

University of Alabama at Birmingham

**Report on Federal Awards In Accordance With
OMB Circular A-133**

For the Year Ended September 30, 2007

EIN: 63-6005396

University of Alabama at Birmingham
Report on Federal Awards in Accordance with OMB Circular A-133
September 30, 2007

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PART I
FEDERAL AWARD PROGRAMS

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

To the Board of Trustees of the University of Alabama:

We have audited the financial statements of each major fund and the aggregate nonmajor fund information of The University of Alabama at Birmingham (the "University"), a campus of The University of Alabama System, which is a component unit of the State of Alabama, as of and for the year ended September 30, 2007, and have issued our report thereon dated January 21, 2008. We did not audit the financial statements of Southern Research Institute, which statements represent 60%, 79%, and 27%, respectively, of the assets, net assets, and revenues of the aggregate remaining fund information; and 3%, 4%, and 4%, respectively, of the assets, net assets, and revenues of the University at September 30, 2007 and for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Southern Research Institute is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of Triton Health Systems, L.L.C., UAB Research Foundation, and Brookwood Pharmaceuticals (a subsidiary of Southern Research Institute) were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting. The report on internal control over financial reporting of Southern Research Institute was prepared by other auditors, whose report thereon has been furnished to us.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify, and the report of other auditors did not identify, any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that were reported to management of the University in a separate letter dated January 21, 2008.

This report is intended solely for the information and use of the Board of Trustees, the University President, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

January 21, 2008

**Report of Independent Auditors on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over Compliance
in Accordance with OMB Circular A-133**

To the Board of Trustees of The University of Alabama:

Compliance

We have audited the compliance of the University of Alabama at Birmingham ("UAB") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2007, except as described in the following three paragraphs of this report. UAB's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of UAB's management. Our responsibility is to express an opinion on UAB's compliance based on our audit.

UAB's financial statements include the operations of the Southern Research Institute ("SRI"), which expended \$53,993,876 in federal awards which is not included in the accompanying schedule of expenditures of federal awards during the year ended September 30, 2007. Our audit, described below, did not include the operations of SRI because SRI engaged another audit firm to perform an audit in accordance with OMB Circular A-133.

Related to major federal program expenditures in Zambia, we did not audit UAB's compliance with the compliance requirements specified by the Centers for Disease Research and Development - Health Promotion and Disease Prevention (contract numbers CA-04-01138 and CDC-02-01-40-004-06) and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to UAB's compliance with those requirements, is based solely on the report of the other auditors.

We did not audit UAB's compliance with the requirements governing maintaining repayment records, monitoring the timing and amount of collections and the performance of due diligence related to campus-based student loans, compliance requirements specified by the Federal Perkins Loan, Health Professional Student Loan, and Loans for Disadvantaged Students Programs and described in the OMB *Circular A-133 Compliance Supplement*. Compliance with these requirements was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to UAB's compliance with those requirements, is based solely on the report of the other auditors.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance

with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about UAB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of UAB's compliance with those requirements.

In our opinion, based on our audit and the report of other auditors, UAB complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-8.

Internal Control Over Compliance

The management of UAB is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, except as noted in the following paragraphs, we considered UAB's internal control over compliance with requirements that could have a direct and material effect on a major program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance. Accordingly, we do not express an opinion on the effectiveness of UAB's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as described below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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

Related to major program expenditures in Zambia, we did not consider internal control over compliance with the compliance requirements specified by the Centers for Disease Research and Development - Health Promotion and Disease Prevention (contract numbers CA-04-01138 and CDC-02-01-40-004-06) and described in the OMB *Circular A-133 Compliance Supplement*. Internal control over these compliance requirements was considered by the other auditors referred to above, and our report, insofar as it relates to UAB's internal control over those compliance requirements, is based solely upon the report of other auditors.

We did not consider internal control over compliance with the requirements governing maintaining repayment records, monitoring the timing and amount of collections and the performance of due diligence related to campus-based student loans, which are specified by the Federal Perkins Loan, Health Professional Student Loan, and Loans for Disadvantaged Students Programs and described in the OMB *Circular A-133 Compliance Supplement*. Internal control over these compliance requirements was considered by the other auditors referred to above; and our report, insofar as it relates to UAB's internal control over those compliance requirements, is based solely upon the report of the other auditors.

