal Medicine | Reappointment | APP USA | Internal Medicine | Reappointment | APP USA | Internal Medicine |
| Maltese, Carl, MD | Reappointment | Courtesy USA | Surgery | Reappointment | Active USA | Surgery | Reappointment | Courtesy USA/Active USA | Surgery |
| McCathran, Charles E., MD | Reappointment | Active USA | OBGYN | Reappointment | Courtesy USA | OBGYN | Reappointment | Active USA/Court. USA | OBGYN |
| McQuiston, Jr., Samuel A., MD | Reappointment | Active USA | Radiology | Reappointment | Active USA | Radiology | Reappointment | Active USA | Radiology |
| Meador, Rachael D., CRNP | Reappointment | APP USA | OBGYN (Eval. Ctr) | N/A | N/A | N/A | N/A | N/A | N/A |
| Meredith, Courtney E., MD | Reappointment | Active HCA | OBGYN | N/A | N/A | N/A | Reappointment | Active HCA | OBGYN |
| Messemmer, Jane E., MD | Reappointment | Active USA | Pediatrics | N/A | N/A | N/A | Reappointment | Active USA | Pediatrics |
| Molins, Caroline M., MD | Reappointment | Active USA | Ped. Emerg. Med. | Reappointment | Active USA | Emergency Medicine | N/A | N/A | N/A |
| Myers, Thomas C., MD | Reappointment | Consulting HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Cons. HCA/Active HCA | Internal Medicine |
| Naman, Elizabeth I., CRNP | Reappointment | APP USA | Urology | Reappointment | APP USA | Urology | Reappointment | APP USA | Urology |
| Nichols, Denise E., CRNA | Reappointment | APP Contract/Locums | Anesthesiology | Reappointment | APP Contract/Locums | Anesthesiology | N/A | N/A | N/A |
| Ozment, Jr., Elmo D., MD | Reappointment | Community Staff | Family Medicine | Reappointment | Community Staff | Family Medicine | N/A | N/A | N/A |
| Patton, Sarah E., CRNP | Reappointment | APP USA | Pediatrics | N/A | N/A | N/A | Reappointment | APP USA | Pediatrics |
| Pitts, Margaret A., MD | Reappointment | Consulting USA | Anesthesiology | Reappointment | Consulting USA | Anesthesiology | N/A | N/A | N/A |
| Quick, Felicia M., CRNP | Reappointment | APP USA | Ped. Emerg. Med. | Reappointment | APP USA | Emergency Medicine | N/A | N/A | N/A |

**USA BOARD OF TRUSTEES REPORT
USA HEALTH HOSPITALS MEDICAL STAFF
APPOINTMENTS APPROVED IN NOVEMBER 2024, DECEMBER 2024, AND JANUARY 2025**

| Reappointments (Continued) | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | |
|---------------------------------|--|--------------------|-----------------------|--------------------------------|--------------------|--------------------|----------------------------|---------------------------|-----------------------|
| Name | Type/Status | Category | Department | Type/Status | Category | Department | Type/Status | Category | Department |
| Redding, Sarah M., CCC-A | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery |
| Rivers, Deidre A., CRNP | Reappointment | APP USA | Pediatrics | N/A | N/A | N/A | Reappointment | APP USA | Pediatrics |
| Romeo, Andrew K., MD | Reappointment | Active USA | Neurosurgery | Reappointment | Active USA | Neurosurgery | Reappointment | Active USA | Neurosurgery |
| Saucier, Erin S., MD | Reappointment | Active HCA | OBGYN | N/A | N/A | N/A | Reappointment | Active HCA | OBGYN |
| Seaman, Rachel T., MD | Reappointment | Active USA | Internal Medicine | Reappointment | Active USA | Internal Medicine | Reappointment | Active USA | Internal Medicine |
| Shepler, Lisa A., MD | Reappointment | Courtesy HCA | Internal Medicine | Reappointment | Active HCA | Internal Medicine | Reappointment | Court. HCA/Active HCA | Internal Medicine |
| Skinner, Leslie K., MD | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Smithgall, Sean E., PharmD | Reappointment | APP | Family Medicine | Reappointment | APP | Family Medicine | N/A | N/A | N/A |
| Sonken, Ronald S., MD | Reappointment | Consulting | Radiology | Reappointment | Consulting | Radiology | N/A | N/A | N/A |
| Sprague, Billy R., CRNP | Reappointment | APP USA | Pediatrics | Reappointment | APP USA | Pediatrics | Reappointment | APP USA | Pediatrics |
| Sternberg, Michael L., MD | N/A | N/A | N/A | Reappointment | Active USA | Emergency Medicine | N/A | N/A | N/A |
| Stewart, Regina A., CRNP | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery | Reappointment | APP USA | Surgery |
| Sullivan, Brian P., MD | Reappointment | Courtesy | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Todd, Jonathan H., MD | Reappointment | Consulting | Psychiatry | Reappointment | Consulting | Psychiatry | N/A | N/A | N/A |
| Travis, Samantha W., RN | N/A | N/A | N/A | Reappointment | APP Non-Privileged | Internal Medicine | N/A | N/A | N/A |
| Tucker, Sydney A., CRNP | Reappointment | APP Non-Privileged | Internal Medicine | Reappointment | APP Non-Privileged | Internal Medicine | N/A | N/A | N/A |
| Tyler, Shannon K., MD | Reappointment | Active USA | Internal Medicine | Reappointment | Active USA | Internal Medicine | Reappointment | Active USA | Internal Medicine |
| Walker, Kathy E., CRNP | Reappointment | APP HCA | Internal Medicine | Reappointment | APP HCA | Internal Medicine | Reappointment | APP HCA | Internal Medicine |
| Walks, Debra M., MD | Reappointment | Community Staff | Pediatrics | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A |
| Wells, Mary S., MD | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Wells, Rose A., CRNP | Reappointment | APP USA | Internal Medicine | Reappointment | APP USA | Internal Medicine | Reappointment | APP USA | Internal Medicine |
| West, Jr., James D., MD | Reappointment | Affiliate | OBGYN | N/A | N/A | N/A | N/A | N/A | N/A |
| Whitehurst, Jr., Richard M., MD | Reappointment | Active USA | Pediatrics | Reappointment | Consulting USA | Pediatrics | Reappointment | Active USA/Consulting USA | Pediatrics |
| Wilson, Richard C., MD | Reappointment | Consulting | Radiology | Reappointment | Consulting | Radiology | N/A | N/A | N/A |
| Wolf, Laura J., CRNP | Reappointment | APP Non-Privileged | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Wood, Nancy O., MD | Reappointment | Community Staff | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A |
| Xing, Yanming, MD | Reappointment | Consulting HCA | Internal Medicine | Reappointment | Active USA | Internal Medicine | Reappointment | Cons. HCA/Active HCA | Internal Medicine |
| | | | | | | | | | |
| Change Requests | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | |
| Name | Type/Status | Category | Department | Type/Status | Category | Department | Type/Status | Category | Department |
| Ball, Stuart R., MD | N/A | N/A | N/A | Added Privileges | Consulting | Surgery | N/A | N/A | N/A |
| Brown, Jay A., MD | Added Privileges | Active | Surgery | Added Privileges | Active | Surgery | N/A | N/A | N/A |
| Buckley, Alyson N., CRNP | Deleted Privileges | APP USA | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Burton, Ryan C., MD | Added Privileges | Active | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Carter, Sean M., MD | Added Privileges | Active | Surgery | Added Privileges | Active | Surgery | N/A | N/A | N/A |
| Clarke, Kelly, CRNP | Collaborative Physician | APP USA | Internal Medicine | Collaborative Physician | APP USA | Internal Medicine | Collaborative Physician | APP USA | Internal Medicine |
| Davis, Jennifer J., CRNP | Deleting Privileges | APP USA | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Faust, Michelle Krause, CRNP | N/A | N/A | N/A | Name Change | APP HCA/JAG | Internal Medicine | Name Change | APP HCA/JAG | Internal Medicine |
| Lintner, Alicia, CRNP | Deleted Privileges | APP USA | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Long, Cameron M., CRNP | Deleting Privileges | APP USA | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| McLean, Hope M., MD | Status Change | Community Staff | OBGYN | Status Change | Community Staff | OBGYN | N/A | N/A | N/A |
| Rubianes, Lauren Morgan, CRNP | Name Change | APP USA | Pediatrics | N/A | N/A | N/A | Name Change | APP USA | Pediatrics |
| Scott, Vincent S., MD | Added Privilege | Active USA | OBGYN | Added Privilege | Active USA | OBGYN | Added Privilege | Active USA | OBGYN |
| Tindle, Hope, CRNP | Changed Collaborative Physic | APP USA | Pediatric Emerg. Med. | N/A | N/A | N/A | Changed Collaborative | APP USA | Pediatric Emerg. Med. |
| Turner, Joseph R., MD | Added Privileges | Active | Surgery | Added Privileges | Active | Surgery | N/A | N/A | N/A |
| Verde, Ranya K., CRNP | Collaborative & Privileges | APP USA | Internal Medicine | Collaborative & Privileges | APP USA | Internal Medicine | Collaborative & Privileges | APP USA | Internal Medicine |
| | | | | | | | | | |
| Resigned/Retired | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | |
| Name | Reason | Date | Department | Reason | Date | Department | Reason | Date | Department |
| Amey, Jolanda M., CRNP | Resigned | 12/13/2024 | Family Medicine | Resigned | 12/13/2024 | Family Medicine | N/A | N/A | N/A |
| Bessette, Sabrina G., MD | Resigned | 12/01/2024 | Internal Medicine | Resigned | 12/01/2024 | Internal Medicine | Resigned | 12/01/2024 | Internal Medicine |
| Blewett, Christopher J., MD | Resigned | 12/31/2024 | Surgery | N/A | N/A | N/A | N/A | N/A | N/A |
| Bodie, Belin F., MD | Resigned | 12/13/2024 | Internal Medicine | Resigned | 12/13/2024 | Internal Medicine | N/A | N/A | N/A |
| Breaux, Jr., Charles W., MD | Resigned | 11/01/2024 | Surgery | Resigned | 11/01/2024 | Surgery | N/A | N/A | N/A |
| Butler, Michelle O., CRNP | N/A | N/A | N/A | Resigned | 10/18/2024 | Surgery | Resigned | 10/18/2024 | Surgery |
| Cantrell, Caleb B., MD | N/A | N/A | N/A | Resigned | 10/10/2020 | Emergency Medicine | N/A | N/A | N/A |
| Coldwell, Douglas M., MD | Resigned | 12/27/2024 | Radiology | Resigned | 12/27/2024 | Radiology | N/A | N/A | N/A |
| Cook, Alexis L., DA | Resigned | 12/08/2024 | Surgery | Resigned | 12/08/2024 | Surgery | N/A | N/A | N/A |
| Cosgrove, Emily A., CRNP | Resigned | 11/01/2024 | Surgery | Resigned | 11/01/2024 | Surgery | Resigned | 11/01/2024 | Surgery |
| Cunningham, Jennifer A., MD | Resigned | 10/21/2024 | OBGYN | N/A | N/A | N/A | N/A | N/A | N/A |
| Currier, Joseph M., CCCA, PhD | Resigned | 11/27/2024 | Psychiatry | Resigned | 11/27/2024 | Psychiatry | Resigned | 11/27/2024 | Psychiatry |
| Dosunmu-Ogunbi, Sesi O., MD | Resigned | 11/18/2024 | Pediatrics | Resigned | 11/18/2024 | Pediatrics | Resigned | 11/18/2024 | Pediatrics |
| Everett, Kevin L., MD | Resigned | 12/27/2024 | Anesthesiology | Resigned | 12/27/2024 | Anesthesiology | N/A | N/A | N/A |

**USA BOARD OF TRUSTEES REPORT
USA HEALTH HOSPITALS MEDICAL STAFF
APPOINTMENTS APPROVED IN NOVEMBER 2024, DECEMBER 2024, AND JANUARY 2025**

| Resigned/Retired (Continued) | USA Health Children's & Women's Hospital | | | USA Health University Hospital | | | USA Health Ambulatory Care | | | |
|-------------------------------|--|------------|--------------------------|--------------------------------|------------|--------------------|----------------------------|------------|-------------------|-------------------|
| | Name | Reason | Date | Department | Reason | Date | Department | Reason | Date | Department |
| Finan, Michael A., MD | Resigned | 12/03/2024 | Gynecology-MCI | Resigned | 12/03/2024 | Gynecology-MCI | N/A | N/A | N/A | N/A |
| Glaser, Jodi E., CRNP | N/A | N/A | N/A | Resigned | 10/28/2024 | Internal Medicine | Resigned | 10/28/2024 | Internal Medicine | Internal Medicine |
| Hanjar, Abraham, MD | Resigned | 12/31/2024 | Internal Medicine | Resigned | 12/31/2024 | Internal Medicine | Resigned | 12/31/2024 | Internal Medicine | Internal Medicine |
| Hassell, David R., MD | Resigned | 10/18/2024 | Radiology | Resigned | 10/18/2024 | Radiology | N/A | N/A | N/A | N/A |
| Heidel, Gregory M., MD | N/A | N/A | N/A | Resigned | 10/10/2024 | Emergency Medicine | N/A | N/A | N/A | N/A |
| Higgs, William R., MD | Deceased | 10/11/2024 | Surgery | Deceased | 10/11/2024 | Surgery | N/A | N/A | N/A | N/A |
| Hussain, Zeiad, MD | Resigned | 11/01/2024 | Radiology | Resigned | 11/01/2024 | Radiology | Resigned | 11/01/2024 | Radiology | Radiology |
| Hyatt, Matthew B., MD | Resigned | 12/27/2024 | Radiology | Resigned | 12/27/2024 | Radiology | N/A | N/A | N/A | N/A |
| Johnson, Mikayla L., PA | Resigned | 12/09/2024 | Internal Medicine | Resigned | 12/09/2024 | Internal Medicine | Resigned | 12/09/2024 | Internal Medicine | Internal Medicine |
| Johnson, Taylor M., CRNP | Resigned | 10/23/2024 | OBGYN | N/A | N/A | N/A | Resigned | 10/23/2024 | OBGYN | OBGYN |
| Jones, Joe S., MD | Resigned | 12/30/2024 | OBGYN | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Kappel, Margaret G., CRNP | Resigned | 12/30/2024 | Family Medicine | Resigned | 12/30/2024 | Family Medicine | N/A | N/A | N/A | N/A |
| King, Staci D., MD | Resigned | 12/31/2024 | Neurology | Resigned | 12/31/2024 | Neurology | N/A | N/A | N/A | N/A |
| Loe, William A., MD | Resigned | 12/31/2024 | Surgery | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Lucas, Julie R., PA | Resigned | 01/03/2025 | Family Medicine | Resigned | 01/03/2025 | Family Medicine | N/A | N/A | N/A | N/A |
| Meador, Rachael D., CRNP | Resigned | 12/11/2024 | OBGYN | N/A | N/A | N/A | Resigned | 12/11/2024 | OBGYN | OBGYN |
| Murphy, Patrick L., MD | N/A | N/A | N/A | Resigned | 12/01/2024 | Internal Medicine | N/A | N/A | N/A | N/A |
| Newburn, Constance L., RN | Resigned | 11/15/2024 | OBGYN | Resigned | 11/15/2024 | OBGYN | N/A | N/A | N/A | N/A |
| O'Dowd, John M., MD | N/A | N/A | N/A | Resigned | 12/01/2024 | Internal Medicine | N/A | N/A | N/A | N/A |
| Oglesby, Teresa J., MD | Retired | 12/31/2024 | Internal Medicine | Retired | 12/31/2024 | Internal Medicine | Retired | 12/31/2024 | Internal Medicine | Internal Medicine |
| Papa, Tracy E., DO | Resigned | 12/31/2024 | OBGYN | Resigned | 12/31/2024 | OBGYN | N/A | N/A | N/A | N/A |
| Proddaturvar, Pranitha V., MD | Resigned | 12/31/2024 | Internal Medicine | Resigned | 12/31/2024 | Internal Medicine | Resigned | 12/31/2024 | Internal Medicine | Internal Medicine |
| Rettig, Kenneth R., MD | Retired | 10/31/2024 | Pediatrics | N/A | N/A | N/A | Retired | 10/31/2024 | Pediatrics | Pediatrics |
| Scalici, Jennifer M., MD | Resigned | 10/14/2024 | Gynecology | Resigned | 10/14/2024 | Gynecology | Resigned | 10/14/2024 | Gynecology | Gynecology |
| Shackelford, Rodney E., DO | Resigned | 10/31/2024 | Pathology | Resigned | 10/31/2024 | Pathology | Resigned | 10/31/2024 | Pathology | Pathology |
| Simmons, Demetrius A., DO | Resigned | 10/10/2024 | Pediatric Emergency Med. | Resigned | 10/10/2024 | Emergency Medicine | N/A | N/A | N/A | N/A |
| Smith, James M., DO | Resigned | 10/08/2024 | Family Medicine | Resigned | 10/08/2024 | Family Medicine | N/A | N/A | N/A | N/A |
| Smith, Trevor D., MD | Resigned | 10/28/2024 | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Thomas, Jacqueline C., CRNP | Resigned | 11/25/2024 | Ped. Emerg. Med. | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Thompson, Marina L., MD | Resigned | 11/25/2024 | Pediatrics | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Trimm, III, Riley F., MD | Resigned | 12/27/2024 | Pediatrics | N/A | N/A | N/A | Resigned | 12/27/2024 | Pediatrics | Pediatrics |
| Weaver, Yaffa K., MD | N/A | N/A | N/A | Resigned | 10/08/2024 | Surgery | N/A | N/A | N/A | N/A |
| Wilhite, Annelisa, MD | Resigned | 12/31/2024 | OBGYN | Resigned | 12/31/2024 | OBGYN | Resigned | 12/31/2024 | OBGYN | OBGYN |

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**ACADEMIC EXCELLENCE
AND STUDENT SUCCESS COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Academic Excellence and Student Success Committee

December 4, 2024

1:43 p.m.

A meeting of the Academic Excellence and Student Success Committee of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Judge Mike Windom, Chair, on Wednesday, December 4, 2024, at 1:43 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Ron Graham, Lenus Perkins and Mike Windom were present, and Ron Jenkins and Bill Lewis participated remotely.

Members Absent: Scott Charlton, Steve Furr and Luis Gonzalez.

Other Trustees: Alexis Atkins, Chandra Brown Stewart, Meredith Hamilton, Arlene Mitchell, Jimmy Shumock and Jim Yance.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Phil Carr, Kate Carver (Dumas Wesley Community Center), Michael Chambers, Laurie Childers, Kristin Dukes, Joel Erdmann, Monica Ezell, Martin Frank, Ahsha Gray, Charlie Guest, Joni Hendee (Dumas Wesley Community Center), Buck Kelley, Andi Kent, Mike Mitchell, Kristen Roberts, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman, Greg Waselkov and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 17**, Judge Windom called for consideration of the minutes for a meeting held on September 12, 2024, **Item 18**. On motion by Mr. Graham, seconded by Judge Lewis, the Committee voted unanimously to adopt the minutes.

Judge Windom called on Provost Kent, who presented **Item 19**, a resolution authorizing sabbatical awards for fall 2025 through spring 2026. (To view resolutions, policies and other documents authorized, refer to the minutes for the Board of Trustees meeting held on December 5, 2024.) On motion by Mr. Graham, seconded by Judge Lewis, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Provost Kent introduced **Item 20**, a resolution granting emeritus status to faculty who had retired from the Division of Academic Affairs and conveying the Board’s appreciation for their service to the University. On motion by Mr. Perkins, seconded by Capt. Jenkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Provost Kent discussed **Item 21**, a resolution authorizing the conferring of an honorary doctorate degree to Mayor Sandy Stimpson, the University’s Fall Commencement speaker. On motion by

Ms. Atkins, seconded by Mr. Graham, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Judge Windom noted that the reports on the activities of the divisions of Academic Affairs and Research and Economic Development would be combined, **Item 22**, and he turned to Provost Kent, who introduced Dr. Greg Waselkov, Professor Emeritus, and Dr. Phil Carr, Professor in the Department of Sociology and Anthropology, the founding director and current director of USA's Center for Archaeological Studies, respectively. She talked about their collaboration coauthoring the book recently published, *Southern Footprints: Exploring Gulf Coast Archaeology*, and noted that autographed copies were on the table for Trustees. Dr. Waselkov commented on the Archaeology Museum's outreach to the community and thanked the Board for supporting USA's Archaeology program. He and Dr. Carr shared insights on a number of archaeological projects chronicled in the book.

Judge Windom called on Dr. Mitchell to address **Item 23**, a report on the activities of the division of Student Affairs. Dr. Mitchell advised that data from student financial wellness surveys conducted in recent years had indicated more than 25 percent of USA students show signs of food and/or housing insecurity. He gave an overview on the Jag Pantry, a 24/7 resource servicing students in need that is sustained through donor support and the work of partner organizations, such as USA's One Stop Office, the Student Government Association and the USA Foundation. He also talked about aid offered to students facing housing insecurity and discussed ways the University community could help.

Judge Windom called on Dr. Billingsley for the presentation of **Item 24**, a report on the activities of the Office of Community Engagement. Dr. Billingsley and Dr. Chambers shared that Ms. Laurie Childers, Assistant Director for Campus and Community Engagement, and Dr. Matthew Reichert, Assistant Vice President for Research, would soon leave the University for new career opportunities. Dr. Billingsley then talked about the University community's engagement with the Dumas Wesley Community Center ("DWCC") and introduced Ms. Ahsha Gray, USA senior majoring in Exercise Science, and Dr. Martin Frank, Associate Professor in the Department of Physics, to share their experiences as DWCC volunteers. Also introduced were Ms. Kate Carver and Ms. Joni Hendee, DWCC Executive Director and Marketing and Communications Director, respectively. Ms. Carver discussed the significance of the partnership for the citizens served by the DWCC.

There being no further business, the meeting was adjourned at 2:11 p.m.

Respectfully submitted:

Michael P. Windom, Chair

RESOLUTION

SABBATICAL AWARDS

WHEREAS, in accordance with University policy, proposals for sabbatical awards from the following faculty have been reviewed and recommended by the respective faculty committees and departmental chair; the Dean of the College of Education and Professional Studies; the Executive Vice President and Provost; and the University President,

- Yvette Getch, Ph.D., Counseling and Instructional Science
- Rebecca Giles, Ph.D., Leadership and Teacher Education

THEREFORE, BE IT RESOLVED, the University of South Alabama Board of Trustees approves the sabbatical awards for Fall 2025 through Spring 2026 as recommended.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Executive Vice President and Provost

DATE: February 4, 2025

TO: Jo Bonner, President

FROM: Andi M. Kent, Executive Vice President and Provost

SUBJECT: Sabbatical Recommendations for Fall 2025 – Spring 2026

In support of the respective dean recommendations, I recommend that the individuals whose names are listed below be granted a sabbatical for the period of time as indicated.

| <u>Faculty Name</u> | <u>Discipline</u> | <u>Time Period</u> |
|---------------------|--------------------------------------|--------------------|
| Dr. Yvette Getch | Counseling and Instructional Science | Fall 2025 |
| Dr. Rebecca Giles | Leadership and Teacher Education | Fall 2025 |

Teaching coverage has been addressed in a satisfactory manner for all recommended proposals. Proposals have been reviewed and recommended at the department and college. Full applications and supporting materials are available in the Office of Academic Affairs. A brief summary of each request is attached.

SABBATICAL RECOMMENDATIONS

Fall 2025 – Spring 2026

College of Education and Professional Studies

- 1) Yvette Getch, Professor of Counseling and Instructional Science
Sabbatical Request: Fall 2025 at full pay

Dr. Getch's proposal involves expanding her research concerning children with growth disorders. In particular, she mentions expanding work concerning Russell Silver Syndrome (RSS), a rare growth disorder. Since it is a rare disorder, her work involves connecting with the international research team from the MAGIC (Major Aspects of Growth in Children) Foundation. Dr. Getch has worked over several years with this organization, often being an invited speaker at their meetings. With rare disorders, collecting and putting together data is a labor-intensive activity that requires connections to institutions and organizations that serve people who have these rare disorders. Dr. Getch's connections with the MAGIC foundation should facilitate her ability to carry out the work and should lead to the successful preparation of the manuscripts she provides in her proposal. In addition, her plans include the development of resources for families and a grant proposal to fund future work.

- 2) Rebecca Giles, Professor of Leadership and Teacher Education
Sabbatical Request: Fall 2025 at full pay

Dr. Giles' proposal involves two related, but distinct, endeavors. First, she plans to study at the Frost Play Research Collection in San Antonio, TX and, second, she proposes to serve as a guest researcher at Queen Maude University College in Trondheim, Norway. Both activities viewed as logical extensions of her established line of research in early childhood education. This proposal would be likely to increase Dr. Giles' knowledge and skills in child development and early childhood education in ways that further her teaching of USA students and which further her capacity to produce high quality peer-reviewed scholarship. This proposal also appears likely to expand Dr. Giles' set of research collaborators. She proposed to specifically publish at least two peer-reviewed empirical articles from these sabbatical activities.

RESOLUTION

TENURE

WHEREAS, in accordance with University policy, an application for tenure from Lisa A. Moreno-Walton, M.D., a Whiddon College of Medicine faculty member, has been reviewed by faculty peers, the Dean of the Whiddon College of Medicine/Vice President for Medical Affairs, and the University President, and is hereby recommended for approval effective on March 14, 2025,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby grants tenure to Lisa A. Moreno-Walton, M.D., as recommended.



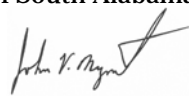
UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

VP Medical Affairs/Dean's Office/Frederick P. Whiddon College of Medicine

DATE: February 1, 2025

TO: Jo Bonner
President, University of South Alabama

FROM: Dr. John V. Marymont 
Vice-President for Medical Affairs and Dean, Whiddon College of Medicine

SUBJECT: Whiddon College of Medicine Tenure Recommendation, March 2025

I recommend the awarding of tenure to Whiddon College of Medicine faculty as specified below. Information for this faculty member has been forwarded for your review. With your approval, I request presentation of the recommendations to the Board of Trustees at the March meeting.

- Lisa A. Moreno-Walton, M.D., Department of Emergency Medicine

JVM/afn

A handwritten signature in black ink that reads 'Jo Bonner'.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**BUDGET AND FINANCE
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Budget and Finance Committee

December 4, 2024

2:47 p.m.

A meeting of the Budget and Finance Committee of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Mr. Lenus Perkins, Chair, on Wednesday, December 4, 2024, at 2:47 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Chandra Brown Stewart, Ron Graham, Meredith Hamilton, Lenus Perkins and Jimmy Shumock were present.

Member Absent: Steve Stokes.

Other Trustees: Ron Jenkins, Bill Lewis, Arlene Mitchell, Mike Windom and Jim Yance.

Administration & Guests: Darren Baxley, Jim Berscheidt, Joél Billingsley, Jo Bonner, Michael Chambers, Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Mike Mitchell, Kristen Roberts, Steven Scyphers, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 25**, Mr. Perkins called for consideration of the minutes for a meeting held on September 12, 2024, **Item 26**. On motion by Mr. Graham, seconded by Ms. Atkins, the Committee voted unanimously to adopt the minutes.

Mr. Perkins called on Ms. Roberts to discuss the quarterly financial statements for the fiscal year ended September 30, 2024, **Item 27**. While noting that the financial statements would not be finalized until the University audit was complete, Ms. Roberts advised of a record \$2.4 billion in assets reported on the University’s balance sheet to end the year, as well as an increase in net position by approximately \$186 million.

Mr. Perkins asked Ms. Roberts to present **Item 28**, a resolution authorizing the revised *Amended Bylaws of the USA Research and Technology Corporation* (“RTC”). Ms. Roberts explained that changes in the University’s organizational structure warranted correction of the RTC bylaws with regard to the RTC Board’s ex officio and officer positions. (To view resolutions, policies and other documents authorized, refer to the minutes of the Board of Trustees meeting held on December 5, 2024.) On motion by Mr. Shumock, seconded by Ms. Atkins, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Perkins called on Dr. Chambers to discuss **Item 29**, a resolution authorizing the reappointment of University of South Alabama Foundation for Research and Commercialization (“FRAC”)

directors. Dr. Chambers gave background on the two individuals whose terms as FRAC directors had expired, noting that each was willing to serve an additional two-year term and the FRAC board had voted to recommend their reappointment. On motion by Ms. Atkins, seconded by Mr. Shumock, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

Mr. Perkins called on Mr. Susman to address **Item 30**, a report on public safety. Mr. Susman introduced and discussed the professional qualifications of Mr. Darren Baxley, who joined the University as Chief of Police in June. Chief Baxley talked about his philosophy on campus law enforcement; shared perspective on the Clery Act; and presented statistics on crimes reported on campus and at USA Health locations over the 2023 calendar year. He touched on departmental goals pertinent to this data and asserted that the University of South Alabama was a safe place considering the crime reported by other institutions and occurring in the community at large.

Mr. Perkins called on Mr. Kelley for a report on University facilities, **Item 31**. Mr. Kelley introduced Dr. Steven Scyphers, Associate Professor in the Stokes School of Marine and Environmental Sciences and Chief Sustainability Officer. Dr. Scyphers shared an overview on sustainability efforts beginning in USA's early years and leading to the recent development of the *Sustainability @ South* initiative. He discussed how this emerging initiative would make a positive impact across University components, such as with student recruitment, enrichment of campus life, and furthering collaborative opportunities with community partners. In closing, he presented the *Sustainability @ South* vision statement and detailed goals for advancing the initiative.

There being no further business, the meeting was adjourned at 3:10 p.m.

Respectfully submitted:

Lenus Perkins, Chair

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Basic Financial Statements

Three Months Ended December 31, 2024

(Unaudited)

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Basic Financial Statements
Three Months Ended December 31, 2024

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Three Months Ended December 31, 2024

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UNIVERSITY OF SOUTH ALABAMA
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Management's Discussion and Analysis (Unaudited)
Three Months Ended December 31, 2024

Introduction

The following discussion presents an overview of the financial position and financial activities of University of South Alabama (the University), including the University of South Alabama Health System (USA Health), a division of the University, at December 31, 2024 and 2023, and for the three months then ended. This discussion has been prepared by University management and should be read in conjunction with the financial statements and notes thereto, which follow.

The basic financial statements of the University consist of the University and its component units. The financial position and results of operations of the component units either are blended with the University's financial position and results of operations or are discretely presented. The treatment of each component unit is governed by pronouncements issued by the Governmental Accounting Standards Board (GASB). As more fully described in note 1 to the basic financial statements, the University of South Alabama Professional Liability Trust Fund, the University of South Alabama General Liability Trust Fund, USA HealthCare Management, LLC, Jaguar Realty, LLC, Providence Medical Network IPA, Jaguar Athletic Fund, and various billing entities are reported as blended component units. The University of South Alabama Foundation, the USA Research and Technology Corporation, the South Alabama Medical Science Foundation, Gulf Coast TotalCare, and the University of South Alabama Health Care Authority are discretely presented.

Financial Highlights

At December 31, 2024 and 2023, the University had total assets and deferred outflows of approximately \$2,401,740,000 and \$2,088,776,000, respectively; total liabilities and deferred inflows of approximately \$1,689,470,000 and \$1,564,925,000, respectively; and net position of approximately \$712,270,000 and \$523,851,000, respectively.

There was an overall increase in both restricted and unrestricted cash balances between 2023 and 2024 of \$17,876,000, or 9%, to \$215,508,000. There was a notable increase in investment balances between 2023 and 2024, increasing by \$27,761,000, or 6%, to \$455,462,000 at December 31, 2024. The University has experienced a significant growth in its healthcare operations over the past several years incurring increases in patient service revenues of \$8,635,000, or 4%, between 2023 and 2024.

An overview of each statement is presented herein along with financial analysis of the transactions impacting each statement. Where appropriate, comparative financial information is presented to assist in the understanding of this analysis.

Analysis of Financial Position and Results of Operations

Statement of Net Position

The statement of net position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the University at December 31, 2024. Net position is displayed in three parts: net investment in capital assets, restricted, and unrestricted. Restricted net position may be either expendable or nonexpendable and is the net position that is restricted by law or external donors. Unrestricted net position is generally designated by management for specific purposes and is available for use by the University to meet current expenses for any purpose. The statement of net position, along with all of the University's basic financial statements, is prepared under the economic resources measurement focus and the accrual basis of

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accounting, whereby revenues are recognized when earned and expenses are recognized when incurred by the University, regardless of when cash is exchanged.

The condensed schedules of net position at December 31, 2024 and 2023 follow (in thousands):

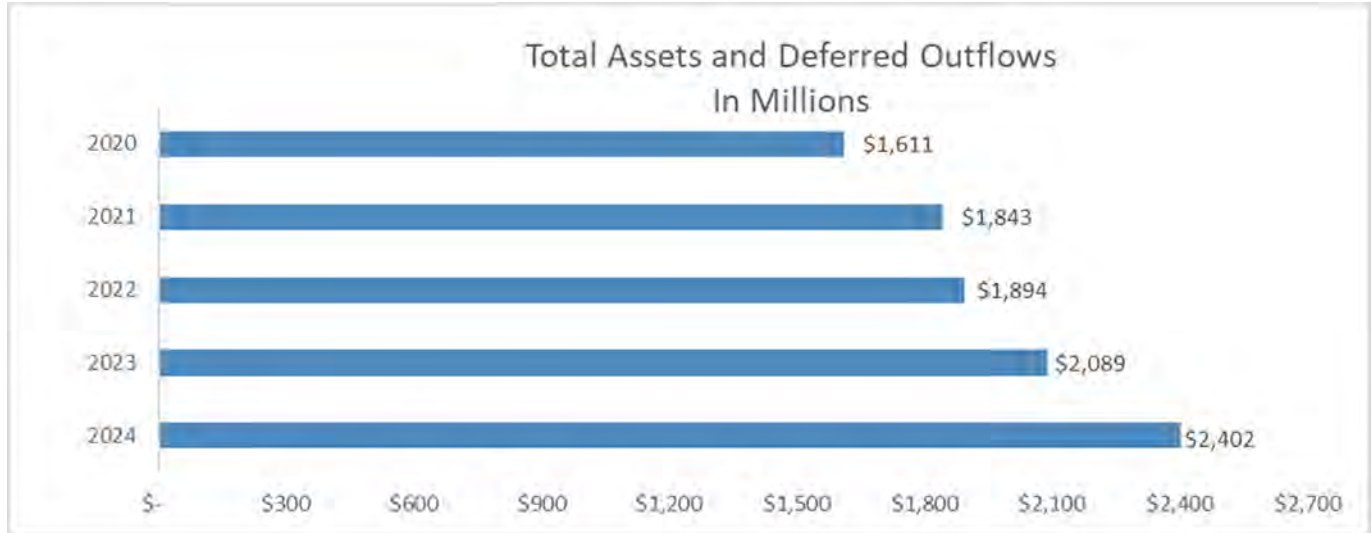
Condensed Schedules of Net Position

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|------------------|
| Assets: | | |
| Current | \$ 503,343 | 435,790 |
| Capital assets, net | 1,088,605 | 1,002,506 |
| Other noncurrent | 548,519 | 408,204 |
| Total assets | <u>2,140,467</u> | <u>1,846,500</u> |
| Deferred outflows | <u>261,273</u> | <u>242,276</u> |
| Total assets and deferred outflows | <u>\$ 2,401,740</u> | <u>2,088,776</u> |
| Liabilities: | | |
| Current | \$ 259,534 | 316,161 |
| Noncurrent | 1,023,725 | 937,355 |
| Total liabilities | <u>1,283,259</u> | <u>1,253,516</u> |
| Deferred inflows | <u>406,211</u> | <u>311,409</u> |
| Total liabilities and deferred inflows | <u>\$ 1,689,470</u> | <u>1,564,925</u> |
| Net position: | | |
| Net investment in capital assets | \$ 513,204 | 436,163 |
| Restricted, nonexpendable | 84,362 | 80,508 |
| Restricted, expendable | 123,675 | 102,647 |
| Unrestricted (deficit) | (8,971) | (95,467) |
| Total net position | <u>\$ 712,270</u> | <u>523,851</u> |

Assets included in the statement of net position are classified as current or noncurrent. Current assets consist primarily of cash and cash equivalents, investments, patient receivables, and accounts receivable, other. Of these amounts, unrestricted cash and cash equivalents, accounts receivable, other, patient receivables, and investments comprise approximately 38%, 23%, 17%, and 10% respectively, of current assets at December 31, 2024. Noncurrent assets consist primarily of restricted investments, lease receivables, and capital assets. The increase in total assets and deferred outflows is attributed to an increase in capital assets and lease receivables.

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Total assets and deferred outflows of the University as of December 31 is as follows:



Net position represents the residual interest in the University's assets and deferred outflows after liabilities and deferred inflows are deducted. Net position is classified into one of four categories:

Net investment in capital assets represents the University's capital assets less accumulated depreciation and outstanding principal balances of the debt attributable to the acquisition, construction, or improvement of those assets.

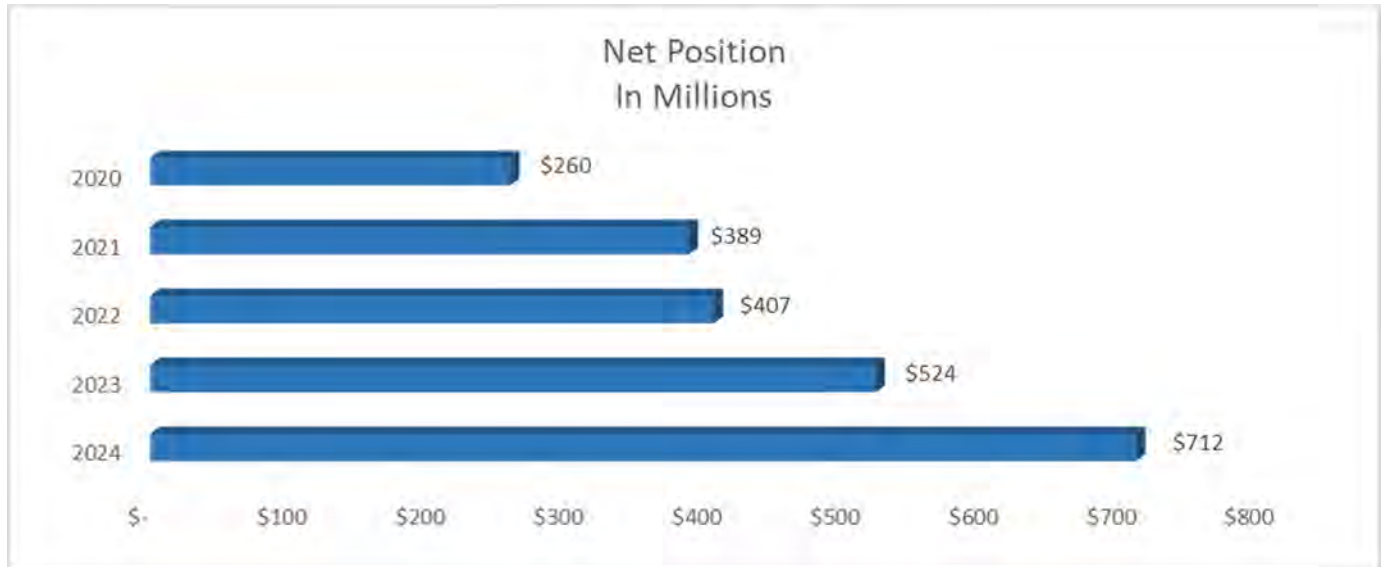
Restricted nonexpendable net position consists primarily of the University's permanent endowment funds. In accordance with the policies of the University and donor agreements, the earnings from these funds may be expended, but the corpus may not be expended and must remain intact with the University in perpetuity.

Restricted expendable net position is subject to externally imposed restrictions governing their use. The funds are restricted primarily for debt service, capital projects, student loans, and scholarship purposes.

Unrestricted net position represents amounts not invested in capital assets or not subject to externally imposed stipulations. Even though these funds are not legally restricted, the majority of the University's unrestricted net position has been internally designated for various projects, all supporting the mission of the University. Unrestricted net position includes funds for various academic and research programs, auxiliary operations (including student housing and dining services), student programs, capital projects, and general operations. Also included in unrestricted net position at December 31, 2024 is the impact of the net pension liability recorded pursuant to the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, and the impact of the net OPEB liability recorded pursuant to the requirements of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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Net position of the University as of December 31 is as follows:



Restricted net position increased by approximately \$24,882,000 between December 31, 2024 and 2023, primarily due to market increases on endowment investments and gifts to the University. Unrestricted net position deficit decreased from approximately \$(95,467,000) to \$(8,971,000) between December 31, 2023 and 2024. A summary of unrestricted net position (deficit) at December 31, 2024 and 2023 is summarized as follows (in thousands):

| | <u>2024</u> | <u>2023</u> |
|---|-------------------|-----------------|
| Unrestricted deficit related to net pension liability | \$ (349,710) | (375,894) |
| Unrestricted deficit related to net OPEB liability | (78,808) | (53,421) |
| Unrestricted net position related to other activity | 419,547 | 333,848 |
| Unrestricted net position (deficit) | <u>\$ (8,971)</u> | <u>(95,467)</u> |

Statement of Revenues, Expenses, and Changes in Net Position

Changes in total University net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of this statement is to present the changes in net position resulting from operating and nonoperating revenues earned by the University, and operating and nonoperating expenses incurred by the University, as well as any other revenues, expenses, gains, and losses earned or incurred by the University.

Generally, operating revenues have the characteristics of exchange transactions and are received or accrued for providing goods and services to the various customers and constituencies of the University. These include

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tuition and fees (net of scholarship allowances), patient service revenues (net of provision for bad debts), most noncapital grants and contracts, revenues from auxiliary enterprises, and sales and services of educational activities. Operating expenses are those expenses paid or incurred to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the University.

Nonoperating revenues have the characteristics of nonexchange transactions because, generally, no goods or services are provided. Such transactions include state appropriations, net investment income, gifts, and other contributions. State appropriations are required by GASB to be classified as nonoperating revenues. Nonoperating expenses are those expenses required in the operation and administration of the University, but not directly incurred to acquire or produce the goods and services provided in return for operating revenues. Such nonoperating expenses include interest on the University's indebtedness, losses related to the disposition of capital assets, and transfers to affiliates to fund operations.

The condensed schedules of revenues, expenses, and changes in net position for the three months ended December 31, 2024 and 2023 follow (in thousands):

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

| | 2024 | 2023 |
|--|-------------|-------------|
| Operating revenues: | | |
| Tuition and fees, net | \$ 55,434 | 52,903 |
| Patient service revenues, net | 221,099 | 212,464 |
| Federal, state, and private grants and contracts | 13,207 | 13,207 |
| Auxiliary, net and other | 27,885 | 23,482 |
| | 317,625 | 302,056 |
| Operating expenses: | | |
| Salaries and benefits | 203,527 | 184,994 |
| Supplies and other services | 123,186 | 112,378 |
| Other | 27,499 | 29,210 |
| | 354,212 | 326,582 |
| Operating loss | (36,587) | (24,526) |

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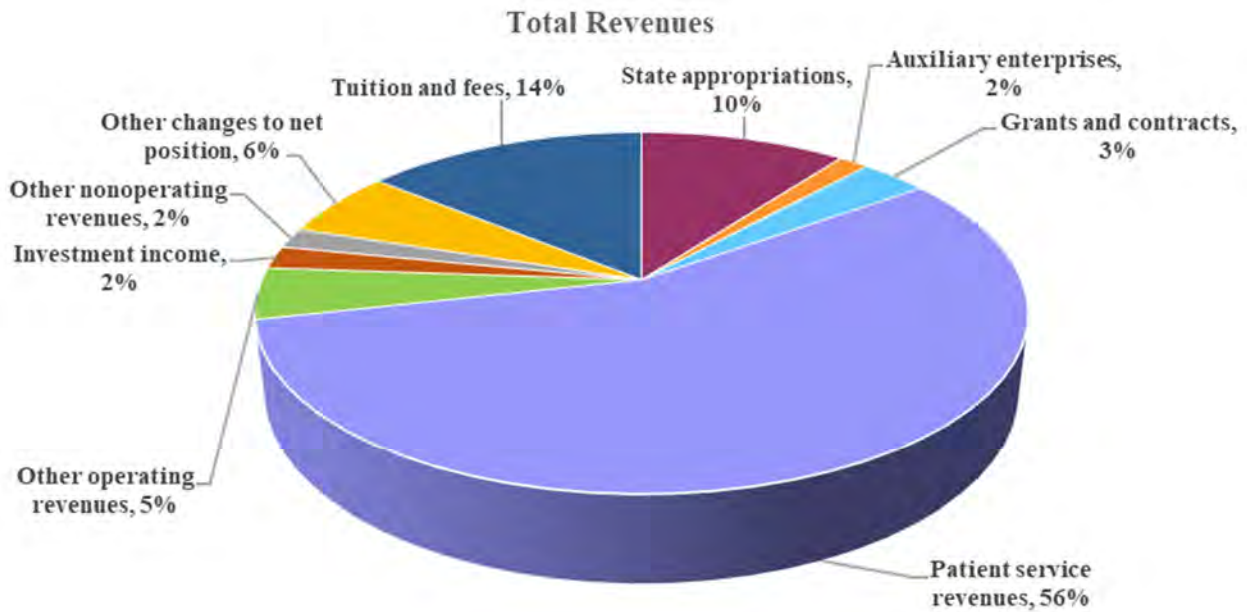
Condensed Schedules of Revenues, Expenses, and Changes in Net Position
(continued)

| | 2024 | 2023 |
|---|-------------|-------------|
| Nonoperating revenues and expenses: | | |
| State appropriations | \$ 40,365 | 37,594 |
| Net investment income | 7,932 | 21,594 |
| Other, net | (8,808) | (13,137) |
| Net nonoperating revenues | 39,489 | 46,051 |
| Income before capital appropriations, contributions and grants, and additions to endowment | 2,902 | 21,525 |
| Capital appropriations, contributions and grants, and additions to endowment | 23,341 | 9,087 |
| Increase in net position | 26,243 | 30,612 |
| Beginning net position, adjusted | 686,027 | 493,239 |
| Ending net position | \$ 712,270 | 523,851 |

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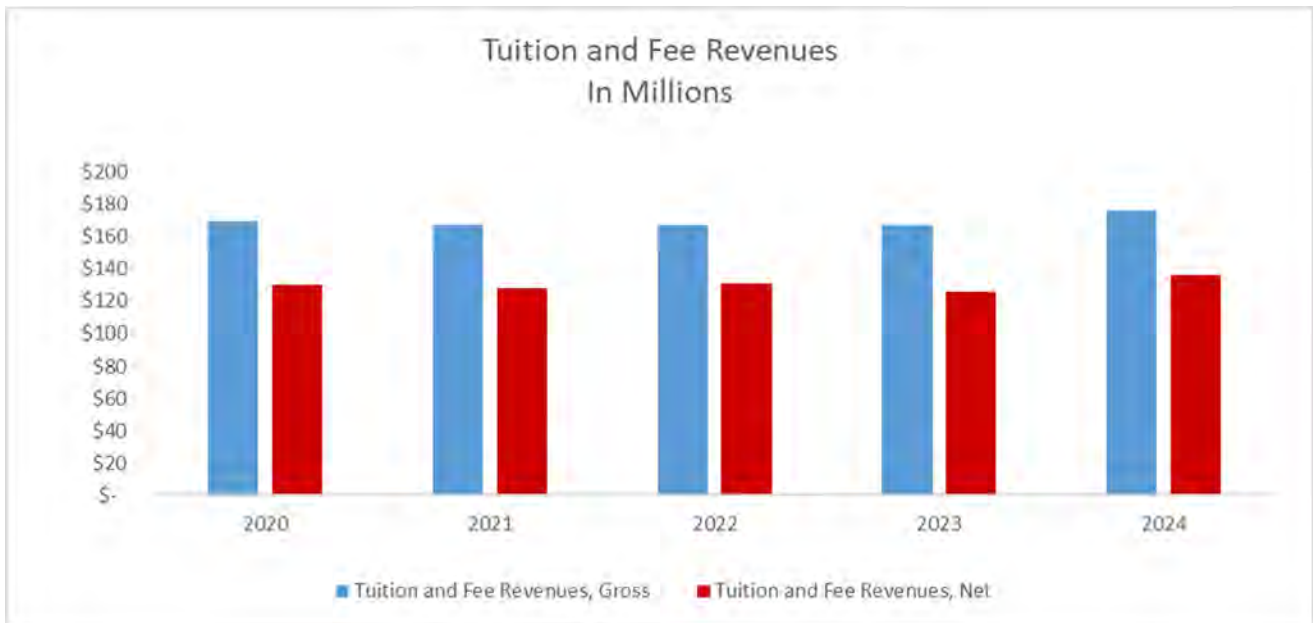
Approximately 56% of total revenues of the University were patient service revenues, net in 2024. Excluding patient service revenues, tuition and fees charged to students and state appropriations represent the largest component of total University revenues, approximately 14% and 10% of total revenues in 2024, respectively.

A summary of University revenues for the three months ended December 31, 2024 is presented as follows:



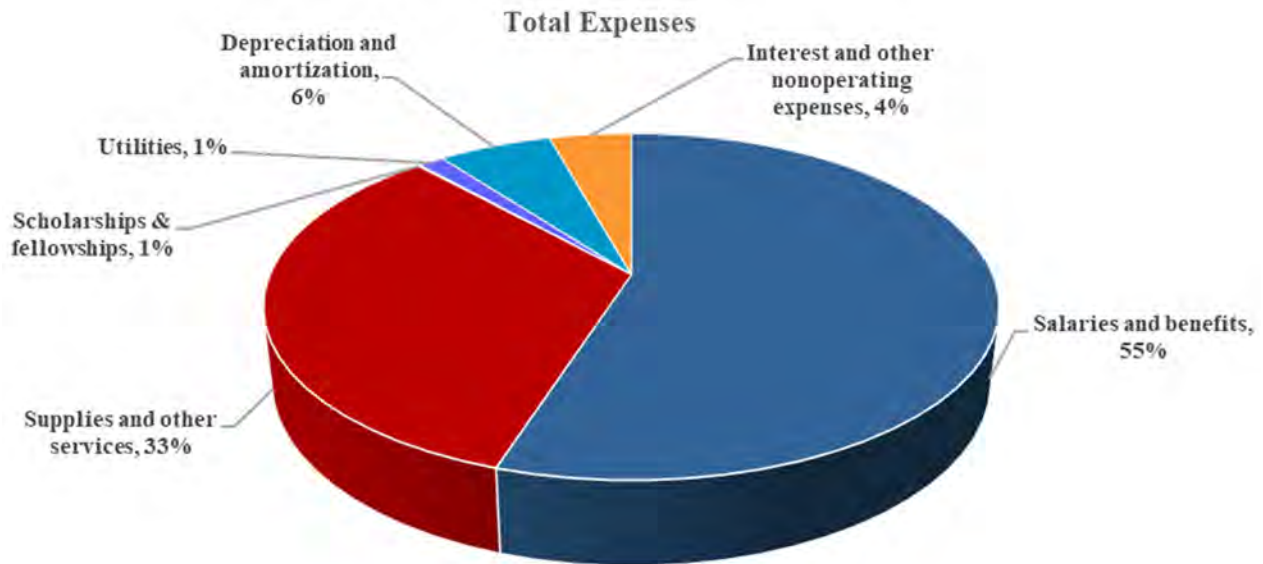
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Tuition revenues have generally remained steady in recent years. Although tuition rates did not increase from 2023 to 2024, there was a slight increase in tuition revenues due to an increase in enrollment. Tuition and fees, gross and net of scholarship allowances, for the past five fiscal years are as follows:



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Three Months Ended December 31, 2024

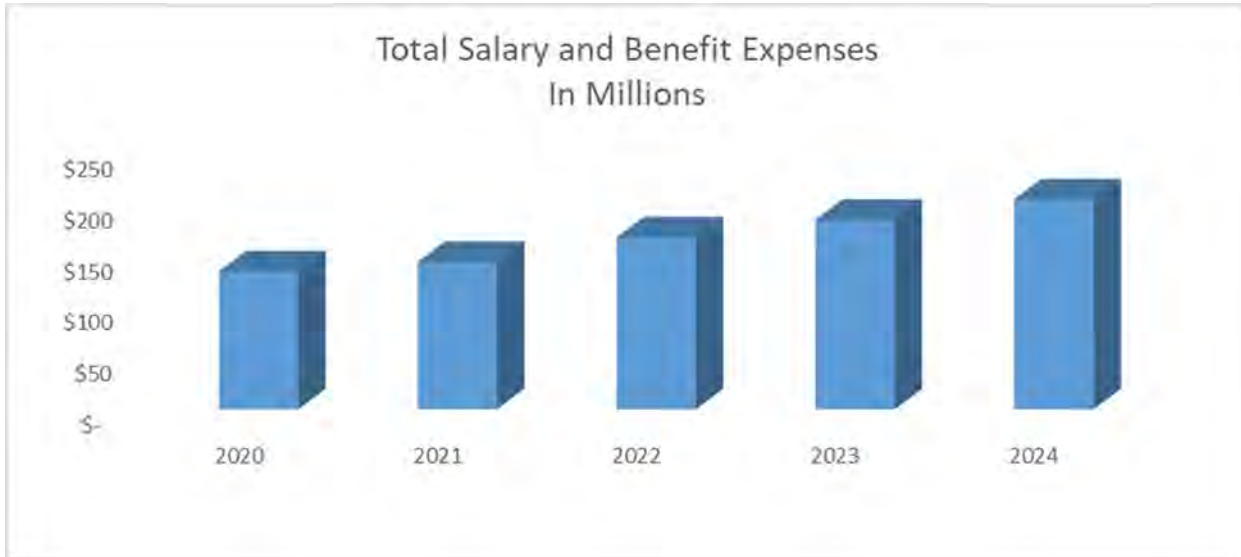
University expenses are presented using their natural expense classifications. A summary of University expenses for the three months ended December 31, 2024 is presented as follows:



Functional classifications represent expenses categorized based on the function within the University. Such University functions include instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and scholarships. Expenses related to auxiliary enterprise activities, USA Health, and depreciation and amortization are presented separately. Functional expense information is presented in note 18 to the basic financial statements.