A control deficiency in an entity's 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider

the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-1 and 2007-2 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiencies described in the accompanying schedule of findings and questioned costs to be a material weaknesses.

The reports of other auditors noted no matters involving the internal control over compliance and its operating requirements that they consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements that collectively comprise UAB's basic financial statements for the year ended September 30, 2007, and have issued our report thereon dated January 21, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole, except as noted below. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information, except as noted below, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

UAB's financial statements include the operations of SRI, which expended \$53,993,876 in federal awards which is not included in schedule of expenditures of federal awards during the year ended September 30, 2007. Our audit, described above, did not include the operations of SRI because SRI engaged other auditors to perform an audit in accordance with OMB Circular A-133.

UAB's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit UAB's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of UAB, the Board of Trustees of the University of Alabama, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

PricewaterhouseCoopers LLP

August 29, 2008, except for the Schedule of Expenditures of Federal Awards, which is January 21, 2008

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
RESEARCH AND DEVELOPMENT CLUSTER				
Department of Agriculture				
Direct:				
Grants for Agricultural Research - Competitive Research Grants			10.206	\$ 83,267
Total Direct				83,267
Pass-Through:				
1890 Institution Capacity Building Grants	Tuskegee University	2005-38820-16413	10.216	25,922
Total Pass-Through				25,922
Total Department of Agriculture				
				109,189
Department of Commerce				
Direct:				
Contract #DG133F05SE5995				4,312
Total Direct				4,312
Pass-Through:				
Sea Grant Support	University of Southern Mississippi - Sea Grant Consortium	NA16RG2258	11.417	66,129
Sea Grant Support	University of Southern Mississippi	NA16RG2258	11.417	(70)
Sea Grant Support	University of Southern Mississippi - Sea Grant Consortium	385-82-8107	11.417	(444)
Undersea Research	The University of Mississippi	NA16RU1496	11.430	5,292
Total Pass-Through				70,907
Total Department of Commerce				
				75,219
Department of Defense				
Direct:				
Basic and Applied Scientific Research			12.300	(117,045)
Military Medical Research and Development			12.420	3,401,368
Basic Scientific Research			12.	1,474,190
Contract #W81XWH-05-1-0066			12.	172,802
Contract #W911NF-06-2-0033			12.	106,865
Contract #W81XWH-04-1-0442-527955			12.	88,609
Contract #F08637-02-C-7027			12.	24,804
Contract-Intergovernmental Personnel Agreements			12.	11,965
Contract #W81XWH-04-1-0185			12.	7,184
Contract #WB1XWH-04-1-0025			12.	2,041
Contract #F08637-01-C-6003			12.	(5,367)
Total Direct				5,167,416
Pass-Through:				
Basic and Applied Scientific Research	Johns Hopkins University	N00014-06-1-0991	12.300	279,509
Basic and Applied Scientific Research	Indiana University	N00014-01-1-0746	12.300	(17)
Military Medical Research and Development	Virtual Drug Development Inc	DAMD 17-02-2-0039	12.420	1,354
Military Medical Research and Development	Oakwood College	SUB 91598	12.420	(972)
Research and Technology Development	Triton Systems Inc	W9132T-06-C-0009	12.910	6,071
Contract	Mississippi State University	060808-01090729-27	12.	629,222
Contract	Mississippi State University	None	12.	277,492
Contract	Louisiana State University	W81XWH-05-1-0055	12.	134,487
Contract	Mississippi State University	060808-01090729-27	12.	131,028
Contract	Mississippi State University	060808-01090729-27	12.	112,438
Contract	Mississippi State University	060808-01090729-27	12.	111,057
Contract	Advanced Technology Institute	2004-611	12.	100,382
Contract	Biopure Corporation	DAMD-17-02-1-0697	12.	89,167
Contract	Children's Hospital Medical Center Cincinnati OH	W81XWH-04-1-0273	12.	86,272
Contract	Advanced Technology Institute	2006-389	12.	85,092
Contract	Mississippi State University	060808-01090729-27	12.	68,327
Contract	Dow Corning Corporation	N00014-05-C-0324	12.	48,095
Contract	AAMU Research Institute	F09603-01-D-0208	12.	42,291
Contract	Universal Technology Corporation	F33615-03-D-5801	12.	34,088
Contract	Mississippi State University	060808-01090729-27	12.	30,330
Contract	Mississippi State University	301167-060808-021000	12.	27,545
Contract	Mississippi State University	060808-01090729-27	12.	26,895
Contract	Mississippi State University	060808-01090729-27	12.	26,746
Contract	Mississippi State University	060808-01090729-27	12.	25,287
Contract	High Performance Technologies Inc	DAAD05-01C-0033	12.	24,809
Contract	Mississippi State University	060808-01090729-27	12.	22,535
Contract	Triton Systems Inc	N00164-05-C-6082	12.	20,075
Contract	Triton Systems Inc	F08630-03-C-0090	12.	12,478
Contract	Triton Systems Inc	FA8201-05-C-0070	12.	4,124
Contract	Mississippi State University	N62306-01-D-7110	12.	4,122
Contract	Universal Technology Corporation	F33615-03-D-3307	12.	3,565
Contract	University of Puerto Rico	N000140611043	12.	1,003
Contract	Mississippi State University	060808-01090729-27	12.	(211)
Contract	Mississippi State University	060808-01090729-27	12.	(212)
Contract	Advanced Technology Institute	W911NF-04-2-0008	12.	(380)
Contract	Tuskegee University	DACA42-01-C-0039	12.	(505)
Contract	Mississippi State University	N62306-01-D-7110/0054	12.	(3,028)
Contract	Mississippi State University	N62306-01-D-7110	12.	(10,118)
Contract	US Infrastructure Inc	N00014-02-2-0003	12.	(33,444)
Total Pass-Through				2,416,999
Total Department of Defense				
				7,584,415