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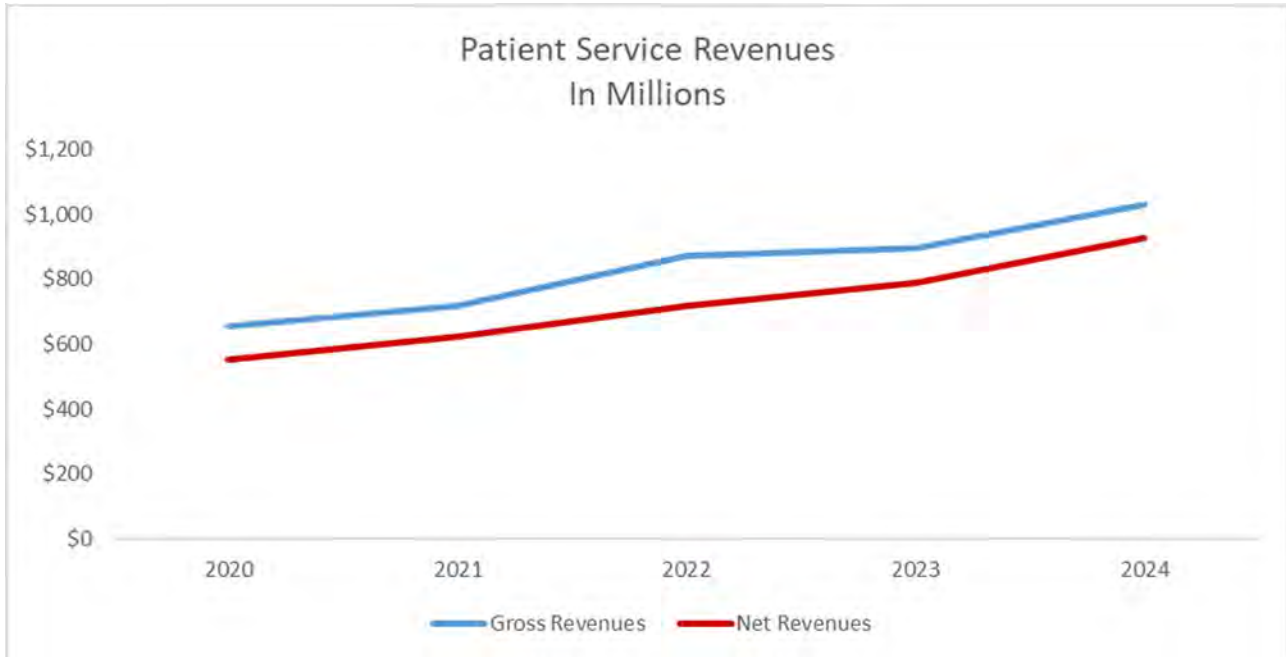
For the three months ended December 31, 2024, approximately 55% of the University's total expenses were salaries and benefits.



For the three months ended December 31, 2024 and 2023, the University reported an operating loss of approximately \$36,587,000 and \$24,526,000. The operating loss is offset by state appropriations, which, as mentioned earlier, are reported as nonoperating revenues. After considering all nonoperating revenues and expenses, including capital appropriations, capital contributions and grants, and additions to the endowment, the total increase in net position was approximately \$26,243,000 and \$30,612,000 for the three months ended December 31, 2024 and 2023, respectively.

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USA Health represents a significant portion of total University revenues. Operating patient service revenues, gross and net, for the last five fiscal years are presented as follows:



Statement of Cash Flows

The statement of cash flows presents information related to cash flows of the University. The statement presents cash flows by category: operating activities, noncapital financing activities, capital and related financing activities, and investing activities. The net cash provided to, or used in, the University is presented by category.

Capital Assets and Debt Administration

Total capital asset additions for the University were approximately \$52,257,000 for the three months ended December 31, 2024. Significant construction projects that remain in progress as of December 31, 2024 include the new Whiddon College of Medicine Building and related utility improvements, demolition of Alpha Hall South and East, Children's and Women's 5th floor renovation, Pediatric Emergency Department expansion, University Hospital Hybrid Operating Room renovation, and the Science Laboratory Building renovation, and Traditions apartment complex renovations. Major projects completed and placed into service in fiscal year 2024 include: the Physician's Office Building, North Drive utility and Central Energy Plant improvements; renovations of ROTC building, Simulation Lab, and Dining Hall; and construction of a Campus Storm Shelter and 3D Printing Lab. At December 31, 2024, the University had outstanding commitments of approximately \$191,378,000 for various capital projects. Additional information regarding the University's capital assets is included in note 5.

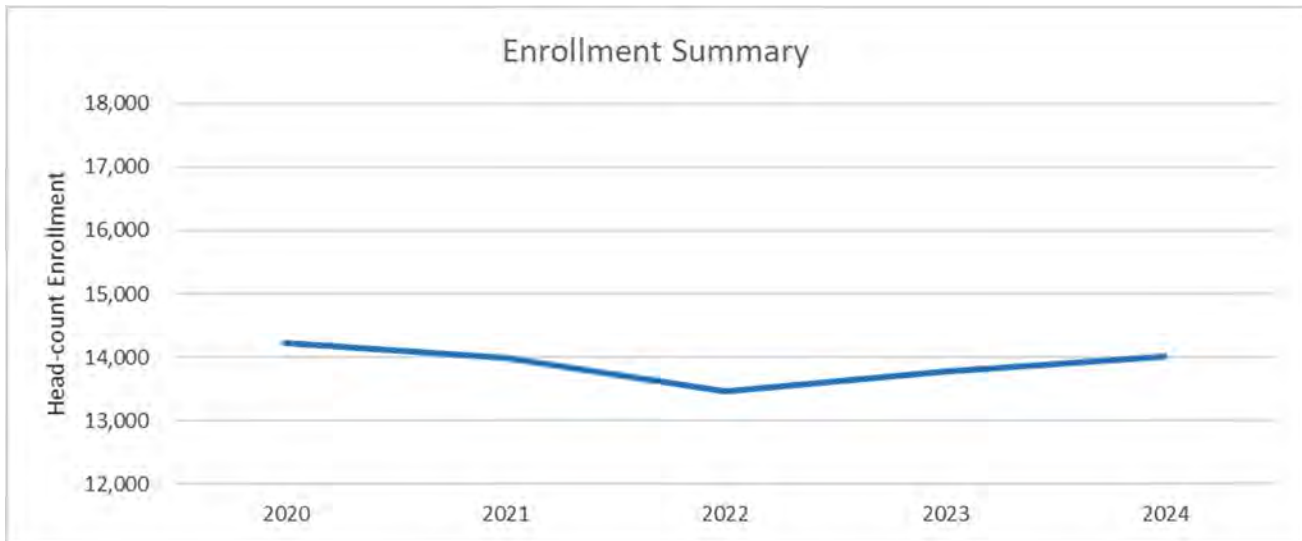
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The University's credit rating is A1 (Stable) as rated by Moody's Investors Service and A+ (Stable) as rated by Standard and Poor's Global Ratings. Moody's Investors Services revised the University's outlook from negative to stable and affirmed its A1 issuer and revenue bond ratings in June 2024. Standard and Poor's Global Ratings affirmed the University's current rating in June 2024. Additional information regarding the University's debt is included in note 8.

Economic Outlook

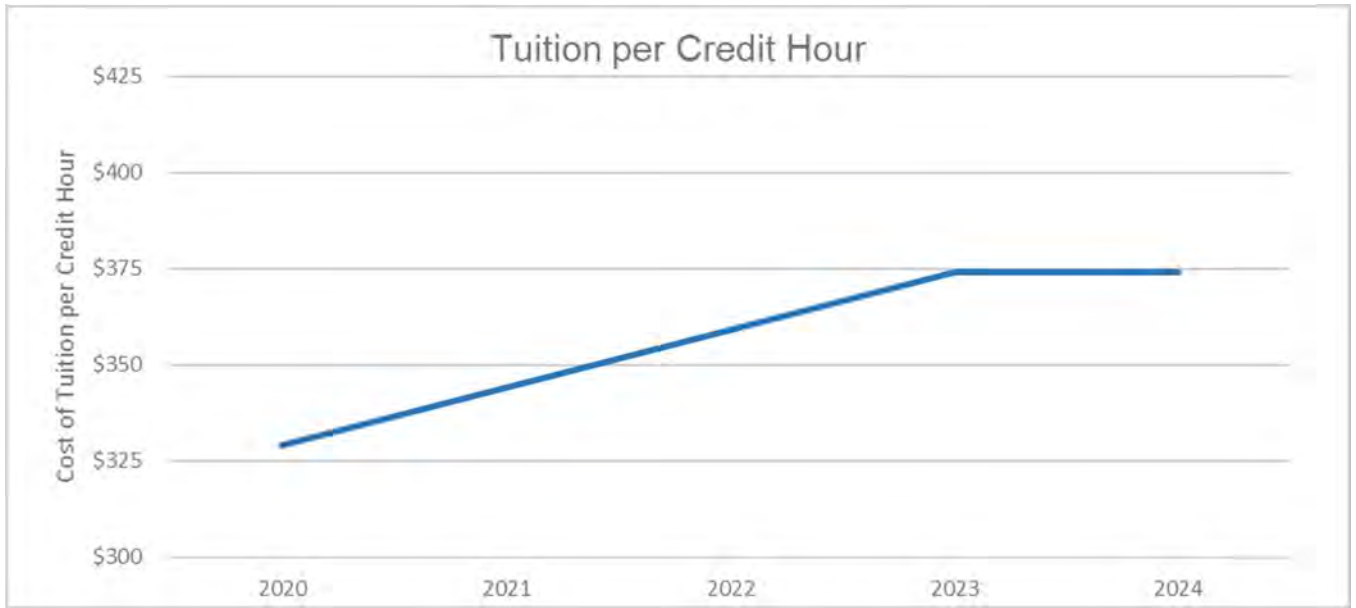
While tuition and fee rates per credit hour have increased over the past five years, there were declines in enrollment from 2020 to 2022. The University experienced an increase in enrollment of approximately 2% between Fall 2022 and Fall 2023 and an increase of 2% between Fall 2023 and Fall 2024. The rise in enrollment for Fall 2024 is due mainly to increased freshman enrollment.

The enrollment trend for the University between 2020 and 2024 is as follows:



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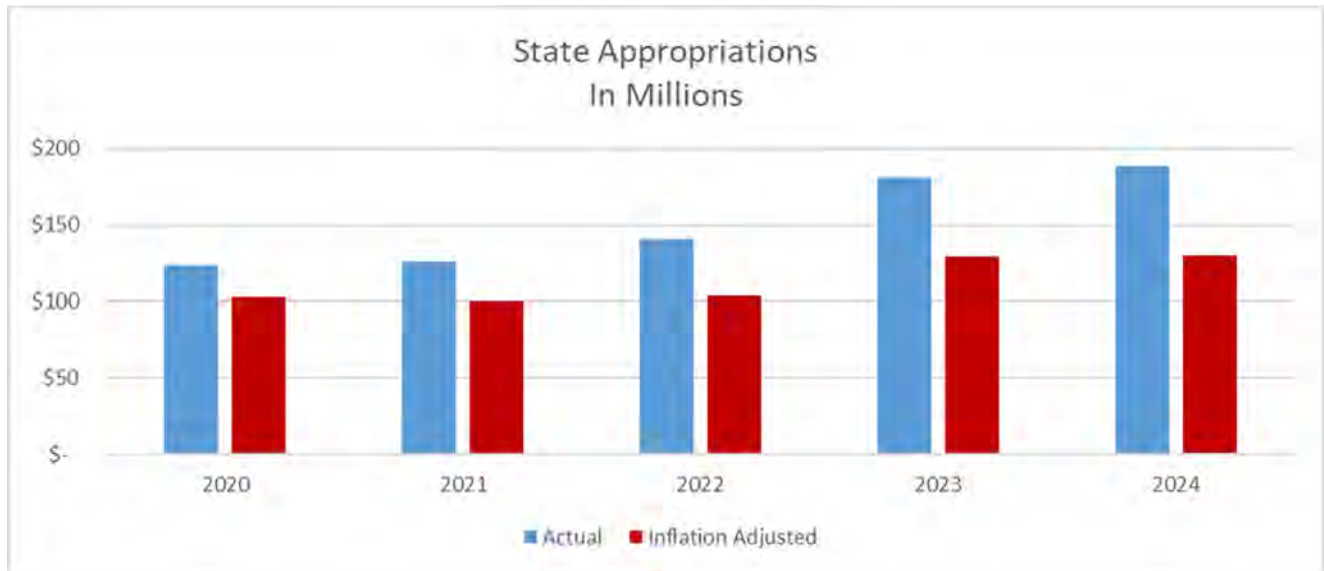
During the same period, in-state tuition per credit hour for in-person classes has increased by approximately 14%, with no increase from 2023 to 2024. Similar increases have been experienced in out-of-state tuition and College of Medicine tuition. Web tuition has decreased slightly during that period. The trend of in-state tuition per credit hour between 2020 and 2024 is as follows:



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A state appropriation in the amount of approximately \$150,375,000 and \$140,714,000 was authorized for the years ended September 30, 2024 and 2023, respectively. Additional appropriations of approximately \$37,533,000 and \$40,463,000 were received in 2024 and 2023 for advancement and technology, capital project improvements, certain academic and healthcare initiatives, and equipment. A state appropriation in the amount of approximately \$161,458,000, representing an increase of approximately 7%, has been authorized for the year ending September 30, 2025. While no announcement has been made, the University is aware that reductions in the 2025 appropriation are possible.

The five-year trend of state appropriations for the University is as follows:



In addition to state appropriations, the University is subject to declines in general economic and political conditions in the United States and, specifically, the State of Alabama. Weakening of the economy, as well as changes in federal and state funding policies, could potentially have a negative impact on the University's enrollment, extramural funding, endowment performance, and healthcare operations.

Requests for Information

These basic financial statements are designed to provide a general overview of the University of South Alabama and its component units' financial activities and to demonstrate the University's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Kristen Roberts; Chief Financial Officer; University of South Alabama Administration Building Suite 353, Mobile, Alabama 36688. These basic financial statements can be obtained from our website at <http://www.southalabama.edu/departments/financialaffairs/businessoffice/statements.html>.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Net Position

December 31, 2024

(In thousands)

| | |
|--|------------|
| Current assets: | |
| Cash and cash equivalents | \$ 192,010 |
| Restricted cash and cash equivalents | 23,498 |
| Investments | 50,488 |
| Patient receivables (net of allowance for doubtful accounts of \$83,280) | 86,461 |
| Accounts receivable, other | 117,090 |
| Notes receivable, net | 1,416 |
| Prepaid expenses, inventories, and other | 24,190 |
| Lease receivable, current portion | 8,190 |
| Total current assets | 503,343 |
| Noncurrent assets: | |
| Restricted investments | 300,828 |
| Investments | 104,146 |
| Other noncurrent assets and accounts receivable | 37,417 |
| Lease receivable, less current portion | 106,128 |
| Capital assets, net | 1,088,605 |
| Total noncurrent assets | 1,637,124 |
| Total assets | 2,140,467 |
| Deferred outflows | |
| Total assets and deferred outflows | 2,401,740 |
| Current liabilities: | |
| Accounts payable and accrued liabilities | 92,575 |
| Unrecognized revenues | 102,432 |
| Deposits | 3,981 |
| Current portion of other long-term liabilities | 3,470 |
| Current portion lease and subscription obligations | 29,123 |
| Current portion of long-term debt | 27,953 |
| Total current liabilities | 259,534 |
| Noncurrent liabilities: | |
| Long-term debt, less current portion | 476,315 |
| Lease and subscription obligations, less current portion | 56,306 |
| Other long-term liabilities, less current portion | 62,586 |
| Net pension liability | 349,710 |
| Net other postemployment benefits liability | 78,808 |
| Total noncurrent liabilities | 1,023,725 |
| Total liabilities | 1,283,259 |
| Deferred inflows | |
| Total liabilities and deferred inflows | 1,689,470 |
| Net position: | |
| Net investment in capital assets | 513,204 |
| Restricted, nonexpendable: | |
| Scholarships | 50,140 |
| Other | 34,222 |
| Restricted, expendable: | |
| Scholarships | 44,189 |
| Other | 79,486 |
| Unrestricted | (8,971) |
| Total net position | \$ 712,270 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Three Months Ended December 31, 2024

(In thousands)

| | |
|--|------------|
| Operating revenues: | |
| Tuition and fees (net of scholarship allowances of \$744) | \$ 55,434 |
| Patient service revenues (net of provision for bad debts of \$27,196) | 221,099 |
| Federal grants and contracts | 7,059 |
| State grants and contracts | 2,435 |
| Private grants and contracts | 3,713 |
| Auxiliary enterprises (net of scholarship allowances of \$23) | 9,870 |
| Other operating revenues | 18,015 |
| Total operating revenues | 317,625 |
| Operating expenses: | |
| Salaries and benefits | 203,527 |
| Supplies and other services | 123,186 |
| Scholarships and fellowships | 513 |
| Utilities | 4,901 |
| Depreciation and amortization | 22,085 |
| Total operating expenses | 354,212 |
| Operating loss | (36,587) |
| Nonoperating revenues (expenses): | |
| State appropriations | 40,365 |
| Net investment income | 7,932 |
| Interest expense | (4,318) |
| Other nonoperating revenues | 7,139 |
| Other nonoperating expenses | (11,629) |
| Net nonoperating revenues | 39,489 |
| Income before capital appropriations, capital contributions and grants, and additions to endowment | 2,902 |
| Other changes in net position | |
| Capital appropriations | 15,784 |
| Capital contributions and grants | 3,684 |
| Additions to endowment | 3,873 |
| Total other changes in net position | 23,341 |
| Increase in net position | 26,243 |
| Net position: | |
| Beginning of year, adjusted | 686,027 |
| End of period | \$ 712,270 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Cash Flows

Three Months Ended December 31, 2024

(In thousands)

| | |
|--|-------------------|
| Cash flows from operating activities: | |
| Receipts related to tuition and fees | \$ 8,090 |
| Receipts from and on behalf of patients and third-party payers | 227,043 |
| Receipts from grants and contracts | 15,897 |
| Receipts related to auxiliary enterprises | 3,070 |
| Payments to suppliers and vendors | (128,628) |
| Payments to employees and related benefits | (216,406) |
| Payments for scholarships and fellowships | (513) |
| Other operating receipts | 33,255 |
| | <u>33,255</u> |
| Net cash used in operating activities | <u>(58,192)</u> |
| Cash flows from noncapital financing activities: | |
| State appropriations | 40,384 |
| Endowment gifts | 3,873 |
| Agency funds received | 1,069 |
| Agency funds disbursed | (755) |
| Student loan program disbursements | (805) |
| Student loan program receipts | 858 |
| Other nonoperating revenues | 25,942 |
| Other nonoperating expenses | (14,416) |
| | <u>(14,416)</u> |
| Net cash provided by noncapital financing activities | <u>56,150</u> |
| Cash flows from capital and related financing activities: | |
| Capital contributions and grants | 3,684 |
| Purchases of capital assets | (32,031) |
| Proceeds from sales of capital assets | 14 |
| Principal payments on capital debt | (10,620) |
| Interest payments on capital debt | (6,829) |
| | <u>(6,829)</u> |
| Net cash used in capital and related financing activities | <u>(45,782)</u> |
| Cash flows from investing activities: | |
| Interest and dividends on investments | 5,664 |
| Purchases of investments | (51,853) |
| Proceeds from sales of investments | 37,962 |
| | <u>37,962</u> |
| Net cash provided by investing activities | <u>(8,227)</u> |
| Net decrease in cash and cash equivalents | (56,051) |
| Cash and cash equivalents (unrestricted and restricted): | |
| Beginning of year, adjusted | <u>271,559</u> |
| End of period | <u>\$ 215,508</u> |

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Statement of Cash Flows

Three Months Ended December 31, 2024

(In thousands)

| | |
|--|--------------------|
| Reconciliation of operating loss to net cash used in operating activities: | |
| Operating loss | \$ (36,587) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | |
| Depreciation and amortization | 22,085 |
| Changes in assets and liabilities, net: | |
| Student receivables | (61,659) |
| Net patient receivables | 5,641 |
| Grants and contracts receivables | 2,998 |
| Other receivables | 9,478 |
| Prepaid expenses, inventories, and other | (3,317) |
| Accounts payable and accrued liabilities | (15,543) |
| Unrecognized revenues | 18,713 |
| Net cash used in operating activities | <u>\$ (58,191)</u> |
| Reconciliation of cash and cash equivalents to the statement of net position: | |
| Cash and cash equivalents classified as current assets | \$ 192,010 |
| Restricted cash and cash equivalents classified as current assets | <u>23,498</u> |
| Total cash and cash equivalents | <u>\$ 215,508</u> |
| Noncash investing, noncapital financing, and capital and related financing transactions: | |
| Net increase in fair value of investments recognized as a component of investment gains | \$ 2,171 |
| Payments on behalf of the University by the Alabama Public School and College Authority reducing purchases of capital assets | 15,784 |
| Increase in lease and subscription obligations | 6,283 |
| Decrease in accounts payable related to capital projects | (2,846) |
| Loss on disposals of capital assets | (6) |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Financial Position

September 30, 2024

(In thousands)

| Assets | | |
|-----------------------------------|--|-------------------|
| Cash and cash equivalents | | \$ 1,758 |
| Investments: | | |
| Equity securities | | 268,902 |
| Timber and mineral properties | | 177,118 |
| Real estate | | 6,379 |
| Other | | 5,815 |
| Other assets | | <u>545</u> |
| Total assets | | <u>\$ 460,517</u> |
| Liabilities and Net Assets | | |
| Liabilities: | | |
| Other liabilities | | <u>\$ 608</u> |
| Total liabilities | | <u>608</u> |
| Net assets: | | |
| Without donor restrictions | | 61,419 |
| With donor restrictions | | <u>398,490</u> |
| Total net assets | | <u>459,909</u> |
| Total liabilities and net assets | | <u>\$ 460,517</u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Activities and Changes in Net Assets

Three Months Ended September 30, 2024

(In thousands)

| | Without donor restrictions | With donor restrictions | Total |
|---|---------------------------------------|------------------------------------|--------------|
| Revenues, gains, losses, and other support: | | | |
| Net realized and unrealized gains on investments | \$ 16 | 9,134 | 9,150 |
| Rents, royalties, and timber sales | 1,318 | 22 | 1,340 |
| Interest and dividends | 725 | 96 | 821 |
| Gifts | — | — | — |
| Required match of donor contributions | — | — | — |
| Interfund interest | (225) | 225 | — |
| Other income | — | — | — |
| Transfer of net assets | | | — |
| Net assets released from program restrictions | 3,697 | (3,697) | — |
| Total revenues, gains, losses, and other support | 5,531 | 5,780 | 11,311 |
| Expenditures: | | | |
| Program services: | | | |
| Faculty support | — | — | — |
| Scholarships | 182 | — | 182 |
| Other academic programs | 3,646 | — | 3,646 |
| Total program service expenditures | 3,828 | — | 3,828 |
| Management and general | 838 | — | 838 |
| Other investment expense | 310 | — | 310 |
| Depreciation and depletion expense | 969 | — | 969 |
| Total expenditures | 5,945 | — | 5,945 |
| Change in net assets | (414) | 5,780 | 5,366 |
| Net assets – beginning of year | 61,833 | 392,710 | 454,543 |
| Net assets – end of period | \$ 61,419 | 398,490 | 459,909 |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Net Position

December 31, 2024

(In thousands)

Assets:

Current assets:

| | | |
|---|----|-------|
| Cash and cash equivalents | \$ | 2,151 |
| Lease receivable, current portion | | 2,636 |
| Prepaid expenses and other current assets | | 62 |
| Accrued interest receivable | | 57 |
| Total current assets | | 4,906 |

Noncurrent assets:

| | | |
|--|--|--------|
| Capital assets, net | | 17,081 |
| Lease receivable, less current portion | | 11,368 |
| Total noncurrent assets | | 28,449 |

Deferred outflows

| | | |
|------------------------------------|--|--------|
| | | 426 |
| Total assets and deferred outflows | | 33,781 |

Liabilities:

Current liabilities:

| | | |
|---|--|-------|
| Deposits, other current liabilities, and accrued expenses | | 211 |
| Unrecognized rent revenue | | 256 |
| Notes payable, current portion | | 1,071 |
| Total current liabilities | | 1,538 |

Noncurrent liabilities:

| | | |
|-------------------------------------|--|--------|
| Notes payable, less current portion | | 15,635 |
| Total noncurrent liabilities | | 15,635 |

Deferred inflows

| | | |
|--|--|-----------|
| | | 13,368 |
| Total liabilities and deferred inflows | | \$ 30,541 |

Net position:

| | | |
|----------------------------------|----|-------|
| Net investment in capital assets | \$ | 1,009 |
| Unrestricted | | 2,231 |
| Total net position | \$ | 3,240 |

See accompanying notes to basic financial statements.

USA RESEARCH AND TECHNOLOGY CORPORATION
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Three Months Ended December 31, 2024

(In thousands)

| | | |
|--|----|-------|
| Operating revenues | \$ | 898 |
| Operating expenses: | | |
| Building management and operating expenses | | 296 |
| Depreciation and amortization | | 325 |
| Legal and administrative fees | | 76 |
| Insurance | | 22 |
| Total operating expenses | | 719 |
| Operating income | | 179 |
| Nonoperating revenues (expenses): | | |
| Interest expense | | (197) |
| Interest income | | 17 |
| Other | | 110 |
| Net nonoperating expenses | | (70) |
| Increase in net position | | 109 |
| Net position: | | |
| Beginning of year | | 3,131 |
| End of period | \$ | 3,240 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Net Position

December 31, 2024

(In thousands)

| | |
|--|------------|
| Current assets: | |
| Cash and cash equivalents | \$ 6,669 |
| Restricted cash and cash equivalents | 431 |
| Patient receivables (net of allowance for doubtful accounts of \$33,535) | 55,780 |
| Accounts receivable, other | 9,143 |
| Inventories | 2,579 |
| Lease receivable, current portion | 982 |
| Other current assets | 2,139 |
| Total current assets | 77,723 |
| Noncurrent assets: | |
| Capital assets, net | 147,707 |
| Investments | 936 |
| Lease receivable, less current portion | 3,005 |
| Total noncurrent assets | 151,648 |
| Total assets | \$ 229,371 |
| Current liabilities: | |
| Accounts payable and accrued liabilities | \$ 48,865 |
| Accrued salaries and wages | 8,900 |
| Lease and subscription obligations, current portion | 7,848 |
| Long-term debt, current portion | 205 |
| Deferred revenue | 252 |
| Total current liabilities | 66,070 |
| Noncurrent liabilities: | |
| Lease and subscription obligations, less current portion | 108,174 |
| Long-term debt, less current portion | 21,423 |
| Total noncurrent liabilities | 129,597 |
| Deferred inflows | |
| Total liabilities and deferred inflows | \$ 199,164 |
| Net position: | |
| Net investment in capital assets | \$ 10,053 |
| Restricted | 431 |
| Unrestricted | 19,723 |
| Total net position | \$ 30,207 |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA HEALTH CARE AUTHORITY
(A Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Three Months Ended December 31, 2024

(In thousands)

| | |
|---|------------------|
| Operating revenues: | |
| Patient service revenues (net of provision for bad debts of \$10,678) | \$ 71,995 |
| Other operating revenues | <u>13,880</u> |
| Total operating revenues | <u>85,875</u> |
| Operating expenses: | |
| Salaries and benefits | 40,595 |
| Building and equipment expenses | 2,872 |
| Medical and surgical supplies | 23,914 |
| Other expenses | 24,626 |
| Depreciation and amortization | <u>2,576</u> |
| Total operating expenses | <u>94,583</u> |
| Operating loss | <u>(8,708)</u> |
| Nonoperating revenues (expenses): | |
| Investment income | 49 |
| Support from University of South Alabama | 11,558 |
| Interest expense | (1,579) |
| Other nonoperating revenues | 19 |
| Other nonoperating expenses | <u>(10)</u> |
| Total nonoperating revenues, net | <u>10,037</u> |
| Increase in net position | 1,329 |
| Net position at beginning of period | <u>28,878</u> |
| Net position at end of period | <u>\$ 30,207</u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA MEDICAL SCIENCE FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Financial Position

December 31, 2024

(In thousands)

Assets:

| | | |
|--|----|---------------|
| Cash and cash equivalents | \$ | 889 |
| Restricted cash | | 229 |
| Investments | | 11,666 |
| Accounts receivable, other | | 76 |
| Prepaid expenses, inventories, and other | | 2 |
| Total assets | \$ | <u>12,862</u> |

Liabilities and Net Assets

Liabilities:

| | | |
|--|----|----------|
| Accounts payable and accrued liabilities | \$ | — |
| Deferred revenue | | — |
| Total liabilities | | <u>—</u> |

Net assets:

| | | |
|----------------------------------|----|---------------|
| Unallocated | | 7,500 |
| Basic Science Departments | | 53 |
| Grants & Contracts | | 5,080 |
| Endowment | | 229 |
| Total net assets | | <u>12,862</u> |
| Total liabilities and net assets | \$ | <u>12,862</u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA MEDICAL SCIENCE FOUNDATION
(Discretely Presented Component Unit of the University of South Alabama)

Consolidated Statement of Activities and Changes in Net Assets

Three Months Ended December 31, 2024

(In thousands)

| | | |
|--------------------------------|----|---------------------|
| Revenue: | | |
| Grants and Contracts | \$ | 64 |
| Sales & Registration | | 20 |
| Interest Income | | 73 |
| License Fee & Other Income | | 1 |
| Total Revenue | | <u>158</u> |
| Expenditures: | | |
| Contributions to USA | | 4 |
| Travel & Entertainment | | 66 |
| Recruiting & Advertising | | 1 |
| Contract Services | | 27 |
| Equipment | | 1 |
| Other Operating Expenses | | 101 |
| Total Expenditures | | <u>200</u> |
| Revenue Under Expenditures | | (42) |
| Transfers & Other Changes: | | |
| Change in Value of Investments | | <u>(217)</u> |
| Net Decrease | \$ | <u><u>(259)</u></u> |

See accompanying notes to basic financial statements.

GULF COAST TOTALCARE
 (Discretely Presented Component Unit of the University of South Alabama)

Statement of Net Position

December 31, 2024

(In thousands)

| | | |
|--|----|---------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ | 308 |
| Investments | | 250 |
| Accounts receivable, other | | 488 |
| Prepaid expenses, inventories, and other | | 11 |
| Total current assets | | <u>1,057</u> |
| Total assets | \$ | <u>1,057</u> |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | | <u>442</u> |
| Total current liabilities | \$ | <u>442</u> |
| Unrestricted net assets: | | |
| Unreserved | | 365 |
| Reserved | | <u>250</u> |
| Total unrestricted net assets | | <u>615</u> |
| Total liabilities and net assets | \$ | <u><u>1,057</u></u> |

See accompanying notes to basic financial statements.

GULF COAST TOTALCARE
(Discretely Presented Component Unit of the University of South Alabama)

Statement of Revenues, Expenses, and Changes in Net Position

Three Months Ended December 31, 2024

(In thousands)

| | |
|-----------------------------|----------------------|
| Operating revenues: | |
| Patient service revenues | \$ <u>607</u> |
| Total operating revenues | <u>607</u> |
| Operating expenses: | |
| Supplies and other services | <u>612</u> |
| Total operating expenses | <u>612</u> |
| Operating loss | <u>(5)</u> |
| Net position: | |
| Beginning of year | <u>620</u> |
| End of period | \$ <u><u>615</u></u> |

See accompanying notes to basic financial statements.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Basic Financial Statements
Three Months Ended December 31, 2024 (Unaudited)

(1) Summary of Significant Accounting Policies

(a) Reporting Entity

On May 3, 1963, the Governor of Alabama signed enabling legislation creating the University of South Alabama (the University). The accompanying basic financial statements present the financial position and activities of the University, which is a component unit of the State of Alabama.

The financial reporting entity, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units*, consists of the primary government and all of its component units. Component units are legally separate organizations for which the primary government is financially accountable. In addition, the primary government may determine, through exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization is included as a component unit. Accordingly, the basic financial statements include the accounts of the University, as the primary government, and the accounts of the entities discussed below as component units.

GASB Statement No. 61 amended GASB Statements No. 14 and No. 39 and provides criteria for determining whether certain organizations should be reported as component units based on the nature and significance of their relationship with the primary government. Such criteria include the appointment of a voting majority of the board of the organization, the ability to impose the will of the primary government on the organization, and the financial benefits/burden between the primary government and the potential component unit. The statement also clarifies reporting and disclosure requirements for those organizations. Based on these criteria as of December 31, 2024, the University reports University of South Alabama Foundation (USA Foundation), USA Research and Technology Corporation (the Corporation), the University of South Alabama Health Care Authority (HCA), the South Alabama Medical Science Foundation (SAMSF), and Gulf Coast TotalCare (GCTC) as discretely presented component units. Each of these entities issue separate audited financial statements, which can be obtained by contacting Kristen Roberts, Chief Financial Officer, University of South Alabama Administration Building, Suite 353, Mobile, Alabama 36688.

UNIVERSITY OF SOUTH ALABAMA

(A Component Unit of the State of Alabama)

Notes to Basic Financial Statements

Three Months Ended December 31, 2024 (Unaudited)

GASB requires the University, as the primary government, to include in its basic financial statements, as a blended component unit, organizations that, even though they are legally separate entities, meet certain requirements. Based on these requirements, the University reports the Professional Liability Trust Fund (PLTF); General Liability Trust Fund (GLTF); USA HealthCare Management, LLC; Jaguar Realty, LLC; Jaguar Athletic Fund (JAF); USA Health Physician Billing Services, LLC; USA Health Hospital Billing Services, LLC; USA Health Anesthesia Billing Services, LLC; USA Health Reference Lab Billing Services, LLC; USA Health MCI Business Services, LLC; USA Health Children's and Women's Provider Based Clinics, LLC; Providence Medical Network IPA, LLC (Providence IPA); USA Health Rehabilitation Services, LLC; and USA Health Community Providers, LLC as blended component units. All significant transactions between the University and its blended component units have been eliminated.

The University is also affiliated with the University of South Alabama Foundation for Research and Commercialization (FRAC) and the USA Presidential 1963 Fund. These entities are considered component units of the University under the provisions of GASB Statement Nos. 14, 39, 61, and 80. However, these entities are not presented in the accompanying basic financial statements as the University does not consider them significant enough to warrant inclusion in the University's reporting entity.

In October 2023, through the acquisition of Ascension Providence, the University obtained joint ownership of HighProv, LLC, and Providence Home Medical Services, LLC,. HighProv, LLC and Providence Home Medical Services, LLC are currently included in investments on the statement of net position in accordance with GASB Statement No.14.

(b) Professional Liability and General Liability Trust Funds

The medical malpractice liability of the University is maintained and managed in its separate PLTF in which the University, HCM, SAMSF, and HCA are the only participants. In accordance with the bylaws of the PLTF, the president of the University is responsible for appointing members of the PLTF policy committee. Additionally, the general liability of the University, HCM, SAMSF, the Corporation, and HCA is maintained and managed in its GLTF for which the University is responsible. The PLTF and GLTF are separate legal entities, which are governed by the University Board of Trustees through the University president. As such, PLTF and GLTF are reported as blended component units (see note 19 for further discussion of, and disclosure for, these entities).

(c) USA HealthCare Management, LLC

In June 2010, the University's Board of Trustees approved the formation of USA HealthCare Management, LLC (HCM). HCM was organized for the purpose of managing and operating on behalf of, and as agent for, payroll activities related to the healthcare clinical enterprise of the University. The University is the sole member of HCM. HCM commenced operations in October 2010 and is reported as a blended component unit (see note 19 for further discussion of, and disclosure for, this entity).

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(d) Providence Medical Network IPA, LLC

Through the Ascension Providence acquisition in October 2023, the University became the sole member of the Providence IPA. The Providence IPA is a legally separate entity reported as a blended component unit and operates as an independent physician association. Revenues of approximately \$2,072,000, excluding significant transactions between the University and the IPA, are included within other operating revenues on the statement of revenues, expenses, and changes in net position. Expenses of approximately \$2,027,000, excluding significant transactions between the University and the IPA, are included within supplies and other services on the statement of revenues, expenses, and changes in net position. The Providence IPA has a calendar year-end, which differs from the University's September 30 year-end. In accordance with GASB Statement No. 14 and Statement No. 61, the University has included the Providence IPA's financial statements for the period October 1, 2023 through December 31, 2023 in the University's financial statements as of September 30, 2024. For the year ended September 30, 2024, the Providence IPA has paid approximately \$56,000 in claims to the University (see note 20 for further discussion of, and disclosure for, this entity).

(e) USA Health Billing Limited Liability Companies

Over the last few years, the University formed the USA Health Physician Billing Services, LLC; USA Health Hospital Billing Services, LLC; USA Health Anesthesia Billing Services, LLC; USA Health Reference Lab Billing Services, LLC; USA Health MCI Business Services, LLC; USA Health Children's and Women's Provider Based Clinics, LLC; and USA Health Community Providers, LLC as limited liability companies, whereby the University is the sole member. These companies were created to assist with the complex patient and insurance billing of USA Health, a division of the University that includes two hospitals, a free-standing emergency department, a cancer treatment center, and various health clinics. Based on GASB requirements, the University, as the primary government, includes these limited liability companies as blended component units. All significant transactions between the University and its blended component units have been eliminated.

(f) University of South Alabama Health Care Authority

In May 2017, the University's Board of Trustees approved the formation of HCA. HCA is a public corporation created under and pursuant to the provisions of the State of Alabama University Authority Act of 2016. HCA employs physicians and staff of certain physician practice groups as determined appropriate by the University. HCA presents its financial statements in accordance with GASB.

HCA is the sole member of the following companies: Mobile Heart USA, LLC; USA Health HCA Industrial Medicine Clinic, LLC; USA Health IPA, LLC; USA Health Daphne Family Practice, LLC; USA Mobile County ASC; USA Health HCA Providence Hospital, LLC; and USA Health Providence Retail Pharmacy, LLC. These companies were created to assist with the complex patient and insurance billings within HCA. Based on the criteria listed above, GASB requires HCA, as the primary government, to include each of these limited liability companies as blended component units. All significant transactions among HCA and its blended component units have been eliminated.

HCA holds a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco), a multimember limited liability company formed to invest in USA Baldwin County ASC, LLC (USA BC ASC), a limited

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liability company formed to develop, own, and operate the Ambulatory Surgery Center on the USA Health Mapp Family Campus. For the three months ended December 31, 2024, HCA's capital account balance is \$942,000 and is presented on the statement of net position as an investment.

In August 2020, HCA formed USA Health IPA, LLC (the IPA), a limited liability company of which HCA is the sole member. The IPA was formed to operate an independent physician association, which began in August 2021. Exclusive of transactions between HCA and the IPA totaling \$917,000, IPA revenues and expenses of approximately \$7,599,000 and \$7,599,000, respectively, are included within the statement of revenues, expenses, and changes in net position. The IPA has a calendar year-end, which differs from HCA's September 30 year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, HCA has included the IPA's financial statements for the year ended December 31, 2023 in HCA's financial statements as of December 31, 2024.

During fiscal year 2022, HCA obtained an equity interest in a multimember limited liability company, USA Fairhope Physician Investors, LLC (FPI). HCA's capital account balance is presented on the December 31, 2024 statement of net position as a noncurrent investment.

Since inception, HCA's operations have been partially funded by the University, with total support amounting to \$11,558,000 for the three months ended December 31, 2024. This support is reported in nonoperating expenses on the University's statement of revenues, expenses, and changes in net position. Due to the significance of the relationship between the University and HCA, HCA is considered a component unit of the University. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for HCA as of and for the three months ended December 31, 2024 are discretely presented.

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(g) *University of South Alabama Foundation*

USA Foundation is a not-for-profit corporation that was organized for the purpose of promoting education, scientific research, and charitable purposes, and to assist in developing and advancing the University in furthering, improving, and expanding its properties, services, facilities, and activities. Because of the significance of the relationship between the University and USA Foundation, USA Foundation is considered a component unit of the University. The Board of Directors of USA Foundation is not appointed or controlled by the University. The University receives distributions from USA Foundation primarily for scholarship, faculty, and other support. Total distributions received or accrued by the University for the three months ended December 31, 2024 were approximately \$6,328,000 and are included primarily in other nonoperating revenues and capital contributions and grants in the University's statement of revenues, expenses, and changes in net position. USA Foundation presents its financial statements in accordance with standards issued by the Financial Accounting Standards Board (FASB). USA Foundation is reported in separate financial statements because of the difference in the financial reporting framework since USA Foundation follows FASB rather than GASB. USA Foundation has a June 30 fiscal year-end, which differs from the University's September 30 fiscal year-end. In accordance with GASB Statement No. 14 and GASB Statement No. 61, the University has included USA Foundation's statements for the three months ended September 30, 2024 in the University's financial statements as of December 31, 2024. The accompanying consolidated statement of financial position and consolidated statement of activities and changes in net assets for USA Foundation as of and for the three months ended September 30, 2024 are discretely presented.

(h) *USA Research and Technology Corporation*

In June 2002, the University's Board of Trustees approved the formation of the Corporation. The Corporation is a not-for-profit corporation that exists for the purpose of furthering the educational and scientific mission of the University by developing, attracting, and retaining technology and research industries in Alabama that will provide professional and career opportunities to the University's students and faculty. Due to the significance of the relationship between the University and the Corporation, the Corporation is considered a component unit of the University. The Corporation presents its financial statements in accordance with GASB. The accompanying statement of net position and statement of revenues, expenses, and changes in net position for the Corporation as of and for the three months ended December 31, 2024 are discretely presented.

(i) *Measurement Focus and Basis of Accounting*

For financial reporting purposes, the University is considered a special purpose governmental agency engaged only in business-type activities, as defined by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. Accordingly, the University's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

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(j) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets and liabilities, revenues, and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

In particular, laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs could change by a material amount in the near term.

(k) Cash and Cash Equivalents (including restricted amounts)

Cash and cash equivalents are defined as petty cash, demand accounts, certificates of deposit, and any short-term investments that take on the character of cash. These investments have maturities of less than three months at the time of purchase and include repurchase agreements and money market accounts. Restricted cash and cash equivalents share the same definitions and maturities of unrestricted cash and cash equivalents but are designated by external parties for specified purposes such as collateral requirements, designated gifts, or bond proceeds.

(l) Investments and Investment Income

The University reports the fair value of investments using the three-level hierarchy established under GASB Statement No. 72, *Fair Value Measurement and Application*. The fair value of alternative investments (low-volatility, multistrategy funds of funds) and certain private equity partnerships do not have readily ascertainable market values and the University values these investments in accordance with valuations provided by the general partners or fund managers of the underlying partnerships or companies, typically based on net asset value (NAV) of the partnership or commingled vehicle. Because some of these investments are not readily marketable, the estimated fair value is subject to uncertainty and, therefore, may differ from the fair value that would have been used had a ready market for the investment existed. Investments received by gift are recorded at fair value at the date of receipt. Changes in the fair value of investments are reported in net investment income.

(m) Deferred Outflows and Inflows of Resources

Deferred outflows of resources consist of employer contributions to the Teacher's Retirement System of Alabama and the Public Education Employees Health Insurance Plan subsequent to the plan's measurement dates, changes in proportion and differences between employer contributions and proportionate share of contributions related to the OPEB plan, changes in actuarial and other assumptions related to the pension plan, the difference between the consideration provided and the net position acquired for South Coast in the Ascension Providence acquisition, and the loss on the defeasement of certain bond series.

Deferred inflows of resources consist of the proportionate share of the differences between expected and actual experience related to the pension plan, net difference between projected and actual earnings on pension and OPEB plan investments, changes of assumptions in the OPEB plan, changes in proportion and differences between employer contributions and proportionate share of contributions

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in pension and OPEB plans, gain on the refunding of certain bond series, and the value of contractual rights to lease revenue in future reporting periods.

(n) Bond Premiums, Discounts, and Loss on Extinguishment Costs

Bond premiums, discounts, and loss on extinguishment costs associated with the issuance of certain bond series are capitalized and amortized over the life of the respective bond series on a straight-line basis.

(o) Accounts Receivable

Patient receivables primarily result from hospital and ambulatory patient service revenues. Accounts receivable, other includes amounts due from students, the federal government, state and local governments, or private sources in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts and patient receivables are recorded net of estimated uncollectible amounts.

(p) Lease Receivable

Lease receivable and current portion thereof on the statement of net position represents the University's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. Lease receivables are recognized at the commencement date based on the present value of lease payments to be received over the lease term discounted using an appropriate incremental borrowing rate. The commencement date is either when the lessee takes possession of the asset or, in the case of real estate leases, when the landlord makes the building or office space available for use. The value of an option to extend or terminate a lease is reflected to the extent it is reasonably certain the lessee will exercise that option. Interest revenue is recognized as a component of the lease payments received and is included in other nonoperating revenues on the statement of revenues, expenses, and changes in net position.

(q) Inventories

The University's inventories primarily consist of medical supplies and pharmaceuticals. Medical supplies and pharmaceuticals are stated at the lower of cost (first-in, first-out method) or market.

(r) Capital Assets

Capital expenditures with a cost of \$5,000 or more are capitalized at cost, if purchased, or, if donated, at fair value at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable assets using the straight-line method. Major aggregate capital asset purchases, including renewals and renovations, are capitalized. Purchases for multiple items of minor equipment are evaluated to see if they are part of a single overall transaction, have a single objective, and meet or exceed the established aggregate threshold of \$75,000. If a purchase of minor equipment meets the aggregate guidelines and has a useful life of two or more years, it is capitalized at cost once all items are received and placed into use. Costs for repairs and maintenance are expensed when incurred. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are

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removed from the accounts and the gain or loss, if any, is included in nonoperating revenues (expenses) in the statement of revenues, expenses, and changes in net position.

All capital assets other than land are depreciated using the following asset lives:

| | |
|--|-----------------|
| Buildings, infrastructure, and certain building components | 10 to 100 years |
| Fixed equipment | 10 to 20 years |
| Land improvements | 8 to 20 years |
| Library materials | 10 years |
| Other equipment | 3 to 15 years |

Certain buildings are componentized for depreciation purposes.

Lease and subscriptions are included in capital assets as right-of-use assets on the statement of net position. Right-of-use assets represent the University's right to use an underlying asset for the specified term and are comprised of leased equipment, buildings, office space, and subscription-based information technology arrangements. Lease and subscription right-of-use assets are recognized at the commencement date based on the present value of the payments over the agreement term discounted using the lessor interest rate or an appropriate incremental borrowing rate. The commencement date is either when the University takes possession of the asset or when the asset becomes available for use. Amortization of right-of-use assets is recognized on a straight-line basis over the agreement term or useful life of the asset, whichever is shorter.

The University evaluates impairment in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. For the three months ended December 31, 2024, no impairments were identified.

(s) Unrecognized Revenues

Student tuition, fees, and dormitory rentals are billed in advance and initially recorded as a component of unrecognized revenues in the statement of net position and, then recognized in revenue over the applicable portion of each school term.

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(t) Cost Sharing Multiple-Employer Pension Plan

Employees of the University are covered by a cost sharing multiple-employer defined benefit pension plan (the Plan) administered by the Teachers' Retirement System of Alabama (TRS). The TRS financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to Plan requirements. Benefits and refunds are recognized as expenses when due and payable in accordance with the terms of the Plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported at fair value. Financial statements are prepared in accordance with requirements of the GASB. Under these requirements, the Plan is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

(u) Postemployment Benefits Other Than Pensions (OPEB)

Employees of the University are covered by a cost sharing multiple-employer other postemployment benefit plan administered by the Alabama Retired Education Employees Health Care Trust (Trust). The Trust's financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Trust, and additions to/deductions from the Trust's fiduciary net position. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to plan requirements. Benefits are recognized when due and payable in accordance with the terms of the Plan. In accordance with GASB, the Trust is considered a component unit of the State of Alabama and is included in the State's Annual Comprehensive Financial Report.

(v) Classification of Net Position

The University's net position is classified as follows:

Net investment in capital assets reflects the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such debt is excluded from the calculation of net investment in capital assets.

Restricted, nonexpendable net position consists of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted, expendable net position includes resources that the University is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

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Unrestricted net position represents resources derived from student tuition and fees, state appropriations, patient service revenues, sales and services of educational activities, and auxiliary enterprises. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. While unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees, they are available for use at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University addresses each situation on a case-by-case basis prior to determining the resources to be used to satisfy the obligation.

(w) *Scholarship Allowances and Student Financial Aid*

Student tuition and fees, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University and the amount paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs are recorded as either operating or nonoperating revenues in the University's basic financial statements based on their classification as either an exchange or a nonexchange transaction. To the extent that revenues from such programs satisfy tuition and fees and certain other student charges, the University has recorded a scholarship discount and allowance.

(x) *Donor-Restricted Endowments*

The University is subject to the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) of the Code of Alabama. This law allows the University, unless otherwise restricted by the donor, to spend net appreciation, realized and unrealized, of the endowment assets. The law also allows the University to appropriate for expenditure or accumulate to an endowment fund such amounts as the University determines to be prudent for the purposes for which the endowment fund was established. The University's endowment spending policy provides that 4.5% of the five-year invested net asset moving average value (inclusive of net realized and unrealized gains and losses), as measured at September 30, is available annually for spending. The University's policy is to retain the endowment net interest and dividend income and net realized and unrealized appreciation with the endowment after distributions allowed by the spending policy have been made. These amounts, unless otherwise directed by the donor, are included in restricted expendable net position.

(y) *Classification of Revenues*

The University has classified its revenues as either operating or nonoperating revenues.

Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances; patient service revenues, net of provision for bad debts; most federal, state, and local grants and contracts; sales and services of auxiliary enterprises, net of scholarship allowances; and lease revenue.

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Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as state appropriations, investment income, and gifts and contributions.

(z) Gifts and Pledges

Pledges of financial support from organizations and individuals representing an unconditional promise to give are recognized in the basic financial statements once all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges generally do not meet eligibility requirements, as defined by GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and are not recorded as assets until the related gift has been received. Unconditional promises that are expected to be collected in future years are recorded at the present value of the estimated future cash flows.