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Department of Interior				
Direct:				
Fish and Wildlife Management Assistance			15.608	(32,015)
Conservation Grants Private Stewardship for Imperiled Species			15.632	6,462
Total Direct				(25,553)
Pass-Through:				
Assistance to State Water Resources Research Institutes	Auburn University	07-EI-207167-UAB	15.805	11,934
Total Pass-Through				11,934
Total Department of Interior				(13,619)
Department of Justice				
Direct:				
National Institute of Justice Research, Evaluation, and Development Project Grants			16.560	1,776
Drug Court Discretionary Grant Program			16.585	1,351
Total Direct				3,127
Pass-Through:				
Anti-Gang Initiative	Nonprofit Resource Center of Alabama	None	16.744	166,586
Total Pass-Through				166,586
Total Department of Justice				169,713
Department of Transportation				
Direct:				
Highway Research and Development Program			20.200	353,709
Public Transportation Research			20.514	431,563
University Transportation Centers Program			20.701	734,065
Contract #FTA-AL-26-7022-00			20.	206,300
Contract #DTF60-04-Z-7001			20.	42,849
Unknown			20.	691,745
Total Direct				2,460,231
Pass-Through:				
Federal Hwy Safety Data Improvements Incentive Grants	Alabama Dept of Transportation	930-613	20.603	6,639
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	46,955
University Transportation Centers Program	University of Alabama in Tuscaloosa	HPP-1602(524)	20.701	11,303
University Transportation Centers Program	University of Alabama in Huntsville	None	20.701	1,182
University Transportation Centers Program	University of Alabama in Tuscaloosa	UA 00-069	20.701	(2,120)
University Transportation Centers Program	University of Alabama in Tuscaloosa	HPP-1602 (524)	20.701	(4,119)
University Transportation Centers Program	University of Alabama in Tuscaloosa	UA 01-068	20.701	(9,413)
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	(20,331)
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	26,879
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	26,295
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS 98-G-0028	20.701	16,965
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	15,825
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	14,147
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	13,330
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	8,161
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	8,012
Contract	Alabama Dept of Transportation	None	20.	90,952
Contract	Alabama Dept of Transportation	None	20.	76,834
Contract	Alabama Dept of Transportation	None	20.	72,427
Contract	Alabama Dept of Transportation	AL930-671	20.	4,944
Contract	Brain Trauma Foundation	DTNH22-98-G-05131	20.	4,413
Contract	Alabama Dept of Transportation	None	20.	3,248
Contract	Alabama Dept of Transportation	930-478U	20.	(3,027)
Contract	Natl Academy of Sciences	DOT 7800-099	20.	(5,796)
Contract	Alabama Dept of Transportation	None	20.	(25,014)
Total Pass-Through				378,691
Total Department of Transportation				2,838,922
National Aeronautics and Space Administration				
Direct:				
Technology Transfer			43.002	572,806
Contract #NNJ04HH07C			43.	3,681,285
Contract #NNJ05HB42B			43.	778,374
Contract #NNG05GG95G			43.	67,520
Contract #NNK06AD93G			43.	57,700
Contract #NNC06GA18G			43.	39,849
Contract #NNM05AA09A			43.	34,256
Contract #NNM05AA7G			43.	33,030
Contract #NNM07AA05A			43.	23,256
Contract #NAS8-99059			43.	1,605
Contract #NNJ05HB42B			43.	(8,018)
Total Direct:				5,281,663