(aa) Grants and Contracts

The University has been awarded grants and contracts for which funds have not been received or expenditures made for the purpose specified in the award. These awards have not been reflected in the basic financial statements but represent commitments of sponsors to provide funds for specific research or training projects. For grants that have allowable cost provisions, the revenue will be recognized as the related expenditures are made. For grants with work completion requirements, the revenue is recognized as the work is completed. For grants without either of the above requirements, the revenue is recognized as it is received.

(bb) Patient Service Revenues

Patient service revenues are reported at estimated net realizable amounts due from patients, third-party payers, and others for healthcare services rendered, including estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such amounts are adjusted in future periods, as adjustments become known or as years are no longer subject to such audits, reviews, and investigations.

(cc) Compensated Absences

The University accrues annual leave for employees as incurred at rates based upon length of service and job classification.

(dd) Recently Adopted Accounting Pronouncements

In fiscal year 2025, the University adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this statement is to update measurement guidance and recognition requirements for compensated absences in addition to amending previously required disclosures. The impact to the University's basic financial statements in the adoption of this pronouncement is still being determined.

In addition, the University adopted the provisions of GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to establish reporting requirements for certain

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concentrations and constraints that may negatively impact operations or the ability to meet outstanding obligations. There was no significant impact to the University's basic financial statements in the adoption of this pronouncement.

(2) Income Taxes

The University is classified as both a governmental entity under the laws of the State of Alabama and as a tax-exempt entity under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). Consistent with these designations, no provision for income taxes has been made in the accompanying basic financial statements.

In addition, the University's discretely presented component units, except for HCA, are tax-exempt entities under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The income of HCA is excluded from federal and state income taxation pursuant to the provisions of Section 115(1) of the Internal Revenue Code. Consistent with these designations, no provision for income taxes has been made in the accompanying discretely presented component unit financial statements.

(3) Cash and Cash Equivalents

Pursuant to the Security for Alabama Funds Enhancement Act, funds on deposit may be placed in an institution designated as a qualified public depository (QPD) by the State of Alabama. QPD institutions pledge securities to a statewide collateral pool administered by the State Treasurer's office. Such financial institutions contribute to this collateral pool in amounts proportionate to the total amount of public fund deposits at their respective institutions. The securities are held at the Federal Reserve Bank and are designated for the State of Alabama. Additional collateral was not required for University funds on deposit with QPD institutions. At September 30, 2024, the net public deposits subject to collateral requirements for all institutions participating in the pool totaled approximately \$18.7 billion. The University had cash and cash equivalents, including restricted cash and cash equivalents, in the pool of \$236,361,000 at September 30, 2024.

At December 31, 2024, restricted cash and cash equivalents consist of \$13,556,000 related to unspent bond cash, \$2,182,000 related to cash included in the PLTF and GLTF to pay insurance liability claims, \$7,192,000 related to restricted donations related to certain capital projects, \$566,000 related to endowment funds, and \$2,000 related to the Providence IPA.

(4) Investments

(a) *University of South Alabama*

The investments of the University are invested pursuant to the University of South Alabama "Nonendowment Cash Pool Investment Policies," the "Endowment Fund Investment Policy," and the "Derivatives Policy" (collectively referred to as the University Investment Policies) as adopted by the Board of Trustees. The purpose of the nonendowment cash pool investment policy is to provide guidelines by which commingled funds not otherwise needed to meet daily operational cash flows can be invested to earn a maximum return, yet still maintain sufficient liquidity to meet fluctuations in the inflows and outflows of University operational funds. Further, endowment fund investment policies exist to provide earnings to fund specific projects of the endowment fund while preserving principal. The

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University Investment Policies require that management apply the “prudent person” standard in the context of managing its investment portfolio.

The investments of the blended component units of the University are invested pursuant to the separate investment policy shared by the PLTF and GLTF (the Trust Fund Investment Policy). The objectives of the Trust Fund Investment Policy are to provide a source of funds to pay general and professional liability claims and to achieve long-term capital growth to help defray future funding requirements. Additionally, certain investments of the University’s component units, both blended and discretely presented, are subject to UPMIFA as well as any requirements placed on them by contract or donor agreements.

Certain investments, primarily related to the University’s endowment assets, are pooled. The University uses this pool to manage its investments and distribute investment income to individual endowment funds.

The University holds a 50% equity interest in Providence Home Medical Services (Home Medical), a multimember limited liability company that was formed to own and operate a durable medical equipment provider. The University’s capital account balance in Home Medical is considered an investment in a joint venture, pursuant to GASB Statements Nos. 14 and 61. The University’s capital account balance is approximately \$177,000 for the three months ended December 31, 2024 and is presented on the statement of net position as an investment.

The University holds a 35% equity interest in HighProv, LLC (HighProv), a multimember limited liability company formed to construct, own, and operate a hotel facility. For the three months ended December 31, 2024, the University’s capital account balance is \$683,000 and is presented on the statement of net position as an investment.

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Investments and restricted investments of the University, by type, at fair value at December 31, 2024 (in thousands) are as follows:

| | | |
|--|----|---------|
| Commingled equity funds | \$ | 116,632 |
| Commingled fixed income funds | | 56,338 |
| Joint ventures | | 860 |
| Managed income alternative investments (low-volatility, multistrategy funds of funds) | | 41,459 |
| Marketable debt securities | | 13,174 |
| Marketable equity securities | | 73,095 |
| Private credit alternative fixed income investments | | 12,656 |
| Private equity alternative investments | | 16,474 |
| Private real estate | | 532 |
| Private REIT alternative real estate investments | | 4,843 |
| Real estate | | 8,479 |
| U.S. federal agency notes | | 92,370 |
| U.S. treasury securities | | 18,550 |
| | \$ | 455,462 |

At December 31, 2024, restricted investments consist of endowment funds and funds held in the PLTF and GLTF to pay insurance liability claims.

At December 31, 2024, \$54,355,000 of cumulative increase in fair value of investments of donor-restricted endowments was recognized and is included in restricted expendable net position in the accompanying statement of net position.

The University invests in several private equity and private credit funds. At December 31, 2024, the University had outstanding capital commitments to those funds of approximately \$21,820,000.

(i) *Credit Risk and Concentration of Credit Risk*

Nonendowment Cash Pool Investment Policy

The University Investment Policies limit investment in corporate bonds to securities with a minimum "A" rating, at the time of purchase, by both Moody's and Standard and Poor's. Investments in corporate paper are limited to issuers with a minimum quality rating of P-1 by Moody's, A-1 by Standard and Poor's, or F-1 by Fitch.

Additionally, the University Investment Policies require that not more than 10% of the cash, cash equivalents, and investments of the University be invested in the obligations of a single private corporation and not more than 35% of the cash, cash equivalents, and investments of the University be invested in the obligations of a single government agency.

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Endowment Fund Investment Policy

The University Investment Policies limit investment in fixed income securities to securities with a minimum “BAA” rating, at the time of purchase, by both Moody’s and Standard and Poor’s. Money market funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor’s and/or Moody’s. Investment in fixed income securities within the fixed income portfolio shall be restricted to only investment grade bonds rated “BAA” or higher. Any investment in below investment grade bonds shall be considered an equity or fixed income alternative investment.

Additionally, the University Investment Policies require that not more than 5% of the Endowment Fund assets of the University be allocated to an individual investment manager and no more than 25% of the Endowment Fund assets be allocated to a “Funds of Funds” or multimanager fund.

The University’s exposure to credit risk and concentration of credit risk at December 31, 2024 is as follows:

| | <u>Credit rating</u> | <u>Percentage of total investments</u> |
|-------------------------------|--------------------------|--|
| Commingled fixed income funds | Various | 12.4 % |
| Marketable debt securities | Various | 2.9 |
| U. S. federal agency notes | AAA | 20.3 |
| U. S. treasury securities | AAA | 4.1 |

(ii) *Interest Rate Risk*

At December 31, 2024, the maturity dates of the University’s fixed income investments are as follows (in thousands):

| | <u>Fair value</u> | <u>Years to maturity</u> | | | |
|-------------------------------|-------------------|--------------------------|----------------|---------------|---------------------|
| | | <u>Less than 1</u> | <u>1–5</u> | <u>6–10</u> | <u>More than 10</u> |
| Commingled fixed income funds | \$ 56,338 | — | 31,455 | 24,883 | — |
| Marketable debt securities | 13,174 | 3,859 | 6,964 | 2,104 | 247 |
| U. S. federal agency notes | 92,370 | 13,935 | 70,355 | 189 | 7,891 |
| U. S. treasury securities | 18,550 | 424 | 10,901 | 7,225 | — |
| | <u>\$ 180,432</u> | <u>18,218</u> | <u>119,675</u> | <u>34,401</u> | <u>8,138</u> |

Commingled fixed income funds are classified based on the weighted average maturity of the individual investment instruments within each fund.

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The University's Investment Policies do not specifically address the length to maturity on investments that the University must follow; however, they do require that the maturity range of investments be consistent with the liquidity requirements of the University.

(iii) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of the counterparty to a transaction, an organization will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The University's investments are held by third-party institutions in the name of the University. The University's Investment Policies do not specifically address custodial credit risk.

(iv) Mortgage-Backed Securities

The University, from time to time, invests in mortgage-backed securities such as the Federal Home Loan Mortgage Corporation (FHLMC), the Federal National Mortgage Association (FNMA), and other government sponsored enterprises of the United States government. The University invests in these securities to increase the yield and return on its investment portfolio given the available alternative investment opportunities.

(v) Fair Value Measurement

Fair value measurements represent 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. The University measures and records its investments using fair value measurement guidelines established by GASB Statement No. 72. These guidelines prioritize the inputs of valuation techniques used to measure fair value are as follows:

- Level 1: Quoted prices for identical investments in active markets
- Level 2: Observable inputs other than quoted market prices
- Level 3: Unobservable inputs.

The level in the fair value hierarchy that determines the classification of an asset or liability depends on the lowest-level input that is significant to the fair value measurement. Observable inputs are derived from quoted market prices for assets or liabilities traded on an active market where there is sufficient activity to determine a readily determinable market price. Investments that are not traded on an active exchange and do not have a quoted market price are classified as unobservable inputs. The University's assets that have unobservable inputs consist of the investment in real estate, with fair value based on an independent third-party appraisal performed by qualified appraisers specializing in real estate investments, and of investments in private capital, with fair value determined by the investment managers and primarily utilizes management assumptions and best estimates after considering internal and external factors. Other assets included in the University's investment portfolio with unobservable inputs are the shares or units in certain partnerships or other commingled funds that do not have readily determinable fair values. For these funds, fair value is estimated using the NAV reported by the investment managers as a

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practical expedient to fair value. Such investments have not been categorized within the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of net position.

The following tables summarize the fair value measurements for all investment assets and liabilities carried at fair value at December 31, 2024 (in thousands):

| Description | Asset fair value measurements | | | |
|--|-------------------------------|---------------|---------------|-------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Commingled equity funds | \$ 110,778 | 2,402 | 3,452 | 116,632 |
| Commingled fixed income funds | 51,740 | 4,598 | — | 56,338 |
| Joint ventures | — | — | 860 | 860 |
| Marketable debt securities | 13,174 | — | — | 13,174 |
| Marketable equity securities | 73,095 | — | — | 73,095 |
| Private credit alternative fixed income investments | 1,000 | — | 6,194 | 7,194 |
| Private equity alternative investments | — | — | 14,407 | 14,407 |
| Private real estate | — | — | 532 | 532 |
| Private REIT alternative real estate investments | — | — | 4,843 | 4,843 |
| Real estate | — | — | 8,479 | 8,479 |
| U.S. federal agency notes | — | 92,370 | — | 92,370 |
| U.S. treasury securities | 18,550 | — | — | 18,550 |
| Total investments at fair value | <u>\$ 268,337</u> | <u>99,370</u> | <u>38,767</u> | 406,474 |
| Investments measured at NAV: | | | | |
| Private equity alternative investments | | | | 2,067 |
| Private credit alternative fixed income investments | | | | 5,462 |
| Managed income alternative investments (low-volatility, multistrategy funds of funds) | | | | <u>41,459</u> |
| Total investments | | | | <u>\$ 455,462</u> |

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A roll-forward schedule for Level 3 financial instruments for the three months ended December 31, 2024 is as follows (in thousands):

| | | |
|--------------------------------|----|---------------|
| Beginning balance | \$ | 37,288 |
| Purchases | | 1,913 |
| Net realized/unrealized losses | | (50) |
| Sales | | <u>(384)</u> |
| Ending balance | \$ | <u>38,767</u> |

(b) Health Care Authority

HCA holds a 2.5% equity interest in USA Fairhope Physician Investors LLC (FPI), a multimember limited liability company that was formed to invest in the entity that developed and is now leasing an ambulatory surgical center. HCA’s capital account balance is approximately \$(6,000) for the three months ended December 31 2024 and is presented on the statement of net position as an investment. As a whole, there is positive monthly cash flow and no expectation for HCA to be required to contribute additional capital.

HCA holds a 51% equity interest in USA BC ASC Holdco, LLC (USA BC ASC Holdco), a multimember limited liability company formed to invest in USA Baldwin County ASC, LLC (USA BC ASC), a limited liability company formed to develop, own, and operate the Ambulatory Surgery Center on the USA Health Mapp Family Campus. For the three months ended December 31, 2024, HCA’s capital account balance is approximately \$942,000 and is presented on the statement of net position as an investment.

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(5) Capital Assets

(a) University of South Alabama

A summary of the University's capital asset activity for the three months ended December 31, 2024 is as follows (in thousands):

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Transfers</u> | <u>Reductions</u> | <u>Ending balance</u> |
|--|------------------------------|------------------|------------------|-------------------|---------------------------|
| Capital assets not being depreciated or amortized: | | | | | |
| Land and other | \$ 45,270 | — | — | — | 45,270 |
| Certificate of Need | 225 | — | — | — | 225 |
| Intangible assets | 1,207 | 57 | — | — | 1,264 |
| Construction in progress | 102,282 | 43,658 | (1,191) | — | 144,749 |
| | <u>148,984</u> | <u>43,715</u> | <u>(1,191)</u> | <u>—</u> | <u>191,508</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 84,049 | — | 157 | — | 84,206 |
| Buildings, fixed equipment, and infrastructure | 1,156,274 | 148 | 557 | — | 1,156,979 |
| Other equipment | 260,611 | 764 | 477 | (404) | 261,448 |
| Library materials | 101,608 | — | — | — | 101,608 |
| Right-of-use assets | 125,953 | 7,630 | — | (1,859) | 131,724 |
| | <u>1,728,495</u> | <u>8,542</u> | <u>1,191</u> | <u>(2,263)</u> | <u>1,735,965</u> |
| Less accumulated depreciation and amortization for: | | | | | |
| Land improvements | (41,369) | (1,015) | — | — | (42,384) |
| Buildings, fixed equipment, and infrastructure | (452,874) | (8,632) | — | — | (461,506) |
| Other equipment | (204,114) | (3,481) | — | 399 | (207,196) |
| Library materials | (79,719) | (1,101) | — | — | (80,820) |
| Right-of-use assets | (40,979) | (7,842) | — | 1,859 | (46,962) |
| | <u>(819,055)</u> | <u>(22,071)</u> | <u>—</u> | <u>2,258</u> | <u>(838,868)</u> |
| Capital assets being depreciated, net | <u>909,440</u> | <u>(13,529)</u> | <u>1,191</u> | <u>(5)</u> | <u>897,097</u> |
| Capital assets, net | <u>\$ 1,058,424</u> | <u>30,186</u> | <u>—</u> | <u>(5)</u> | <u>1,088,605</u> |

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A summary of the University's net right-of-use assets, which are included in capital assets on the statement of net position, activity categorized by classification for the three months ended December 31, 2024 are as follows (in thousands):

| | <u>Ending balance</u> |
|---|---------------------------|
| Right-of-use assets: | |
| Buildings | \$ 9,429 |
| Equipment | 39,901 |
| Office space | 11,657 |
| Software | <u>70,737</u> |
| | <u>131,724</u> |
| Less accumulated amortization for right-of-use assets: | |
| Buildings | (3,693) |
| Equipment | (10,465) |
| Office space | (5,402) |
| Software | <u>(27,402)</u> |
| | <u>(46,962)</u> |
| Right-of-use assets, net | <u>\$ 84,762</u> |

Depreciation and amortization of capital assets for the three months ended December 31, 2024 was approximately \$22,071,000 for the University. In addition, the University amortizes bond costs of issuance that is included in other noncurrent assets and accounts receivable on the statement of net position. For the three months ended December 31, 2024, amortization of bond costs of issuance was approximately \$14,000 resulting in total depreciation and amortization of approximately \$22,085,000. See note 8 for additional details regarding bonds.

At December 31, 2024, the University had commitments of approximately \$191,378,000 related to various capital projects.

For the three months ended December 31, 2024, the University received approximately \$15,784,000 in capital grants from the Alabama Public School and College Authority for the site preparation and construction of the new College of Medicine facility, and this amount is included in capital appropriations on the statement of revenues, expenses, and changes in net position.

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(b) USA Research and Technology Corporation

Changes in capital assets for the three months ended December 31, 2024 are as follows (in thousands):

| | Beginning balance | Additions | Transfers | Reductions | Ending balance |
|---|----------------------|--------------|-----------|------------|-------------------|
| Capital assets not being depreciated or amortized: | | | | | |
| Land | \$ 223 | — | — | — | 223 |
| Construction in progress | — | — | — | — | — |
| | <u>223</u> | <u>—</u> | <u>—</u> | <u>—</u> | <u>223</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Land improvements | 1,985 | — | — | — | 1,985 |
| Buildings | 28,872 | 13 | — | — | 28,885 |
| Tenant improvements | 3,233 | 26 | — | — | 3,259 |
| Other equipment | 421 | — | — | — | 421 |
| Computer software | 56 | — | — | — | 56 |
| Lease commissions | 456 | — | — | — | 456 |
| Right-of-use assets | 3 | — | — | — | 3 |
| | <u>35,026</u> | <u>39</u> | <u>—</u> | <u>—</u> | <u>35,065</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Land improvements | (1,810) | (5) | — | — | (1,815) |
| Buildings | (13,304) | (200) | — | — | (13,504) |
| Tenant improvements | (2,017) | (101) | — | — | (2,118) |
| Other equipment | (373) | (3) | — | — | (376) |
| Computer software | (40) | (4) | — | — | (44) |
| Lease commissions | (336) | (12) | — | — | (348) |
| Right-of-use assets | (2) | — | — | — | (2) |
| | <u>(17,882)</u> | <u>(325)</u> | <u>—</u> | <u>—</u> | <u>(18,207)</u> |
| Capital assets being depreciated or amortized, net | <u>17,144</u> | <u>(286)</u> | <u>—</u> | <u>—</u> | <u>16,858</u> |
| Capital assets, net | <u>\$ 17,367</u> | <u>(286)</u> | <u>—</u> | <u>—</u> | <u>17,081</u> |

Depreciation and amortization expense totaled approximately \$325,000 for the three months ended December 31, 2024.

At December 31, 2024, the Corporation had outstanding commitments of approximately \$13,000.

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The Corporation's net right-of-use assets categorized by classification for the three months ended December 31, 2024 are as follows (in thousands):

| | | <u>Ending balance</u> |
|--|----|-----------------------|
| Right-of-use assets: | | |
| Software subscriptions | \$ | <u>3</u> |
| | | <u>3</u> |
| Less accumulated amortization for right-of-use assets: | | |
| Software subscriptions | | <u>(2)</u> |
| | | <u>(2)</u> |
| Right-of-use assets, net | \$ | <u><u>1</u></u> |

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(c) Health Care Authority

A summary of HCA's capital assets activity for the three months ended December 31, 2024 is as follows (in thousands):

| | 2024 | | | | Ending balance |
|---|----------------------|----------------|-----------|--------------|-------------------|
| | Beginning balance | Additions | Transfers | Reductions | |
| Capital assets not being depreciated or amortized: | | | | | |
| Construction in progress | \$ 57 | 5 | — | — | 62 |
| Works of art | 1 | — | — | — | 1 |
| | <u>58</u> | <u>5</u> | <u>—</u> | <u>—</u> | <u>63</u> |
| Capital assets being depreciated or amortized: | | | | | |
| Buildings | 33,049 | — | — | — | 33,049 |
| Leasehold improvements | 5,388 | — | — | — | 5,388 |
| Equipment | 4,171 | — | — | (39) | 4,132 |
| Computer software | 139 | — | — | — | 139 |
| Right-of-use assets | 124,491 | — | — | (266) | 124,225 |
| | <u>167,238</u> | <u>—</u> | <u>—</u> | <u>(305)</u> | <u>166,933</u> |
| Less accumulated depreciation or amortization for: | | | | | |
| Buildings | (2,293) | (313) | — | — | (2,606) |
| Leasehold improvements | (1,134) | (135) | — | — | (1,269) |
| Equipment | (2,664) | (106) | — | 28 | (2,742) |
| Computer software | (98) | (4) | — | — | (102) |
| Right-of-use assets | (10,818) | (2,018) | — | 266 | (12,570) |
| | <u>(17,007)</u> | <u>(2,576)</u> | <u>—</u> | <u>294</u> | <u>(19,289)</u> |
| Capital assets being depreciated or amortized, net | <u>150,231</u> | <u>(2,576)</u> | <u>—</u> | <u>(11)</u> | <u>147,644</u> |
| Capital assets, net | <u>\$ 150,289</u> | <u>(2,571)</u> | <u>—</u> | <u>(11)</u> | <u>147,707</u> |

Construction in progress totaled approximately \$62,000 as of December 31, 2024 and relates to a sterilizer machine for the UROGYN clinic and renovation projects at USA Mobile Diagnostic Center and USA Health Family Practice Associates.

Depreciation and amortization totaled approximately \$2,576,000 for the three months ended December 31, 2024.

At December 31, 2024, HCA had commitments of approximately \$5,000 related to construction projects for USA Mobile Diagnostic Center.

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A summary of HCA's net right-of-use assets categorized by classification for the three months ended December 31, 2024 is as follows (in thousands):

| | Ending balance |
|-------------------------------|---------------------------|
| Right-of-use assets: | |
| Buildings | \$ 116,663 |
| Equipment | 7,305 |
| Software subscriptions | 257 |
| | 124,225 |
| Less accumulated amortization | |
| for right of use: | |
| Buildings | (10,526) |
| Equipment | (1,985) |
| Software subscriptions | (59) |
| | (12,570) |
| Right-of-use assets, net | \$ 111,655 |

During fiscal year 2024, HCA entered into a lease agreement with the University for the hospital facilities and related equipment acquired in the Ascension Providence acquisition. The lease is for 31 years with semi-annual rental payments equal to the principal and interest incurred on the debt service related to the acquisition. This lease is accounted for in accordance with GASB 87, *Leases*, and is reflected in net capital assets and current and noncurrent lease obligations on the statement of net position.

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(6) Noncurrent Liabilities

(a) University of South Alabama

A summary of the University's noncurrent liability activity for the three months ended December 31, 2024 is as follows (in thousands):

| | Beginning balance | Additions | Reductions | Adjustments | Ending balance | Less amounts due within one year | Noncurrent liabilities |
|------------------------------------|----------------------|-----------|------------|-------------|-------------------|--|---------------------------|
| Long-term debt: | | | | | | | |
| Bonds payable | \$ 509,406 | — | (5,075) | (761) | 503,570 | 27,765 | 475,805 |
| Notes payable | 737 | — | (39) | — | 698 | 188 | 510 |
| Lease and subscription obligations | 82,911 | 6,973 | (5,545) | 1,090 | 85,429 | 29,123 | 56,306 |
| Total long-term debt | 593,054 | 6,973 | (10,659) | 329 | 589,697 | 57,076 | 532,621 |
| Other noncurrent liabilities: | | | | | | | |
| Net pension liability | 349,710 | — | — | — | 349,710 | — | 349,710 |
| Net OPEB liability | 78,808 | — | — | — | 78,808 | — | 78,808 |
| Other long-term liabilities | 69,696 | 8,215 | (11,855) | — | 66,056 | 3,470 | 62,586 |
| Total other noncurrent liabilities | 498,214 | 8,215 | (11,855) | — | 494,574 | 3,470 | 491,104 |
| Total noncurrent liabilities | \$ 1,091,268 | 15,188 | (22,514) | 329 | 1,084,271 | 60,546 | 1,023,725 |

Other long-term liabilities primarily consist of self-insurance liabilities and liabilities related to compensated absences. Amounts due within one year are included in current portion of other long-term liabilities.

Lease and Subscription Obligations

The University determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether the University obtains substantially all of the economic benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets and lease and subscription obligations. Lease and subscription right-of-use assets and related obligations are recognized at the commencement date based on the present value of the payments over the agreement term discounted using an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the specified term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease or subscription payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription obligations.

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The University leases various automobiles, buildings, equipment, office space, and software subscriptions under leases expiring at various dates through 2039. Aggregate future minimum lease and subscription payments under noncancelable agreements as of December 31, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------------|------------------|-----------------|---------------|
| 2025 | \$ 24,020 | 2,751 | 26,771 |
| 2026 | 18,886 | 2,760 | 21,646 |
| 2027 | 14,654 | 1,882 | 16,536 |
| 2028 | 13,401 | 1,172 | 14,573 |
| 2029 | 7,211 | 550 | 7,761 |
| 2030 – 2034 | 7,239 | 350 | 7,589 |
| 2035 – 2039 | <u>18</u> | <u>2</u> | <u>20</u> |
| Lease and subscription obligations | \$ <u>85,429</u> | <u>9,467</u> | <u>94,896</u> |

These amounts are included in lease and subscription obligations and the current portion thereof in the accompanying statement of net position.

The University has commitments under leases and subscriptions for which the lease term has not commenced in the amount of \$11,019,000 as of December 31, 2024.

The University leases space from the Corporation and HCA. As of December 31, 2024, the University had lease and subscription obligations of approximately \$4,991,000 related to leases between the University and component units.

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(b) USA Research and Technology Corporation

Changes in noncurrent liabilities for the three months ended December 31, 2024 are as follows (in thousands):

| | December 31, 2024 | | | | | |
|---------------|----------------------|-----------|------------|-------------------|--|---------------------------|
| | Beginning balance | Additions | Reductions | Ending balance | Less amounts due within one year | Noncurrent liabilities |
| Notes payable | \$ 16,967 | — | (261) | 16,706 | 1,071 | 15,635 |

(i) Notes Payable

Notes payable from direct borrowings consisted of the following at December 31, 2024 (in thousands):

| | |
|---|-----------|
| PNC Bank promissory note, 4.38%, payable through 2028 | \$ 10,072 |
| Hancock Whitney Bank promissory note, 3.08%, payable through 2031 | 6,634 |
| | \$ 16,706 |

The promissory note payable to PNC Bank has a 10-year term and amortization is based on a 10-year term. The promissory note payable is secured by an interest in tenant leases for Buildings II and III, and an interest in income received from rental of Buildings II and III. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

The promissory note payable to Hancock Whitney Bank has a 10-year term and is secured by an interest in rental leases and an interest in income received from rental of Building I. The Corporation agreed to not transfer or encumber the buildings or its leasehold interest in the real estate on which the buildings stand.

In connection with the PNC note and the Hancock Whitney note, the University entered into an agreement with both lenders providing that for any year in which the Corporation's debt service coverage ratio is less than 1 to 1, the University will pay the Corporation rent equal to the amount necessary to bring the ratio to 1 to 1. The debt service coverage ratio is calculated by dividing the sum of unrestricted cash and cash equivalents at the beginning of the year (reduced by current year capital asset additions) and current year change in net position (determined without depreciation, amortization, and interest expenses) by current year debt service. As of September 30, 2024, the Corporation's debt service coverage ratio was 2.41 to 1.

The Corporation's outstanding notes from direct borrowings with PNC Bank and Hancock Whitney Bank contain a provision that, in the event of default, PNC Bank or Hancock Whitney Bank may take any or all of the following actions: (a) declare the loan due and payable, (b) declare the note in default, and (c) exercise any other remedies or rights, which it has under any instrument executed

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in connection with the loan. Prior to any of these actions, however, PNC Bank and Hancock Whitney Bank will give the Corporation 30 days to cure the default.

(ii) Debt Service on Long-Term Obligations

At December 31, 2024, total future debt service by fiscal year is as follows (in thousands):

| | Debt service on notes payable | | |
|-----------|--------------------------------------|-----------------|--------------|
| | Principal | Interest | Total |
| 2025 | \$ 799 | 474 | 1,273 |
| 2026 | 1,101 | 597 | 1,698 |
| 2027 | 1,144 | 554 | 1,698 |
| 2028 | 9,028 | 424 | 9,452 |
| 2029 | 574 | 135 | 709 |
| 2030–2032 | 4,060 | 151 | 4,211 |
| Total | \$ 16,706 | 2,335 | 19,041 |

(iii) Derivative Transaction

The Corporation was a party to a derivative with Wells Fargo Bank, N.A., the counterparty (successor to Wachovia Bank, N.A. the original counterparty). The derivative was a “receive-variable, pay-fixed” interest rate swap entered into in connection with the promissory note to Wells Fargo Bank, N.A.

The swap was terminated on June 20, 2018 as part of a transaction refunding the Wells Fargo loan with the proceeds of a loan from PNC Bank. The fee paid by the Corporation to Wells Fargo to terminate the swap was \$1,478,000. Pursuant to GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the fee is reported in deferred outflows on the statement of net position and amortized to interest expense according to the percentage of annual interest paid on the loan from PNC Bank to the total interest to be paid on that loan over the 118 months that were remaining on the Wells Fargo loan when the swap was terminated. As of December 31, 2024, the unamortized balance in deferred outflows was \$426,000.

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(c) Health Care Authority

A summary of HCA's noncurrent liability activity for the three months ended December 31, 2024 follows (in thousands):

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Adjustments</u> | <u>Ending balance</u> | <u>Less amounts due within one year</u> | <u>Noncurrent liabilities</u> |
|-------------------------------------|------------------------------|------------------|-------------------|--------------------|---------------------------|---|-----------------------------------|
| Long-term debt | \$ 21,673 | — | (45) | — | 21,628 | 205 | 21,423 |
| Lease and subscription obligations | 119,015 | — | (2,993) | — | 116,022 | 7,848 | 108,174 |
| Total noncurrent liabilities | \$ 140,688 | — | (3,038) | — | 137,650 | 8,053 | 129,597 |

Long-Term Debt

HCA entered into an agreement with Family Medical Investments, LLC to construct a medical office building on the USA Health Mapp Family Campus. Construction began in 2021 and was completed in October 2022. The agreement commenced upon construction completion for an initial 15-year period plus two options to extend for consecutive 5-year terms. HCA began making monthly payments at an interest rate of 4.79% in October 2022 to Family Medical Investments, LLC. The total balance of principal payments outstanding at December 31, 2024 is \$21,628,000. Upon conclusion of the agreement term, HCA will obtain ownership of the building.

At December 31, 2024, future debt service for long-term debt by year is as follows (in thousands):

| | Debt service on long-term debt | | |
|--------------|---------------------------------------|-----------------|---------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2025 | \$ 150 | 775 | 925 |
| 2026 | 236 | 1,024 | 1,260 |
| 2027 | 280 | 1,011 | 1,291 |
| 2028 | 326 | 997 | 1,323 |
| 2029 | 376 | 980 | 1,356 |
| 2030-2034 | 2,750 | 4,559 | 7,309 |
| 2035-2039 | 4,573 | 3,697 | 8,270 |
| 2040-2044 | 7,030 | 2,327 | 9,357 |
| 2045-2048 | 5,907 | 464 | 6,371 |
| Total | \$ 21,628 | 15,834 | 37,462 |

Lease and Subscription Obligations

HCA determines whether an arrangement is a lease at inception by evaluating whether the contract conveys the right to use an identified asset and whether HCA obtains substantially all of the economic

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benefits from and has the right to control the asset. Any lease or software subscription identified is recorded as a right-of-use asset under capital assets with a related lease and subscription obligation. Right-of-use assets and related obligations are recognized at the commencement date based on the present value of lease payments over the lease term discounted using the lessor interest rate or an appropriate incremental borrowing rate. Amortization of right-of-use assets is recognized on a straight-line basis over the lease term or useful life of the asset, whichever is shorter. Interest expense is recognized as a component of the lease payment and recorded as such in the statement of revenues, expenses, and changes in net position. The difference in methodology between the amortization of the right-of-use asset and the reduction in liability balance related to principal payments will result in a difference between the net right-of-use asset and related lease and subscription liability.

HCA has entered into agreements to lease various buildings and equipment and to utilize various software under lease and subscription obligations expiring at various dates through 2055.

Aggregate future minimum lease payments under noncancelable agreements as of December 31, 2024 by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|-------------------|-----------------|----------------|
| 2025 | \$ 6,906 | 2,632 | 9,538 |
| 2026 | 5,509 | 4,919 | 10,428 |
| 2027 | 5,642 | 4,664 | 10,306 |
| 2028 | 4,738 | 4,426 | 9,164 |
| 2029 | 3,278 | 4,228 | 7,506 |
| 2030–2034 | 11,828 | 19,335 | 31,163 |
| 2035–2039 | 13,621 | 16,392 | 30,013 |
| 2040–2044 | 16,986 | 13,032 | 30,018 |
| 2045–2049 | 21,156 | 8,855 | 30,011 |
| 2050–2055 | 26,358 | 3,656 | 30,014 |
| | <u>\$ 116,022</u> | <u>82,139</u> | <u>198,161</u> |

These amounts are included in lease and subscription obligations and current portion thereof in the accompanying statement of net position.

The University has entered into an equipment lease agreement on behalf of Providence Hospital in the amount of \$2,001,000 for which the terms have not yet commenced. HCA will be responsible for making lease payments to the University for use of the equipment once the terms commence. As of December 31, 2024, there are no other known lease or subscription commitments for which the terms have not yet commenced.

Other Noncurrent Liabilities

Other noncurrent liabilities consist of liabilities related to long-term vacation accruals. Amounts due within one year are included in current portion of other long-term liabilities.

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(7) Deferred Outflows and Inflows

(a) University of South Alabama

Deferred outflows of resources are consumption of net assets that are applicable to a future reporting period. In 2016, the University issued its Series 2016 Bonds. The proceeds from this series were used to partially defease the Series 2008 Bonds resulting in a loss of the difference between the acquisition price of the new debt and the net carrying amount of the old debt. In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, this loss was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016-A Bonds. In 2024, the University acquired an 81% ownership interest in a legally separate entity, South Coast, in the Ascension Providence acquisition. During 2024, the University acquired the remaining 19% ownership interest in South Coast and formally dissolved the entity. In accordance with GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, the excess consideration provided over the net position acquired was recognized as a deferred outflow of resources and is being amortized over 338 months, the remaining service life of the capital assets acquired. Additionally, in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions--an amendment of GASB Statement No. 27*, and Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, changes in assumptions, changes in the proportion of total net liabilities relative to other plan participants, differences between employer contributions and the proportionate share of contributions, and employer contribution subsequent to the measurement date of the net pension liability but prior to the end of the fiscal year are presented as a deferred outflow of resources.

The components of deferred outflows of resources as of December 31, 2024 are summarized below (in thousands):

| | | |
|-----------------------------------|----|----------------|
| Loss on refunding of 2016-A bonds | \$ | 4,625 |
| South Coast acquisition | | 127 |
| Pension | | 87,398 |
| OPEB | | <u>169,123</u> |
| | \$ | <u>261,273</u> |

Deferred inflows of resources are net asset acquisitions that are applicable to a future reporting period. In 2016, the University issued its 2016-B, C, and D Bonds. In accordance with GASB Statement Nos. 63 and 65, the proceeds from these series refunded the remaining outstanding 2006 Bonds and the resulting gain was recognized as a deferred inflow of resources and was being amortized over the remaining life of the Series 2016-B, C, and D Bonds. In August 2024, the University refunded the Series 2016-B, C, and D with the Series 2024-C Bonds. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, Statement No. 63, and Statement No. 65, the difference between the reacquisition price and the net carrying amount of the old

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debt is reported as a deferred inflow and is being amortized over the remaining life of the Series 2024-C Bonds.

Additionally, in accordance with GASB Statement Nos. 68 and 75, the difference between the expected and actual experience and the net difference between projected and actual earnings on investments are presented as a deferred inflow of resources. Finally, in accordance with GASB Statement No. 87, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms.

The components of deferred inflows of resources as of December 31, 2024 are summarized below (in thousands):

| | | |
|---|----|---------|
| Gain on refunding of 2016 Series B, C and D Bonds | \$ | 2,705 |
| Pension | | 36,367 |
| OPEB | | 257,480 |
| Leases | | 109,659 |
| | \$ | 406,211 |

(b) Health Care Authority

Deferred inflows of resources represent HCA's right to receive lease revenue in future reporting periods. In accordance with GASB Statement No. 87, the deferred inflow of resources attributable to leases is recognized on a straight-line basis over the respective lease terms. Deferred inflows for the three months ended December 31, 2024 totaled approximately \$3,497,000.

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(8) Bonds Payable

Bonds payable consisted of the following at December 31, 2024 (in thousands):

| | |
|--|-------------------|
| University Facilities Revenue Capital Improvement Bonds, Series 2013-A, 2.83% payable through August 2033 | \$ 16,617 |
| University Facilities Revenue Capital Improvement Bonds, Series 2013-B, 2.83% payable through August 2033 | 4,154 |
| University Facilities Revenue Capital Improvement Bonds, Series 2013-C, 2.78% payable through August 2028 | 3,080 |
| University Facilities Revenue Capital Improvement Bonds, Series 2015, 2.47% payable through August 2030 | 2,250 |
| University Facilities Revenue Refunding Bonds, Series 2016-A, 3.00% to 5.00% payable through November 2037 | 64,500 |
| University Facilities Revenue Bonds, Series 2017, 2.00% to 5.00%, payable through October 2037 | 27,775 |
| University Facilities Revenue Bonds, Series 2019-A, 5.00%, payable through April 2049 | 47,750 |
| University Facilities Revenue Bonds, Series 2019-B, 3.09% to 4.10%, payable through April 2033 | 13,255 |
| University Facilities Revenue Bonds, Series 2019-C, 1.87%, payable through April 1, 2030 | 11,150 |
| University Facilities Revenue Bonds, Series 2020, 4%, payable through April 1, 2040 | 32,935 |
| University Facilities Revenue Bonds, Series 2021, 4%, payable through April 1, 2041 | 36,654 |
| University Facilities Revenue Bonds, Series 2021-B 1.398%, payable through August 1, 2032 | 11,492 |
| University Facilities Revenue Bonds, Series 2024-A, 5.0% through 2053 and 5.25% for 2054, payable through April 1, 2054 | 72,810 |
| University Facilities Taxable Revenue Bonds, Series 2024-B, 4.753% to 5.233%, payable through April 1, 2035 | 19,925 |
| University Facilities Revenue Bonds, Series 2024-C, 5%, payable through October 1, 2036 | 90,850 |
| | <u>455,197</u> |
| Plus unamortized premium | 49,547 |
| Less unamortized debt extinguishment costs | (1,174) |
| | <u>\$ 503,570</u> |

Substantially all student tuition and fee and auxiliary revenues secure University bonds. Additionally, security for all bonds includes USA Health Children's and Women's Hospital revenues in an amount not exceeding \$10,000,000. The Series 2013-A, 2013-B, and 2013-C Bonds began maturing in August 2014 and were redeemable beginning in June 2023. The Series 2014-A Bonds began maturing in June 2015 and were paid in full in March 2024. The Series 2015 Bonds began maturing in August 2015 and were redeemable beginning in June 2020. The Series 2016-A Bonds began maturing in November 2018 and are redeemable beginning in November 2026. The Series 2016-B, C, and D Bonds were refunded in August 2024 with the proceeds from Series 2024-C Bonds. The Series 2017 Bonds began maturing in

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October 2017 and are redeemable beginning in October 2027. The Series 2019-A Bonds will begin maturing in April 2033. The Series 2019-B Bonds began maturing in April 2021. Both Series 2019-A and 2019-B are both redeemable beginning in April 2029. The Series 2019-C Bonds began maturing in April 2020 and are not subject to redemption at the option of the University. Series 2020 Bonds began maturing in April 2021 and are redeemable beginning April 2030. Series 2021 Bonds began maturing in April 2022 and are redeemable beginning April 2031. The Series 2021-B Bonds began maturing in August 2022 and are subject to redemption beginning August 2024. The Series 2023-A and 2023-B Bonds were amended and restated in April 2024, extending their final maturities to April 2025. The Series 2023-A and 2023-B Amended and Restated Bonds were refunded in July 2024 with proceeds from Series 2024-A and 2024-B Bonds. The Series 2024-A Bonds begin maturing in April 2035 and are redeemable beginning April 1, 2034. The Series 2024-B Bonds begin maturing in April 2025 and are redeemable at the option of the University beginning April 1, 2034. The Series 2024-C Bonds begin maturing in April 2025 and are redeemable at the option of the University beginning April 1, 2034.

In September 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016- A, with a face value of \$85,605,000. The proceeds from the Series 2016-A Bonds were used to partially defease the Series 2008 Bonds. The funds were deposited into escrow trust funds to provide for the subsequent repayment of the Series 2008 Bonds when they were called in December 2018. Neither the assets of the escrow trust account nor the defeased indebtedness is included in the accompanying statement of net position. The loss on the defeasement of the Series 2008 Bonds of \$7,859,000 was recorded as a deferred outflow and is being amortized over the remaining life of the Series 2016-A Bonds. The balance of the related deferred outflow totaled \$4,625,000 at December 31, 2024. The principal outstanding on all defeased bonds is \$64,500,000 at December 31, 2024.

In December 2016, the University issued its University Facilities Revenue Refunding Bonds, Series 2016-B, C, and D, with a face value totaling \$100,000,000. The proceeds refunded the remaining outstanding Series 2006 Bonds. The gain on the refunding of the Series 2006 Bonds of \$4,539,000 was recorded as a deferred inflow and was being amortized over the remaining life of the Series 2016-B, C, and D Bonds. In August of 2024, the University refunded the Series 2016-B, C, and D with the Series 2024-C Bonds. In accordance with GASB Statement No. 23, *Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities*, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow and is being amortized over the remaining life of the Series 2024-C Bonds. The balance of the related net deferred inflow at December 31, 2024 totaled \$2,704,000.

In September 2021, the terms for the outstanding bonds of the University designated "Series 2016-B," "Series 2016-C," and "Series 2016-D" (together, the Original 2016 Bonds), each of which bore interest at a variable rate based on a one-month LIBOR base index, were revised to address, among other things, the cessation of LIBOR. Specifically, the University issued bonds designated "Amended and Restated Series 2016-B," "Amended and Restated Series 2016-C," and "Amended and Restated Series 2016-D" (together, the Amended and Restated 2016 Bonds) in exchange for the Original 2016 Bonds. Each of the Amended and Restated 2016 Bonds provide that, upon the cessation of LIBOR as a base index for purposes of ISDA-based defined rates, the base index for such bond (the Replacement Index) would equal a benchmark replacement and any applicable spread adjustment that would apply for derivatives

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transactions referencing the ISDA Definitions. In addition, for each Amended and Restated 2016 Bond, the earliest date (the Put Date) on which the holder could elect to cause all scheduled principal thereunder to become due and payable was extended by approximately five years as compared to the first Put Date for the Original 2016 Bond exchanged therefor.

On March 5, 2021, the Financial Conduct Authority (FCA) announced the final publication date for US LIBOR was June 30, 2023. The Alternative Reference Rates Committee (ARRC) has recommended the Secured Overnight Financing Rate (SOFR) as an alternative to replace LIBOR.

In April 2023, the University issued University Facilities Revenue Bond (Draw-Down Loan) 2023-A, which could be drawn up to \$80,000,000, and University Facilities Revenue Bond (Draw-Down Loan) 2023-B, which could be drawn upon up to \$20,000,000. An initial draw of \$485,000 was made on 2023-A at the inception of the bond. On September 27, 2023, an additional draw was made from 2023-A and 2023-B in the amounts of \$66,535,000 and \$16,635,000, respectively. In April 2024, the final draw was made from 2023-A and 2023-B in the amounts of \$12,980,000 and \$1,875,000, respectively.

In October 2023, the University entered into a Revolving Line of Credit Agreement with Hancock Whitney Bank for up to \$50,000,000, with a term of up to thirty months, to provide funds for covering the operating expenses of USA HCA in managing and operating USA Health Providence Hospital. On September 30, 2024, the University terminated this line of credit without making any draws.

In July 2024, the University issued University Facilities Revenue Bonds Series 2024-A \$72,810,000 and Taxable Series 2024-B \$19,925,000. Proceeds of the Series 2024-A and 2024-B Bonds were used to refund the University Facilities Revenue Bonds (Draw-Down Loan) 2023-A and the University Facilities Revenue Bonds (Draw-Down Loan) 2023-B, the proceeds of which were used by the University to purchase and improve the healthcare facilities located at 6801 Airport Blvd., Mobile, AL, known as "Providence Hospital."

In August 2024, the University issued University Facilities Revenue Bonds Series 2024-C \$90,850,000. Proceeds of the Series 2024-C Bonds were used to refund the Amended and Restated University Facilities Revenue Refunding Bond Series 2016-B, 2016-C and 2016-D. The related interest rate swap agreement with Wells Fargo Bank was terminated using \$14,745,000 of University funds to pay swap termination fees, accrued interest and other related costs.

All bond funds are restricted for capital purposes as outlined in the bond indentures. The University is subject to arbitrage restrictions on its bonded indebtedness prescribed by the U.S. Internal Revenue Service. As such, amounts are accrued as needed in the University's basic financial statements for any expected arbitrage liabilities. At December 31, 2024, no amounts were due or recorded in the financial statements.

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Debt Service on Long-Term Obligations

Total debt service (which includes bonds and notes payable) by fiscal year is as follows at December 31, 2024 (in thousands):

| | Debt service on notes and bonds | | | | |
|--|---------------------------------|------------|--|----------|---------|
| | Bonds | | Notes payable from direct borrowing | | |
| | Principal | Interest | Principal | Interest | Total |
| 2025 | \$ 20,379 | 11,340 | 123 | 20 | 31,862 |
| 2026 | 23,285 | 19,892 | 193 | 24 | 43,394 |
| 2027 | 24,190 | 18,980 | 189 | 14 | 43,373 |
| 2028 | 25,200 | 17,994 | 165 | 5 | 43,364 |
| 2029 | 25,431 | 16,944 | 28 | — | 42,403 |
| 2030–2034 | 126,082 | 67,941 | — | — | 194,023 |
| 2035–2039 | 109,670 | 37,882 | — | — | 147,552 |
| 2040–2044 | 39,160 | 21,039 | — | — | 60,199 |
| 2045–2049 | 35,990 | 12,227 | — | — | 48,217 |
| 2050–2054 | 25,810 | 4,204 | — | — | 30,014 |
| Subtotal | 455,197 | \$ 228,443 | 698 | 63 | 684,401 |
| Plus (less): | | | | | |
| Unamortized bond premium | 49,547 | | — | | |
| Unamortized debt extinguishment costs | (1,174) | | — | | |
| Total | \$ 503,570 | | 698 | | |

(9) Lease Receivables

(a) University of South Alabama

The University leases land, buildings, and suites to various lessees expiring at various dates through 2069. For the three months ended December 31, 2024, the University recognized a total of approximately \$3,245,000 of inflows of resources from leases, of which \$1,945,000 was recognized as lease revenue which is included in other operating revenues and interest of \$1,300,000 which was recognized as a component of net investment income in the statement of revenues, expenses, and changes in net position.

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The following table provides future minimum lease revenue by year that is included in the measurement of the lease receivable (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|-------------------|-----------------|----------------|
| 2025 | \$ 7,354 | 2,579 | 9,933 |
| 2026 | 4,877 | 4,855 | 9,732 |
| 2027 | 4,669 | 4,634 | 9,303 |
| 2028 | 4,557 | 4,417 | 8,974 |
| 2029 | 3,259 | 4,219 | 7,478 |
| 2030–2034 | 11,462 | 19,337 | 30,799 |
| 2035–2039 | 13,622 | 16,396 | 30,018 |
| 2040–2044 | 16,988 | 13,035 | 30,023 |
| 2045–2049 | 21,158 | 8,858 | 30,016 |
| 2050–2054 | 26,361 | 3,658 | 30,019 |
| 2055–2059 | 3 | 2 | 5 |
| 2060–2064 | 4 | 1 | 5 |
| 2065–2069 | 4 | 1 | 5 |
| Lease receivable | <u>\$ 114,318</u> | <u>81,992</u> | <u>196,310</u> |

Of the \$114,318,000 lease receivable, approximately \$109,076,000 is related to leases between the University and its component units.

(b) USA Research and Technology Corporation

The Corporation leases land, buildings, and suites to various lessees under financing leases and short-term leases expiring at various dates through 2057. In Building I, space is leased under four lease agreements. The first lease had a 5-year initial term that expired in October 2023, which was renewed in November 2023 for a 5-year term expiring October 2028. The first lease has one 5-year renewal option remaining. The second lease had a 1-year initial term, which was amended to include an additional 2-year term expiring in December 2025 with no renewal options. The third lease had a 5-year initial term that expired August 2024 with one 5-year renewal option. The fourth lease had a 5-year initial term that expired April 2024, which was amended in January 2024 for a 5-year term expiring April 2029.

Space in Buildings II and III is leased to the University and various other tenants. The leases have remaining terms varying from month to month to seven years.

Under leases for Buildings I, II, and III, the Corporation must pay all operating expenses of the buildings, including utilities, janitorial, maintenance, and insurance. Tenants will reimburse the Corporation for such expenses only as the total expenses for a year increase over the total expenses for the base year of the lease (which generally is the first calendar year of the lease term). For the three

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months ended December 31, 2024, the Corporation recognized no operating expense reimbursement income.

Space under lease to the University was 80,092 square feet at December 31, 2024.

The Corporation owns a building located on the premises of USA Health, which is leased to a single tenant. The Corporation paid for construction of the building shell and land improvements while the tenant paid for the cost of finishing the building's interior. The lease had a 10-year initial term, which was set to expire in March 2020, with three 5-year renewal options. The initial lease was terminated in December 2022 and replaced with a new lease with an initial term of 10 years, expiring in March 2030, with three 5 year renewal options. Under the lease, the tenant must also pay for utilities, taxes, insurance, and interior repairs and maintenance. The Corporation is responsible for repairs and maintenance to the exterior and HVAC system.

The Corporation, as lessor, had three ground leases in place at December 31, 2024. One lease is for a 40 year initial term expiring in October 2046 with two renewal options, the first for 20 years and the second for 15 years. The second lease is for a 30 year initial term expiring in October 2036 with four 5 year renewal options. The third lease has a 38.5 year initial term expiring in September 2046 with two renewal options, the first for 20 years and the second for 15 years.

The terms and conditions of each lease agreement vary by tenant with some including early termination options. Of the existing lease agreements, two tenants in Building II have options to terminate their lease agreement early if notice is given within the stated timeframe and all, if any, monetary obligations have been met.

For the three months ended December 31, 2024, the Corporation recognized a total of \$909,000 of inflows of resources from financing leases, of which \$799,000 was recognized as lease revenue and \$110,000 was recognized as interest income in other nonoperating revenues.

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The following table provides future minimum lease revenue by fiscal year that is included in the measurement of the lease receivable (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------|------------------|-----------------|---------------|
| 2025 | \$ 2,175 | 302 | 2,477 |
| 2026 | 1,784 | 339 | 2,123 |
| 2027 | 1,625 | 287 | 1,912 |
| 2028 | 1,562 | 238 | 1,800 |
| 2029 | 1,296 | 191 | 1,487 |
| 2030–2034 | 1,691 | 697 | 2,388 |
| 2035–2039 | 1,240 | 511 | 1,751 |
| 2040–2044 | 1,568 | 296 | 1,864 |
| 2045–2049 | 819 | 72 | 891 |
| 2050–2054 | 143 | 27 | 170 |
| 2055–2059 | 101 | 5 | 106 |
| Lease receivable | <u>\$ 14,004</u> | <u>2,965</u> | <u>16,969</u> |

(c) Health Care Authority

Leases as a lessor are included in the lease receivable and current portion thereof on the statement of net position.