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Pass-Through:				
Technology Transfer	University of Florida	NCC3-994	43.002	527,880
Technology Transfer	California Institute of Technology, Jet Propulsion Laboratory	1266101	43.002	7,896
Technology Transfer	Institute for Technology Development	NCC8-221	43.002	2,340
Technology Transfer	University of Alabama in Huntsville	NCC8-243	43.002	(7,060)
Contract	University of Alabama in Huntsville	NNC06GA29G	43.	127,415
Contract	National Space Biomedical Research Institute	None	43.	122,889
Contract	Quantum Devices, Inc.	None	43.	53,441
Contract	University of Alabama in Huntsville	NCC5-580	43.	13,176
Contract	University of Alabama in Huntsville	NCC5-580	43.	12,457
Contract	Sierra Engineering Inc	NNM06AA17C	43.	10,296
Contract	Engineering Sciences, Inc.	None	43.	455
Contract	University of Massachusetts in Amherst	NAG8-1694	43.	(1,832)
Contract	NASA George Marshall Space Flight Center	GE95496J62	43.	(3,260)
Contract	Plasma Processes Inc	NAS8-00196	43.	(19,174)
Contract	University of Alabama in Huntsville	NCC8-243	43.	(82,288)
Total Pass-Through				764,631
Total National Aeronautics and Space Administration				6,046,294
National Science Foundation				
Direct:				
Engineering Grants			47.041	285,193
Mathematical and Physical Sciences			47.049	716,890
Computer and Information Science and Engineering			47.070	191,072
Biological Sciences			47.074	415,455
Social, Behavioral, and Economic Sciences			47.075	666,900
Education and Human Resources			47.076	4,060,621
Polar Programs			47.078	164,808
Contract #NSF-DMS0457168			47.	31,226
Contract #NSF DUE-0341541-527770			47.	2,109
Total Direct:				6,534,274
Pass-Through:				
Engineering Grants	University of Alabama in Tuscaloosa	EPS-0447675	47.041	452,482
Engineering Grants	University of Maryland	ECS-0304046	47.041	52,973
Mathematical and Physical Sciences	Tuskegee University	DMR-0404278	47.049	62,303
Mathematical and Physical Sciences	Birmingham City Schools	None	47.049	1,751
Computer and Information Science and Engineering	Southeastern Universities Research Association	NSF#ANI-0123937	47.070	(1,057)
Computer and Information Science and Engineering	Cornell University	ACI-0085969	47.070	(16,358)
Biological Sciences	Mississippi State University	DBI-0501890	47.074	38,675
Biological Sciences	Auburn University	IBN-0230005	47.074	9,684
Education and Human Resources	University of Alabama in Tuscaloosa	EPS-0447675	47.076	207,037
Education and Human Resources	University of Maryland	HRD-0429084	47.076	36,392
Education and Human Resources	Birmingham Southern College	EHR-0632522	47.076	21,410
Education and Human Resources	University of Alabama in Huntsville	SUB 2007-133	47.076	15,592
Education and Human Resources	Birmingham Southern College	NSF-0412373	47.076	(50)
Education and Human Resources	University of Alabama in Huntsville	2001-354	47.076	(918)
Contract	University of Alabama in Tuscaloosa	None	47.	81,127
Contract	Auburn University	NSF-EPSCOR-05026	47.	46,861
Contract	Shepherd Color Company	None	47.	39,892
Contract	Auburn University	EPSCoR	47.	9,600
Contract	Vista Engineering Inc.	None	47.	(2,430)
Total Pass-Through				1,054,966
Total National Science Foundation				7,589,240
Department of Veterans Affairs				
Direct:				
Contract #VA-V247P-2464			64.	63,357
Contract #580-07-1-7105-0001/D77009			64.	56,317
Contract #V580P-7892 / 580D67002			64.	940
Contract #VAMC PO508-D57145			64.	651
Contract-Intergovernmental Personnel Agreements			64.	2,240,748
Total Direct				2,362,013
Pass-Through:				
Contract	Tuscaloosa Research & Education Advancement Corporation	None	64.	38,695
Contract	Veterans Inst for Scientific & Technical Appl	None	64.	33,831
Contract	Veterans Inst for Scientific & Technical Appl	None	64.	31,846
Contract	Veterans Inst for Scientific & Technical Appl	None	64.	20,939
Total Pass-Through				125,311
Total Department of Veterans Affairs				2,487,324
Environmental Protection Agency				
Direct:				
P3 Award: National Student Design Competition for Sustainability			66.516	10,000
Total Direct				10,000