Lease receivables represent HCA's contractual right to receive cash in exchange for the right to use an asset for a specific amount of time. HCA subleases buildings, suites, and land under leases expiring at various dates through 2073. For the three months ended December 31, 2024, HCA recognized a total of \$225,000 of inflows of resources from leases, of which \$182,000 was recognized as lease revenue and \$43,000 was recognized as interest income. 98% of total lease revenue recognized was attributable to subleases to the University. The other 2% of total lease revenue is attributable to a ground lease with Family Medical Investments and a ground lease with HHRE USA Fairhope ASC, LLC; both of which lease land from HCA at the USA Health Mapp Family Campus. Lease revenue is included within other operating revenues and interest income is included within investment income on the statement of revenues, expenses, and changes in net position.

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Future minimum lease revenue under noncancelable agreements as of December 31, 2024, by fiscal year, are as follows (in thousands):

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------|------------------|-----------------|--------------|
| 2025 | \$ 982 | 115 | 1,097 |
| 2026 | 682 | 131 | 813 |
| 2027 | 727 | 98 | 825 |
| 2028 | 608 | 63 | 671 |
| 2029 | 237 | 36 | 273 |
| 2030-2034 | 250 | 130 | 380 |
| 2035-2039 | 28 | 111 | 139 |
| 2040-2044 | 35 | 104 | 139 |
| 2045-2049 | 44 | 95 | 139 |
| 2050-2054 | 55 | 84 | 139 |
| 2055-2059 | 69 | 71 | 140 |
| 2060-2064 | 86 | 54 | 140 |
| 2065-2069 | 107 | 32 | 139 |
| 2070-2073 | 77 | 7 | 84 |
| | <u>\$ 3,987</u> | <u>1,131</u> | <u>5,118</u> |

As of December 31, 2024, 86% of the total lease receivable balance amount reflected on the accompanying statement of net position is related to subleases to the University.

(10) Patient Service Revenues

The University of South Alabama Health System (USA Health) has agreements with governmental and other third-party payers that provide for reimbursement at amounts different from their established rates. Contractual adjustments under third-party reimbursement programs represent the difference between USA Health's billings at established rates for services and amounts reimbursed by third-party payers.

A summary of the basis of reimbursement with major third-party payers follows:

Medicare – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, USA Health is reimbursed for both direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. USA Health is generally paid for certain retroactively determined items at tentative rates, with final settlements determined after submission of annual cost reports by USA Health and audits by the Medicare fiscal intermediary.

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Both USA Health University Hospital and USA Health Children's & Women's Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through September 30, 2020.

Revenues from the Medicare program accounted for approximately 12% of USA Health's patient service revenues for the three months ended December 31, 2024.

Blue Cross Blue Shield – Inpatient services rendered to Blue Cross subscribers are paid at a contractually determined per diem rate based upon Medicare Severity Diagnosis Related Groups. Outpatient services are reimbursed under a contractually determined reimbursement methodology based on Blue Cross Enhanced Ambulatory Patient Groups.

Revenues from the Blue Cross program accounted for approximately 29% of USA Health's patient service revenues for the three months ended December 31, 2024.

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule.

USA Health qualifies as a Medicaid essential provider and, therefore, also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. There can be no certainty that USA Health will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified. For the three months ended December 31, 2024, the University received net supplemental payments from this program in the amount of approximately \$20,480,000 and is included in patient service revenues on the statement of revenues, expenses, and changes in net position.

Revenues from the Medicaid program accounted for approximately 19% of USA Health's patient service revenues for the three months ended December 31, 2024.

Other – USA Health has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payments to USA Health under these agreements includes discounts from established charges and prospectively determined daily and case rates.

The composition of patient service revenues for the three months ended December 31, 2024 follows (in thousands):

| | | |
|---|----|----------------|
| Gross patient service revenues | \$ | 628,835 |
| Less: | | |
| Provision for contractual and other adjustments | | (380,540) |
| Provision for bad debts | | (27,196) |
| | \$ | <u>221,099</u> |

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Generally, patients who are covered by third-party payers are responsible for related deductibles and coinsurance which vary in amount. USA Health also provides services to uninsured patients and offers those uninsured patients a discount, either by policy or law, from standard charges. USA Health estimates the provision for bad debts for patients with deductibles and coinsurance and for those who are uninsured based on historical experience and current market conditions. Subsequent changes to the estimate of the provision for bad debts are generally recorded as adjustments to net patient service revenues in the period of the change. For the three months ended December 31, 2024, a reduction in revenue of approximately \$40,000 was recognized due to changes in estimates of the provision for bad debts.

The composition of gross patient service revenues before the provision for contractual and other adjustments and the provision for bad debts by major payer source is as follows for the three months ended December 31, 2024 (in thousands):

| | Gross patient service revenues | Percentage |
|------------|---|-------------------|
| Medicare | \$ 195,409 | 31 |
| Self pay | 33,120 | 5 |
| Blue Cross | 141,098 | 23 |
| Medicaid | 138,774 | 22 |
| Commercial | 70,071 | 11 |
| Other | 50,363 | 8 |
| | <u>\$ 628,835</u> | <u>100 %</u> |

As of December 31, 2024, the University has not received any amounts related to a prior year settlement for the 340B Drug Pricing Program.

The University provides charity care to patients who meet specific financial need criteria, as outlined in its USA Health Financial Assistance Policy. Charity care is defined as services provided to patients who are unable to pay for all or part of their care and for whom no expectation of payment exists. For the three months ended December 31, 2024, charity care costs were calculated based on the cost-to-charge ratio, which was applied to the amounts of services provided to qualifying patients. The total charity care provided during the period was approximately \$4,819,000 which represents 1.0% of total hospital charges.

(11) Business and Credit Concentrations

The University grants credit to patients, substantially all of whom reside in the University's service area. The University generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable

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under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, preferred provider arrangements, and commercial insurance policies).

The mix of receivables from patients and third party payors as of December 31, 2024 is as follows:

| | |
|------------|-------|
| Medicare | 24 % |
| Self Pay | 23 |
| Blue Cross | 17 |
| Medicaid | 15 |
| Commercial | 12 |
| Other | 9 |
| | 100 % |

(12) Defined-Benefit Cost-Sharing Pension Plan

Employees of the University are covered by a cost-sharing, multiple-employer defined-benefit pension plan administered by the TRS.

(a) Plan Description

The TRS was established in September 1939, under the provisions of Act 419 of the Legislature of 1939 for the purpose of providing retirement allowances and other specified benefits for qualified persons employed by State-supported educational institutions. The responsibility for the general administration and operation of the TRS is vested in its Board of Control. The TRS Board of Control consists of 15 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the TRS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov.

(b) Benefits Provided

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the TRS. Benefits for TRS members vest after ten years of creditable service. Tier 1 TRS members who retire after age 60 with 10 years or more of creditable service or with twenty-five years of services (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the method that yields the higher monthly benefit. Under the formula method, members of the TRS are allowed 2.0125% of their average final compensation (highest three of the last ten years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Act 2022-222 amended benefits for Tier 2 members, and they are now eligible for retirement after 30 years of creditable service and are entitled to an annual retirement benefit, with a 2% reduction for each year under 62, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or formula method, with the member receiving payment under the

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method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the TRS are allowed 1.65% of their average final compensation (highest five of the last ten years) for each year of service. Members are eligible for disability retirement if they have ten years of credible service, are currently in service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary based on the member's age, service credit, employment status, and eligibility for retirement.

(c) Contributions

Covered members of the TRS contributed 5% of earnable compensation to the TRS as required by statute until September 30, 2011. From October 1, 2011 to September 30, 2012, covered members of the TRS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered Tier 1 members of the TRS are required by statute to contribute 7.50% of earnable compensation.

Tier 2 covered members of the TRS contribute 6.2% of earnable compensation to the TRS as required by statute.

Participating employers' contractually required contribution rates are 12.59% of annual pay for Tier 1 members and 11.57% of annual pay for Tier 2 members. These required contribution rates are a percentage of annual payroll, actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the University were \$22,307,000 for the year ended September 30, 2024 are included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

(d) Pension Liabilities, Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At September 30, 2024, the University reported a liability of \$349,710,000 for its proportionate share of the collective net pension liability. At September 30, 2024, the collective net pension liability was measured as of September 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2022. The University's proportion of the collective net pension liability is based on the employer's shares of contributions to the pension plan relative to the total employer contributions of all participating TRS employers. At the measurement date of September 30, 2023, the University's proportion of contributions to the pension plan was 2.191463%, which was a decrease of 0.227295% from its proportion measured as of September 30, 2022 of 2.418758%.

For the year ended September 30, 2024, the University recognized pension expense of approximately \$38,714,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

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At September, 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (in thousands):

| | Deferred outflows of resources | Deferred inflows of resources |
|---|---|--|
| Differences between expected and actual experience | \$ 31,269 | 4,721 |
| Changes of assumptions | 9,838 | — |
| Net difference between projected and actual earnings on pension plan investments | 23,984 | — |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | — | 31,646 |
| Employer contributions subsequent to measurement date | 22,307 | — |
| | <u>\$ 87,398</u> | <u>36,367</u> |

At September 30, 2024, approximately \$22,307,000 reported as deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

| | |
|---------------------------|------------------|
| Year ending September 30: | |
| 2025 | \$ 8,173 |
| 2026 | 5,391 |
| 2027 | 20,324 |
| 2028 | (5,164) |
| | <u>\$ 28,724</u> |

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(e) Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

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

* Net of pension plan investment expense, including inflation

** Includes inflation

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period from October 1, 2015 through September 30, 2020, and a discount rate of 7.45%. Mortality rates for TRS were based on the Pub-2010 Teacher Below Median tables adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019.

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

| | Target allocation | Long-term expected rate of return* |
|---------------------------------------|------------------------------|---|
| Fixed income | 15.0 % | 2.8 % |
| U.S. large stocks | 32.0 | 8.0 |
| U.S. mid stocks | 9.0 | 10.0 |
| U.S. small stocks | 4.0 | 11.0 |
| International developed market stocks | 12.0 | 9.5 |
| International emerging market stocks | 3.0 | 11.0 |
| Alternatives | 10.0 | 9.0 |
| Real estate | 10.0 | 6.5 |
| Cash equivalents | 5.0 | 1.5 |
| | 100.0 % | |

* Includes assumed rate of inflation of 2.00%

(f) Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2024 was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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(g) Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1% Decrease (6.45)% | Current rate (7.45)% | 1% Increase (8.45)% |
|--|--------------------------------|---------------------------------|--------------------------------|
| University's proportionate share of collective net pension liability | \$ 456,856 | 349,710 | 259,593 |

(h) Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Annual Comprehensive Financial Report for the fiscal year ended September 30, 2023 as well as prior-year reports. The supporting actuarial information is included in the GASB Statement No. 68 Report for the TRS prepared as of September 30, 2023. The auditors' report dated January 15, 2024 on the total pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense for the sum of all participating entities as of September 30, 2023 along with supporting schedules is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(13) Other Employee Benefits

(a) Other Pension Plans

Certain employees of the University also participate in a defined-contribution pension plan. The defined-contribution pension plan covers certain academic and administrative employees, and participation by eligible employees is optional. The plan is administered by the University and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF). Under this plan, contributions by eligible employees are matched equally by the University up to a maximum of 3% of current annual pay. The University contributed approximately \$78,000 representing 123 employees for the three months ended December 31, 2024.

All employees of HCM working at least half-time are eligible to participate in a defined-contribution pension plan. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by TIAA-CREF. Under this plan, contributions by eligible employees are matched equally by HCM up to a maximum of 5% of current annual pay. HCM contributed

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approximately \$3,024,000 representing 2,770 employees participating in this plan for the three months ended December 31, 2024. University employees as of September 30, 2010, who later transfer to HCM, are immediately vested in the plan. All other employees do not vest until they have held employment with HCM for 36 months; at which time, they become 100% vested in the plan.

Effective April 1, 2022, HCM adopted a deferred compensation retirement plan. All nonstudent employees are eligible to defer receipt of a portion of their salary until a later date. The plan is administered by HCM and the plan assets are held in annuity contracts and custodial accounts. The annuity contracts are with, and the custodial account assets are invested through investment options offered by, TIAA-CREF. Under this plan, contributions by eligible employees are not matched by HCM. During the three months ended December 31, 2024, 269 employees participated in this plan. All eligible employees are fully vested in their accounts under this plan immediately upon contributing.

(b) *Compensated Absences*

Regular University employees accumulate vacation and sick leave and hospital and clinical employees accumulate paid time off. These are subject to maximum limitations, at varying rates depending upon their employee classification and length of service. Upon separation of employment, employees who were hired before January 1, 2012 are paid all unused accrued vacation at their regular rate of pay up to a maximum of two times their annual accumulation rate. Employees hired after January 1, 2012 are not eligible for payment of unused accrued vacation or paid time off (PTO) hours upon separation of employment. Employees acquired through the Providence purchase were able to transfer their current PTO balances to the University. This transferred PTO is eligible for payout. The accompanying statement of net position includes accruals for vacation pay and paid time off of approximately \$11,047,000 at December 31, 2024. The accrual is included in other long-term liabilities (and current portion thereof) in the accompanying financial statements. No accrual is recognized for sick leave benefits since no terminal cash benefit is available to employees for accumulated sick leave.

(14) Other Postemployment Benefit Plans

Retirees of the University are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost-sharing, multiple-employer defined-benefit OPEB plan administered by the TRS.

(a) *Plan Description*

The Alabama Retiree Health Care Funding Act of 2007 authorized and directed the Public Education Employees Health Insurance Board (Board) to create an irrevocable trust to fund postemployment healthcare benefits to retirees participating in PEEHIP. Active and retiree health insurance benefits are paid through the PEEHIP. The PEEHIP was established in 1983 pursuant to the provisions of the Code of Alabama 1975, Title 16, Chapter 25A to provide a uniform plan of health insurance for active and retired employees of state and local educational institutions and to fund benefits related to the plan. The responsibility for the general administration and operation of the PEEHIP is vested in its Board, which consists of 15 trustees. Title 16-Chapter 25 of the Code of Alabama grants the authority to establish and amend the benefit terms to the PEEHIP Board. GASB Statement No. 75, requires the reporting of the participating employers' share of net OPEB liability and the OPEB expense in the financial statements as well as enhanced financial statements note disclosures.

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(b) Benefits Provided

PEEHIP offers a basic hospital medical plan to active members and non-Medicare eligible retirees. Active employees and non-Medicare eligible retirees who do not have Medicare eligible dependents can enroll in a health maintenance organization (HMO). In addition to or in lieu of the basic hospital medical plan or HMO, the PEEHIP offers four optional plans: Hospital Indemnity, Cancer, Dental, and Vision. Also, PEEHIP members (only active and non-Medicare eligible) may elect the Supplemental Plan as their hospital medical coverage instead of the PEEHIP Hospital Medical Plan. This Supplemental Plan provides secondary benefits to the member's primary plan provided by another employer.

Effective January 1, 2020, Medicare eligible members and Medicare eligible dependents covered on a retiree contract were enrolled in the Humana Group Medicare Advantage plan for PEEHIP retirees. Effective January 1, 2023, United Health Care (UHC) Group replaced the Humana contract. The Medicare Advantage Prescription Drug Plan (MAPDP) is fully insured by UHC, and members are able to have all of their Medicare Part A, Part B, and Part D (prescription drug coverage) in one convenient plan. With the UHC plan for PEEHIP, retirees can continue to see their same providers with no interruption and see any doctor who accepts Medicare on a national basis. Retirees have the same benefits in and out-of-network, and there is no additional retiree cost share if a retiree uses an out-of-network provider and no balance billing from the provider.

(c) Contributions

The employer contribution to the health insurance premium is set forth by the Board annually.

Total employer contributions to the OPEB plan from the University were \$6,171,000 the year ended September 30, 2024 and are included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

(d) OPEB Liabilities, OPEB Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At September 30, 2024, the University reported a liability of \$78,808,000, for its proportionate share of the net OPEB liability. At September 30, 2024, the net OPEB liability was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2022. The University's proportion of the net OPEB liability was based on a projection of the University's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At the measurement date of September 30, 2023, the University's proportion of contributions to the OPEB plan was 4.099978%, which was an increase of 1.034118% from its proportion measured as of September 30, 2022 of 3.065860%.

For the year ended September 30, 2024, the University recognized negative OPEB expense of approximately \$25,596,000, which is included in salaries and benefits on the statement of revenues, expenses, and changes in net position.

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At September 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

| | Deferred outflows of resources | Deferred inflows of resources |
|--|---|--|
| Differences between expected and actual experience | \$ 1,541 | 124,356 |
| Changes of assumptions | 66,393 | 77,962 |
| Net difference between projected and actual earnings on OPEB plan investments | 2,692 | — |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 92,326 | 55,162 |
| Employer contributions subsequent to the measurement date | 6,171 | — |
| | \$ 169,123 | 257,480 |

At September 30, 2024, approximately \$6,171,000 reported as deferred outflows of resources related to OPEB resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2025.

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

| | |
|---------------------------|-------------|
| Year ending September 30: | |
| 2025 | \$ (36,405) |
| 2026 | (5,121) |
| 2027 | (11,317) |
| 2028 | (29,845) |
| 2029 | (14,895) |
| Thereafter | 3,054 |
| | \$ (94,529) |

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(e) Actuarial Assumptions

The total OPEB liability as of September 30, 2024 was determined by an actuarial valuation performed as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|-------------|
| Inflation | 2.50 % |
| Projected salary increases* | 3.25-5.00 % |
| Long-term investment rate of return** | 7.00 % |
| Municipal bond index rate at the measurement date | 4.53 % |
| Municipal bond index rate at prior measurement date | 4.40 % |
| Projected year for fiduciary net position to be depleted | N/A |
| Single equivalent interest rate at the measurement date | 7.00 % |
| Single equivalent interest rate at prior measurement date | 7.00 % |
| Healthcare cost trend rate | |
| Pre-Medicare eligible | 7.00 % |
| Medicare eligible | *** |
| Ultimate trend rate | |
| Pre-Medicare eligible | 4.50 % |
| Medicare eligible | 4.50 % |
| Year of ultimate trend rate | |
| Pre-Medicare eligible | 2033 |
| Medicare eligible | 2033 |
| Optional plans trend rate | 2.00 % |

* Includes 2.75% wage inflation

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

*** Initial Medicare trend rates are set based on negotiated increases through calendar year 2025.

Mortality rates were based on the Pub-2010 Teacher Below Median tables adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66–2/3% beginning with year 2019.

The decremental assumptions used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the TRS on September 13, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, healthcare cost trends, rate of

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plan participation, rates of plan election, etc.) of the total OPEB liability were based on the September 30, 2022 valuation.

The target asset allocation and best estimates of expected geometric real rates of return for each major asset class are summarized in the following table:

| | Target allocation | Long-term expected real rate of return* |
|---------------------------------------|------------------------------|--|
| Fixed income | 30 % | 4.40 % |
| U.S. large stocks | 38 | 8.00 |
| U.S. mid stocks | 8 | 10.00 |
| U.S. small stocks | 4 | 11.00 |
| International developed market stocks | 15 | 9.50 |
| Cash | 5 | 1.50 |
| | <u>100 %</u> | |

* Geometric mean, includes 2.50% inflation

(f) Discount Rate

The discount rate used to measure the total OPEB liability at September 30, 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan contributions will be made at the current contribution rates. Each year, the State specifies the monthly employer rate that participating employers must contribute for each active employee, which is currently \$800 per non-university active member. 11.051% of the employer contributions were used to assist in funding retiree benefit payments in fiscal year 2023. It is assumed that the 11.051% will increase or decrease at the same rate as expected benefit payments for the closed group until reaching an employer rate of 20.000%, at which point, based on budget projections, the monthly employer rate will increase to \$940 starting in 2027 and with inflation at 2.5% starting in 2028. The long-term expected rate of return on OPEB plan investments will be determined based on the allocation by the asset class and by the mean and variance of real returns. The discount rate determination will use a municipal bond rate to the extent the trust is projected to run out of money before all benefits are paid. Therefore, the projected future benefit payments for all current plan members were projected through 2121.

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(g) Sensitivity of the University's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates and Discount Rates

The following table presents the University's proportionate share of the net OPEB liability calculated using the healthcare cost trend rate of 4.50%, as well as what the net OPEB liability would be if calculated using one percentage point lower 3.50% or one percentage point higher 5.50% than the current rate (in thousands):

| | <u>1% Decrease (3.50)%</u> | <u>Current rate (4.50)%</u> | <u>1% Increase (5.50)%</u> |
|---|--------------------------------|---------------------------------|--------------------------------|
| University's proportionate share of collective net OPEB liability | \$ 59,735 | 78,808 | 101,965 |

The following table presents the University's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the net OPEB liability would be if calculated using one percentage point lower 6.00% or one percentage point higher 8.00% than the current rate (in thousands):

| | <u>1% Decrease (6.00)%</u> | <u>Current rate (7.00)%</u> | <u>1% Increase (8.00)%</u> |
|---|--------------------------------|---------------------------------|--------------------------------|
| University's proportionate share of collective net OPEB liability | \$ 97,288 | 78,808 | 63,079 |

(h) OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the Alabama Retired Education Employees' Health Care Trust's financial statements for the fiscal year ended September 30, 2023. The supporting actuarial information is included in the GASB Statement No. 75 Report for PEEHIP prepared as of September 30, 2023. Additional financial and actuarial information is available at www.rsa-al.gov.

(15) Risk Management

The University, HCM, SAMSF, and HCA participate in the PLTF; and the University, HCM, SAMSF, the Corporation, and HCA participate in the GLTF. An independent trustee administers both funds. These trust funds are revocable and use contributions by the University and HCA, together with earnings thereon, to pay liabilities arising from the performance of its employees, trustees, and other individuals acting on behalf of the University. Any risk related to the payment of claims is the responsibility of the PLTF and GLTF. If the trust funds are ever terminated, appropriate provision for payment of related claims will be made and any remaining balance may be distributed to the participating entities in proportion to contributions made.

UNIVERSITY OF SOUTH ALABAMA

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Notes to Basic Financial Statements

Three Months Ended December 31, 2024 (Unaudited)

As discussed in note 1, the PLTF and GLTF are blended component units of the University and, as such, are included in the financial statements of the University for the three months ended December 31, 2024. Claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. These liabilities are generally based on actuarial valuations and are reported at their present value.

The University, HCM, and HCA each participate in a separate self-insured health plan administered by unaffiliated entities. Administrative fees paid by the University for such services were approximately \$980,000 for the three months ended December 31, 2024 and are included in accounts payable and accrued liabilities on the statement of net position. Contributions by the University and its employees, together with earnings thereon, are used to pay liabilities arising from healthcare claims. It is the opinion of University administration that plan assets are sufficient to meet future plan obligations.

The changes in the total self-insurance liabilities for the three months ended December 31, 2024 for the PLTF, GLTF, and health plan are summarized as follows (in thousands):

| | | |
|--|----|-----------------|
| Balance, beginning of year | \$ | 72,621 |
| Premiums and other additions | | 36,950 |
| Claims, administrative fees paid, and other reductions | | <u>(46,424)</u> |
| Balance, end of year | \$ | <u>63,147</u> |

These amounts are included in other long-term liabilities and in accounts payable and accrued liabilities in the accompanying statement of net position.

(16) Other Related Parties and Related-Party Transactions

During the three months ended December 31, 2024, the University had certain related-party transactions with affiliates as described below.

FRAC is an Alabama non-for-profit corporation created for the purpose of promoting and advancing the University's educational, research, and service missions. For the three months ended December 31, 2024, FRAC had total assets of approximately \$53,000, net assets of approximately \$53,000, and total expenditures of approximately \$4,000. FRAC has royalty sharing agreements in place with the University and inventors in which each party receives a designated percentage of licensing income generated from intellectual property. For the three months ended December 31, 2024, FRAC distributed \$3,000 to the University and \$1,000 to inventors under royalty sharing agreements.

(17) Commitments and Contingencies

(a) Grants and Contracts

At December 31, 2024, the University had been awarded approximately \$148,223,000 in grants and contracts for which resources had not been received and for which reimbursable expenditures had not

UNIVERSITY OF SOUTH ALABAMA
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Three Months Ended December 31, 2024 (Unaudited)

been made for the purposes specified. These awards, which represent commitments of sponsors to provide funds for research or training projects, have not been reflected in the accompanying basic financial statements, as the eligibility requirements of the awards have not been met. Advances, if any, are included in unrecognized revenues and include amounts received from grant and contract sponsors that have not been expended under the terms of the agreements and, therefore, have not yet been included in revenues in the accompanying basic financial statements. Federal awards are subject to audit by federal agencies. The University's management believes any potential adjustment from such audits will not be material.

(b) Litigation

Various claims have been filed against the University alleging discriminatory employment practices and other matters. University administration and legal counsel are of the opinion the resolution of these matters will not have a material effect on the financial position or the statement of revenues, expenses, and changes in net position of the University.

(c) Rent Supplement Agreements

The University has entered into two irrevocable rent supplement agreements with the Corporation and a financial institution. The agreements require that, in the event the Corporation fails to maintain a debt service coverage ratio of one to one with respect to all of its outstanding indebtedness, the University will pay to the Corporation any and all rent amounts necessary to cause the Corporation's net operating income to be equal to the Corporation's annual debt service obligations (see note 6). As of December 31, 2024, no amounts were payable pursuant to these agreements.

(d) USA Research and Technology Corporation Leases

The University has commitments under lease receivables with the Corporation. Space under lease to the University was 80,092 square feet at December 31, 2024. See note 9 for additional details.