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Pass-Through:				
Env. Protection - Consolidated Research	University of South Alabama	R83065101-0	66.500	1,684
Env. Protection - Consolidated Research	Health Effects Institute	99-8	66.500	(5,662)
Total Pass-Through				(3,978)
Total Environmental Protection Agency				6,022
Department of Energy				
Direct:				
Office of Science Financial Assistance Program			81.049	33
University Coal Research			81.057	148,469
Conservation Research and Development			81.086	110,569
Fossil Energy Research and Development			81.089	150,152
Contract #DE-FG02-06CH11435			81.	1,174,350
Contract #DE-FG52-06NA26168			81.	169,100
Total Direct				1,752,673
Pass-Through:				
State Energy Program	Alabama Dept of Economic & Community Affairs	DE-FG44-05R410960	81.041	4,272
Office of Science Financial Assistance Program	TechSavants	DE-FG02-01ER83336	81.049	(226)
Office of Science Financial Assistance Program	University of Alabama - DOE/EPSCoR	TRK T03-0527-0030	81.049	(1,186)
Conservation Research and Development	Gas Technology Institute	DE-FC36-02GO12024	81.086	7,889
Stewardship Science Grant Program	Carnegie Institute of Washington	DE-FC03-03NA00144	81.112	57,343
Contract	University of Southern California	DE-FG02-05ER64128	81.	232,519
Contract	University of California Los Alamos National Lab	W-7405-ENG-36	81.	168,135
Contract	University of California Lawren Livermore Natl Lab	W-7405-ENG-48	81.	63,423
Contract	UT-Battelle, LLC	DE-AC05-00OR22725	81.	15,189
Contract	Southern Research Institute	DE-FG36-04GO14313	81.	5,607
Contract	Sandia National Laboratories	None	81.	3,716
Unknown	University of Southern California	DE-FG02-04ER63847	81.	23,195
Total Pass-Through				579,876
Total Department of Energy				2,332,549
Department of Education				
Direct:				
National Institute on Disability and Rehabilitation Research			84.133	1,520,462
Graduate Assistance in Areas of National Need			84.200	43,053
Total Direct				1,563,515
Pass-Through:				
Fund for the Improvement of Postsecondary Education	Morehead State University	P116Z050131	84.116	10,179
National Institute on Disability and Rehabilitation Research	University of Washington	H133A060107A; UW-341166	84.133	137,373
National Institute on Disability and Rehabilitation Research	University of Miami	H133N000017-05	84.133	83
Research in Special Education	Vanderbilt University	R324E060088	84.324	9,041
Reading Excellence	Mississippi Dept of Education	01033201EA08BR204605	84.338	70,875
Preparing Tomorrow's Teachers to Use Technology	Alabama Dept of Education	P342A010085	84.342	(54)
Total Pass-Through				227,497
Total Department of Education				1,791,012
Department of Health and Human Services				
Direct:				
Cooperative Agreements to Improve the Health Status of Minority Populations			93.004	581,509
Environmental Health			93.113	3,160,147
Applied Toxicology Research and Testing			93.114	711,741
Oral Diseases and Disorders Research			93.121	7,294,795
Centers for Research and Demonstration for Health Promotion and Disease Prevention			93.135	2,411,256
Injury Prevention and Control Research and State and Community Based Programs			93.136	938,257
NIEHS Hazardous Waste Worker Health and Safety Training			93.142	(33,642)
Coordinated Services and Access to Research for Women, Infants, Children, and Youth			93.153	753,903
Research Related to Deafness and Communication Disorders			93.173	1,523,726
Research and Training in Complementary and Alternative Medicine			93.213	928,822
National Research Service Awards - Health Services Research Training			93.225	317,878
Research on Healthcare Costs, Quality and Outcomes			93.226	966,424
National Center on Sleep Disorders Research			93.233	232,203
Mental Health Research Grants			93.242	6,574,414
Substance Abuse and Mental Health Services - Projects of Regional and National Significance			93.243	350,939
Occupational Safety and Health Program			93.262	125,582
Occupational Safety and Health - Training Grants			93.263	4,342
Alcohol Research Career Development Awards for Scientists and Clinicians			93.271	2,002
Alcohol Research Programs			93.273	2,145,554
Drug Abuse and Addiction Research Programs			93.279	2,129,017
Mental Health Research Career/Scientist Development Awards			93.281	483,931
Mental Health National Research Service Awards for Research Training			93.282	16,503
Centers for Disease Control and Prevention - Investigations and Technical Assistance			93.283	2,447,574
Discovery and Applied Research for Technological Innovations to Improve Human Health			93.286	959,648
Comparative Medicine			93.306	234,876
Minority Health and Health Disparities Research			93.307	1,438,963
Clinical Research			93.333	39,037
Nursing Research			93.361	382,203
Biomedical Technology			93.371	206,162
Minority Biomedical Research Support			93.375	(931)