UNIVERSITY OF SOUTH ALABAMA
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Notes to Basic Financial Statements
Three Months Ended December 31, 2024 (Unaudited)

(18) Functional Expense Information

Operating expenses by functional classification for the three months ended December 31, 2024 are as follows (in thousands).

| | | |
|------------------------------------|----|----------------|
| Instruction | \$ | 35,035 |
| Research | | 7,822 |
| Public service | | 3,885 |
| Academic support | | 9,534 |
| Student services | | 12,035 |
| Institutional support | | 6,842 |
| Operation and maintenance of plant | | 1,735 |
| Scholarships | | 307 |
| USA Health | | 249,417 |
| Auxiliary enterprises | | 5,515 |
| Depreciation and amortization | | 22,085 |
| | | <hr/> |
| | \$ | <u>354,212</u> |

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)

Notes to Basic Financial Statements

Three Months Ended December 31, 2024 (Unaudited)

(19) Blended Component Units

As more fully described in note 1, HCM, PLTF, GLTF, Providence IPA, and JAF are reported as blended component units. Required combining financial information of the aggregate blended component units as of and for the three months ended December 31, 2024 follows (in thousands):

| | | |
|------------------------|----|-----------|
| Current assets | \$ | 26,571 |
| Noncurrent assets | | 65,330 |
| Total assets | | 91,901 |
| Current liabilities | | 36,738 |
| Noncurrent liabilities | | 47,392 |
| Total liabilities | | 84,130 |
| Net position | \$ | 7,771 |
| Operating revenues | \$ | 143,379 |
| Operating expenses | | (142,716) |
| Operating income | | 663 |
| Nonoperating revenues | | — |
| Nonoperating expenses | | (276) |
| Change in net position | \$ | 387 |

(20) Recently Issued Accounting Pronouncements

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*, which is effective for fiscal years beginning after June 15, 2025. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets and requires disclosure of certain information regarding capital assets to be presented by major class.

The effect of the implementation of GASB Statement Nos. 103 and 104 on the University has not yet been determined.

UNIVERSITY OF SOUTH ALABAMA
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Required Supplementary Information

Schedule of the University's Proportionate Share of the Net Pension Liability and Related Ratios (Unaudited)

Teachers' Retirement Plan of Alabama

September 30 of each year from 2015 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| University's proportion of the net pension liability | 2.191463 % | 2.418758 % | 2.521971 % | 2.551330 % | 2.664536 % | 2.843720 % | 3.018313 % | 3.108048 % | 3.185471 % | 3.322348 % |
| University's proportionate share of the net pension liability | \$ 349,710 | 375,894 | 237,578 | 315,591 | 294,615 | 282,739 | 296,654 | 336,477 | 329,294 | 297,734 |
| University's covered-employee payroll during the measurement period | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 | 201,858 | 210,359 |
| University's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 193.19 % | 199.81 % | 128.43 % | 173.52 % | 154.61 % | 147.63 % | 147.98 % | 169.61 % | 163.13 % | 141.54 % |
| Plan fiduciary net position as a percentage of the total pension liability | 63.57 % | 62.21 % | 76.44 % | 67.72 % | 69.85 % | 72.29 % | 71.50 % | 67.93 % | 67.51 % | 71.01 % |

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

UNIVERSITY OF SOUTH ALABAMA
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Required Supplementary Information

Schedule of the University's Pension Contributions (Unaudited)

Teachers' Retirement Plan of Alabama

September 30 of each year from 2015 to 2024

(In thousands of dollars)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Contractually required contribution | \$ 22,307 | 21,345 | 22,005 | 21,566 | 21,413 | 22,481 | 22,262 | 23,664 | 23,405 | 23,524 |
| Contributions in relation to the contractually required contribution | 22,307 | 21,345 | 22,005 | 21,566 | 21,413 | 22,481 | 22,262 | 23,664 | 23,405 | 23,524 |
| Contribution deficiency (excess) | \$ — | — | — | — | — | — | — | — | — | — |
| University's covered-employee payroll | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 | 201,858 | 210,359 |
| Contributions as a percentage of covered-employee payroll | 12.32 % | 11.35 % | 11.90 % | 11.86 % | 11.24 % | 11.74 % | 11.11 % | 11.93 % | 11.59 % | 11.18 % |

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

UNIVERSITY OF SOUTH ALABAMA
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Required Supplementary Information

Schedule of the University's Proportionate Share of the Net OPEB Liability and Related Ratios (Unaudited)

Alabama Retired Education Employees' Health Care Trust

September 30 of each year from 2017 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| University's proportion of the net OPEB liability | 4.099978 % | 3.065860 % | 3.974950 % | 4.016210 % | 2.737717 % | 3.156420 % | 3.449076 % | 2.963813 % |
| University's proportionate share of the net OPEB liability | \$ 78,808 | 53,421 | 205,378 | 260,646 | 103,288 | 259,418 | 256,178 | 238,060 |
| University's covered-employee payroll during the measurement period | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 |
| University's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll | 43.54 % | 28.40 % | 111.02 % | 143.31 % | 54.20 % | 135.45 % | 127.79 % | 120.00 % |
| Plan fiduciary net position as a percentage of the total OPEB liability | 49.42 % | 48.39 % | 27.11 % | 19.80 % | 28.14 % | 14.81 % | 15.37 % | 13.38 % |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

UNIVERSITY OF SOUTH ALABAMA
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Required Supplementary Information

Schedule of the University's OPEB Contributions (Unaudited)

Alabama Retired Education Employees' Health Care Trust

September 30 of each year from 2017 to 2024

(In thousands of dollars)

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 6,171 | 6,382 | 5,859 | 6,868 | 7,947 | 7,772 | 7,728 | 8,373 |
| Contributions in relation to the contractually required contribution | <u>6,171</u> | <u>6,382</u> | <u>5,859</u> | <u>6,868</u> | <u>7,947</u> | <u>7,772</u> | <u>7,728</u> | <u>8,373</u> |
| Contribution deficiency (excess) | \$ — | — | — | — | — | — | — | — |
| University's covered-employee payroll | \$ 181,019 | 188,126 | 184,984 | 181,875 | 190,559 | 191,520 | 200,464 | 198,378 |
| Contributions as a percentage of covered-employee payroll | 3.41 % | 3.39 % | 3.17 % | 3.78 % | 4.17 % | 4.06 % | 3.86 % | 4.22 % |

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

Unaudited – see accompanying auditors' report.

Covered-employee payroll: payroll on which contributions to a pension plan are based.

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

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

UNIVERSITY OF SOUTH ALABAMA

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Notes to Required Supplementary Schedules (Unaudited)

Three Months Ended December 31, 2024

(1) Summary of Cost-Sharing Pension Plan Provisions and Assumptions

Employees of the University of South Alabama are covered by a cost-sharing, multiple-employer defined-benefit pension plan administered by the Teachers Retirement System (TRS) of the State of Alabama.

(a) Actuarial Assumptions

The total pension liability as of September 30, 2024 was determined by an actuarial valuation as of September 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------|------------|
| Inflation | 2.5% |
| Investment rate of return* | 7.45% |
| Projected salary increases** | 3.25-5.00% |

* Net of pension plan investment expense

** Includes inflation

The actuarial assumptions used in the September 30, 2022 valuation were based on the results of an actuarial experience study for the period from October 1, 2015 through September 30, 2020, and a discount rate of 7.45%. Mortality rates for TRS were based on the Pub-2010 Teacher Below Median tables adjusted for males (108% ages < 63, 96% ages > 67; phasing down 63–67) and for females (112% ages < 69, 98% > age 74, phasing down 69–74), projected generationally using scale MP-2020 adjusted by 66-2/3% beginning with year 2019. The September 30, 2022 valuation reflects the impact of Act 2022-222.

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

(b) Changes in Actuarial Assumptions

In 2021, rates of withdrawal, retirement, disability and mortality were adjusted to more closely reflect actual experience. In 2021, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience, including a change in the discount rate from 7.70% to 7.45%. In 2021 and later, the expectation of retired life mortality was changed to the Pub-2010 Teacher Retiree Below Median Tables projected generationally with 66-2/3% of the MP-2020 scale beginning in 2019.

In 2018, the discount rate was changed from 7.75% to 7.70%.

In 2016, rates of retirement, disability, withdrawal and mortality were adjusted to more closely reflect actual experience. In 2016, economic assumptions and the assumed rates of salary increase were

UNIVERSITY OF SOUTH ALABAMA

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Notes to Required Supplementary Schedules (Unaudited)

Three Months Ended December 31, 2024

adjusted to more closely reflect actual and anticipated experience. In 2016 the expectation of retired life mortality as changed to the RP-2000 White Collar Mortality Table projected to 2020 using scale BB and adjusted 115% for all ages for males and 112% for ages 78 and over for females. The rates of disabled mortality were based on the RP-2000 Disabled Mortality Table projected to 2020 using scale BB and adjusted 105% for males and 120% for females.

(c) Discount Rate

The discount rate used to measure the total pension liability as of September 30, 2024 was 7.45%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(d) Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The assumptions and methods used in the valuation are based on the results of the Experience Investigation for the five-year period ended September 30, 2020, dated July 12, 2021, and adopted by the Teachers' Retirement System Board of Control on September 13, 2021. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 27 years |
| Asset valuation method | Market value of assets |
| Inflation | 2.50% |
| Salary increase | 3.25% to 5.00%, including inflation |
| Investment rate of return | 7.45%, net of pension plan investment expense, including inflation |

(2) Summary of OPEB Plan Provisions and Assumptions

Retirees of the University of South Alabama are covered by the Public Education Employees Health Insurance Plan (PEEHIP), which is a cost-sharing, multiple-employer defined-benefit OPEB plan administered by the Teachers Retirement System (TRS) of the State of Alabama.

(a) Changes in Actuarial Assumptions

In 2022, rates of plan participation and tobacco usage assumptions were adjusted to reflect actual experience more closely.

UNIVERSITY OF SOUTH ALABAMA
(A Component Unit of the State of Alabama)
Notes to Required Supplementary Schedules (Unaudited)
Three Months Ended December 31, 2024

In 2021, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2021, economic assumptions and the assumed rates of salary increases were adjusted to reflect actual and anticipated experience more closely.

In 2019, the anticipated rates of participation, spouse coverage, and tobacco use were adjusted to reflect actual experience more closely.

(b) Recent Plan Changes

The September 30, 2022 valuation reflects the impact of Act 2022-222.

Beginning in plan year 2021, the Medicaid Advantage Prescription Drug plan premium rates exclude the ACA Health Insurer Fee, which was repealed on December 20, 2019.

Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through the Medicare Advantage Prescription Drug plan.

The Health Plan is changed each year to reflect the ACA maximum annual out-of-pocket amounts.

UNIVERSITY OF SOUTH ALABAMA

(A Component Unit of the State of Alabama)

Notes to Required Supplementary Schedules (Unaudited)

Three Months Ended December 31, 2024

(c) Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the schedule of employer contributions are calculated as of September 30, three years prior to the end of the fiscal year in which contributions are reported. Therefore, the actuarially determined employer contribution for fiscal year ended September 30, 2023 is determined based on the actuarial valuation as of September 30, 2020. The following actuarial methods and assumptions were used to determine the most recent contribution rate reported in that schedule:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percent of pay, closed |
| Remaining amortization period | 21 years |
| Asset valuation method | Market value of assets |
| Inflation | 2.75% |
| Healthcare cost trend rate: | |
| Pre-Medicare eligible | 6.50% |
| Medicare eligible | * |
| Ultimate trend rate: | |
| Pre-Medicare eligible | 4.75% |
| Medicare eligible | 4.75% |
| Year of ultimate trend rate | 2027 for pre-Medicare eligible 2024 for Medicare eligible |
| Investment rate of return | 5.00%, including inflation |
| Optional plans trend rate | 2.00% |

*Initial Medicare claims are set based on scheduled increase through plan year 2022.



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Finance and Administration

DATE: February 14, 2025

TO: Jo Bonner, President

FROM: Kristen Roberts, Chief Financial Officer

A handwritten signature in blue ink, appearing to read 'KR' or 'KR2', positioned to the right of the 'FROM' line.

SUBJECT: Resolutions for the Sale of University Real Estate

The two (2) attached resolutions regarding the sale of University property have been prepared for consideration by the USA Board of Trustees at the March 13, 2025 meeting.

Attachments (2)

A handwritten signature in black ink, reading 'Jo Bonner', located at the bottom center of the page.

RESOLUTION

SALE OF REAL PROPERTY TO BENDER CLINICS, LLC

WHEREAS, the University of South Alabama (the “University”) is the owner of certain real property located in Providence Park, Mobile County, Alabama, and legally described as Lot 4 of Providence Park, POB West, North Addition, Resubdivision of Lot 3A, according to the plat thereof recorded in Instrument No. 2021063287 of the records in the office of the Judge of Probate, Mobile County, Alabama (the “Property”), and

WHEREAS, Bender Clinics, LLC, an Alabama limited liability company (the “Purchaser”), currently owns certain real property adjacent to and contiguous with the Property, and

WHEREAS, the Purchaser holds a right of first refusal to purchase the Property, which was triggered by the University’s acquisition of Providence Hospital, and

WHEREAS, the University and Purchaser have executed a Purchase and Sale Agreement, dated January 15, 2025 (the “PSA”), in which the University agreed to sell and assign, and the Purchaser agreed to purchase and assume, the Property, together with certain easements and use rights applicable to the Property (collectively, the “Transaction”), and

WHEREAS, the consummation of the Transaction is deemed to be in the best interests of the University, and

THEREFORE, BE IT RESOLVED, that the Board of Trustees of the University of South Alabama hereby authorizes (1) the sale of the Property pursuant to the terms of the PSA, and (2) Mr. Trae Catrett, Director, Tax Accounting & Special Projects; Mr. Owen Bailey, Chief Executive Officer of USA Health and Senior Associate Vice President for Medical Affairs; or Ms. Kristen Roberts, Chief Financial Officer, to execute and file any and all documents they may deem appropriate or necessary in furtherance of the sale of the Property, in part or in whole, to the Purchaser per the terms of the PSA.

RESOLUTION

SALE OF REAL PROPERTY AT THE BROOKLEY COMPLEX

WHEREAS, the University of South Alabama (the “University”) owns approximately 50 acres of real property in Mobile County, Alabama, said property having been deeded to the University by the University of South Alabama Foundation (the “Property”), and

WHEREAS, the University executed a Purchase and Sale Agreement with Burton Property Group (the “PSA”) to sell the Property and to use the proceeds of the sale for the furtherance of the construction of the Frederick P. Whiddon College of Medicine, and

WHEREAS, the consummation of the sale is deemed to be in the best interests of the University,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes (1) the sale of the Property pursuant to the terms of the PSA, and (2) the President of the University of South Alabama and/or the Chief Financial Officer to execute and file any and all documents they may deem appropriate or necessary in furtherance of the sale of the Property, in part or in whole, to Burton Property Group per the terms of the PSA.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



**LONG-RANGE PLANNING
COMMITTEE**

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Long-Range Planning Committee

December 4, 2024

3:10 p.m.

A meeting of the Long-Range Planning Committee of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Ms. Chandra Brown Stewart, Chair, on Wednesday, December 4, 2024, at 3:10 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Chandra Brown Stewart, Lenus Perkins, Mike Windom and Jim Yance were present, and Ron Jenkins and Bill Lewis participated remotely.

Member Absent: Steve Stokes.

Other Trustees: Alexis Atkins, Ron Graham, Meredith Hamilton, Arlene Mitchell and Jimmy Shumock.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Angela Coleman, Michael Chambers, Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Mike Mitchell, Kristen Roberts, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 32**, Ms. Brown Stewart called for consideration of the minutes for a meeting held on September 12, 2024, **Item 33**. On motion by Judge Windom, seconded by Mr. Jenkins, the Committee voted unanimously to adopt the minutes.

Ms. Brown Stewart called on Dr. Angela Coleman, Associate Vice President for Institutional Effectiveness, to give a report on University planning and assessment, **Item 34**. Dr. Coleman discussed the work of the Institutional Planning and Assessment Committee (“IPAC”) at a meeting in October, advising of a subcommittee formed to consider faculty representation as part of the strategic priorities and reports delivered on student academic success, the survey program, alumni engagement and the requirements for earning the R1 Carnegie Classification for very high research activity. She said work on academic success indicators for non-traditional students was also progressing. She commented on expectations moving into 2025, noting that Board action on a recommendation to revise the strategic priorities was a possibility.

There being no further business, the meeting was adjourned at 3:15 p.m.

Respectfully submitted:

Chandra Brown Stewart, Chair



UNIVERSITY OF SOUTH ALABAMA

MEMORANDUM

Executive Vice President and Provost

DATE: March 5, 2025

TO: Jo Bonner, President

FROM: Andi M. Kent, Executive Vice President and Provost

A handwritten signature in blue ink that reads "Andi M. Kent".

SUBJECT: Strategic Priorities

I recommend approval of the attached Amended University of South Alabama Strategic Priorities 2024-2029 as submitted by Dr. Julie Estis. These Priorities will be presented at the Board of Trustees meeting on March 14, 2025.

AMK/rmh

A handwritten signature in black ink that reads "Jo Bonner".

RESOLUTION

UPDATE OF UNIVERSITY OF SOUTH ALABAMA STRATEGIC PRIORITIES 2024 - 2029

WHEREAS, the university is dedicated to its vision of being a leading comprehensive public university internationally recognized for educational, research, and healthcare excellence as well as for its positive intellectual, cultural, and economic impact on those it serves while ensuring compliance with enforceable federal regulations, and

WHEREAS, the university desires to align its current vision, mission, and core values statements with the evolving federal guidelines and policies, and

WHEREAS, an Ad Hoc Committee, following the committee's charge to analyze executive orders and agency communications to determine future implications, recommended that the Institutional Planning and Assessment Committee review and revise the University Strategic Priorities 2024 – 2029, and

WHEREAS, the Institutional Planning and Assessment Committee is charged with overseeing and guiding the direction, structure, and use of the University's strategic priorities, guiding and reviewing the progress of the University on advancing its strategic priorities, considering and offering recommendations for continuous advancement of our campus values, and ensuring that the University's mission and vision are periodically reviewed for alignment with the University's strategic direction, and reviewing and evaluating the University's indicators of success, and

WHEREAS, the Institutional Planning and Assessment Committee recommends an update to the University Strategic Priorities 2024 - 2029 to align our core values and strategic priorities with federal guidance, and

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama hereby authorizes the university administration to update the University Strategic Priorities 2024 - 2029 to reflect these considerations.

University of South Alabama Strategic Priorities 2024-2029

Vision: The University of South Alabama will be a leading comprehensive public university internationally recognized for educational, research, and healthcare excellence as well as for its positive intellectual, cultural, and economic impact on those it serves.

Mission: The University of South Alabama, with a global reach and special focus on the Gulf Coast, strives to make a difference in the lives of those it serves through promoting discovery, health, and learning.

Core Values: The University of South Alabama affirms the following core values as essential to the accomplishment of its mission:

- A Welcoming and Supportive Environment
- A Global Perspective
- A Pursuit of Excellence
- Freedom in the Pursuit of Knowledge
- Integrity
- Transparency and Participation in Decision-Making

Student Success: South commits to creating multiple pathways and partnerships that support the pursuit of higher education. South provides the tools and resources all students need to be academically and personally successful at USA and also prepares them to achieve their postgraduate educational and professional ambitions.

1. Strategically increase enrollment to 16,500 students.
 - a. Employ targeted recruitment efforts for undergraduate students, adult learners, veterans, international students, Start South students, and graduate students.
2. Increase performance on student success metrics for all students related to progression and completion.
3. Provide students services and student life experiences that they value, support their personal wellness, and create opportunities for personal development.
4. LevelUP: Ensure all students are prepared for what comes next whether employment or advanced education.
5. Provide faculty and staff professional development and support to increase the implementation of high-impact practices resulting in increased student engagement and success and meaningful relationships with faculty and staff.

Graduate Education: Graduate students and faculty are central to achieving both the educational and research components of our mission, to helping our community find solutions to its most pressing problems, and to improving economic and social outcomes in our region.

6. Ensure graduate students have meaningful engagement in research, clinical and/or other professional opportunities.
7. Increase the number of grant-funded graduate students.
8. Develop high-demand graduate programs aligned with institutional strengths.
9. Increase the number of terminally-degreed graduate students.

Research, Discovery, and Creative Works: The University of South Alabama faculty, staff, and students conduct internationally recognized research and scholarship to create new knowledge and medical advancements, spur economic development, help our region find solutions to its challenges, and improve the quality of life for our citizens.

10. Recognize and support excellence in faculty research, scholarly work, and creative achievements with emphasis on the structural supports necessary to achieve higher levels of national recognition in these areas.
11. Increase grant proposal submissions.
12. Increase the amount of research dollars awarded.
13. Increase the proportion of research that is interdisciplinary.
14. Increase the proportion of research that is interindustry to include research that builds partnerships with other higher educational institutions, businesses, municipalities, and governmental and non-profit organizations.

University Community Engagement: The University of South Alabama commits to active community engagement and valuing community impact as fundamental to the success of all University stakeholders.

15. Ensure that students' educational programs include faculty-guided, substantive engagement through collaborative community partnerships to include internships, clinical placements, research experiences, and/or other experiential learning (e.g., study abroad and service learning).
16.
 - a. Engage with business and industry to be responsive to the workforce development needs in the broader community.
 - b. Monitor and evaluate the University's impact on the local and statewide economy.
 - c. Engage our civic partners in the Gulf Coast region to identify, prioritize and address issues impacting the educational and health outcomes of our local community. Ensure that the University strategically engages with business, governmental, healthcare, and civic partners to identify and address critical challenges.

Excellence in Healthcare: As the only academic medical center along the upper Gulf Coast, USA Health and the University of South Alabama provide excellent healthcare through its hospitals and clinics, continuous research and technological advancements, and robust interprofessional and interdisciplinary partnerships.

17. Ensure excellent fiscal management and financial health of the USA Health System.
18. Ensure high satisfaction ratings among patients.
19. Ensure the safety of patients in our care.

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**



COMMITTEE OF THE WHOLE

**UNIVERSITY OF SOUTH ALABAMA
BOARD OF TRUSTEES**

Committee of the Whole

December 4, 2024

3:15 p.m.

A meeting of the Committee of the Whole of the University of South Alabama (“USA,” “University”) Board of Trustees was duly convened by Ms. Arlene Mitchell, Chair *pro tempore*, on Thursday, September 12, 2024, at 3:15 p.m. in the Board Room of the Frederick P. Whiddon Administration Building. Meeting attendance was open to the public.

Members: Alexis Atkins, Chandra Brown Stewart, Scott Charlton, Steve Furr, Luis Gonzalez, Ron Graham, Ron Jenkins, Arlene Mitchell, Lenus Perkins, Jimmy Shumock, Steve Stokes, Mike Windom and Jim Yance were present, and Bill Lewis participated remotely.

Members Absent: Scott Charlton, Steve Furr, Luis Gonzalez, Kay Ivey and Steve Stokes.

Administration & Guests: Jim Berscheidt, Joél Billingsley, Jo Bonner, Michael Chambers, Kristin Dukes, Joel Erdmann, Monica Ezell, Charlie Guest, Buck Kelley, Andi Kent, Mike Mitchell, Kristen Roberts, Donna Streeter (Faculty Senate), Margaret Sullivan, Peter Susman and Christina Wassenaar (Faculty Senate).

Following the attendance roll call, **Item 35**, Chair Mitchell called for adoption of the revised agenda, **Item 35.A**. On motion by Judge Windom, seconded by Ms. Atkins, the Committee voted unanimously to adopt the revised agenda. Chair Mitchell called for consideration of the minutes for a meeting held on September 12, 2024, **Item 36**. On motion by Mr. Shumock, seconded by Judge Windom, the Committee voted unanimously to adopt the minutes.

Chair Mitchell asked President Bonner to present **Item 36.A**, a resolution of commendation recognizing Judge Don Davis, USA alumnus, for his many years of service as Probate Judge of Mobile County and for his enduring support of and service to the University. President Bonner noted Judge Davis would soon retire from public office and commented on his contributions to USA. On motion by Mr. Yance, seconded by Judge Windom, the Committee voted unanimously to recommend approval of the resolution by the Board of Trustees.

In accordance with the provisions of the Alabama Open Meetings Act, Chair Mitchell made a motion to convene an executive session for an anticipated duration of 30 minutes for the purpose of discussing pending or threatened litigation, as well as preliminary negotiations involving a matter of trade or commerce, **Item 37**. She stated Ms. Dukes had submitted the required written declaration for the minutes and that adjournment of the meeting would be in effect immediately upon the conclusion of the executive session. Ms. Atkins seconded and, at 3:19 p.m., the Committee voted unanimously to convene an executive session, as recorded herein. The executive session began at 3:30 p.m.:

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AYES:

- Ms. Atkins
- Ms. Brown Stewart
- Mr. Graham
- Ms. Hamilton
- Capt. Jenkins
- Judge Lewis
- Ms. Mitchell
- Mr. Perkins
- Mr. Shumock
- Judge Windom
- Mr. Yance

There being no further business, the meeting was adjourned at 3:54 p.m.

Respectfully submitted:

Arlene Mitchell, Chair *pro tempore*

RESOLUTION

COMMENDATION OF MRS. KRISTIN DANIELS DUKES

WHEREAS, the University of South Alabama wishes to recognize the outstanding service of Mrs. Kristin Daniels Dukes throughout her seventeen-year career with the University, and

WHEREAS, Mrs. Dukes began her journey with South in November of 2007 as Associate University Attorney, after a career in private practice handling a variety of issues, including litigation, employment law, contracts, and business law, and

WHEREAS, Mrs. Dukes was named General Counsel in January of 2020, assuming responsibility and oversight for all legal issues involving USA, and

WHEREAS, during Mrs. Dukes' tenure as General Counsel, she carefully navigated the University through the Covid-19 pandemic and the transition from President Tony Waldrop to President Jo Bonner, among many other accomplishments that are, unfortunately, subject to attorney-client privilege, and

WHEREAS, Mrs. Dukes was a dedicated employee, handling multiple complex issues for both the University and USA Health, doing so with a wealth of knowledge, patience, and grace, as well as her patented self-deprecating sense of humor, and

WHEREAS, Mrs. Dukes was very involved in the legal community as a member of the Alabama Bar Association, the Mobile County Bar Association, the Women's Section of the Mobile Bar Association, the Paul W. Brock Inn of Court, the National Association for College and University Attorneys, and USA's Women United, a subgroup of the United Way of Southwest Alabama, and

WHEREAS, Mrs. Dukes has retired and is living her best life, spending time with her family, doting on her first grandchild, traveling, and playing pickleball,

THEREFORE, BE IT RESOLVED, the Board of Trustees of the University of South Alabama extends its heartfelt appreciation to Mrs. Kristin Daniels Dukes for her voluminous contributions to the University of South Alabama and offers her and her husband, Mr. Gil Dukes, best wishes in their future endeavors.