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
National Center for Research Resources			93.389	5,968,492
Cancer Cause and Prevention Research			93.393	3,693,562
Cancer Detection and Diagnosis Research			93.394	837,302
Cancer Treatment Research			93.395	4,327,997
Cancer Biology Research			93.396	4,743,288
Cancer Centers Support Grants			93.397	11,866,792
Cancer Research Manpower			93.398	2,067,913
Cancer Control			93.399	4,494,384
Cell Biology and Biophysics Research			93.821	830
Heart and Vascular Diseases Research			93.837	19,226,978
Lung Diseases Research			93.838	6,268,952
Blood Diseases and Resources Research			93.839	2,733,817
Arthritis, Musculoskeletal and Skin Diseases Research			93.846	8,754,860
Diabetes, Endocrinology and Metabolism Research			93.847	7,442,793
Digestive Diseases and Nutrition Research			93.848	8,480,576
Kidney Diseases, Urology and Hematology Research			93.849	7,689,314
Extramural Research Programs in the Neurosciences and Neurological Disorders			93.853	14,826,707
Biological Basis Research in the Neurosciences			93.854	(72)
Allergy, Immunology and Transplantation Research			93.855	23,469,340
Microbiology and Infectious Diseases Research			93.856	12,737,593
Biomedical Research and Research Training			93.859	6,966,454
Population Research			93.864	98,620
Child Health and Human Development Extramural Research			93.865	8,758,478
Aging Research			93.866	7,076,678
Vision Research			93.867	5,117,789
Medical Library Assistance			93.879	54,913
Grants for Training in Primary Care Medicine and Dentistry			93.884	27,714
Resource and Manpower Dev in Environ Health Science			93.894	54,147
Special Projects of National Significance			93.928	235,998
Center for Medical Rehabilitation Research			93.929	393,609
Assistance Programs for Chronic Disease Prevention and Control			93.945	781,038
Family Planning - Service Delivery Improvement Research Grants			93.974	176,353
Preventive Health Services - Sexually Transmitted Diseases Control Grants			93.977	(68)
International Research and Research Training			93.989	1,816,970
Contract #N01-AI-30025			93.	3,639,352
Contract #NO1-HC-95095			93.	2,408,077
Contract #HHSN266200400068C			93.	2,323,655
Contract #N01-CN-75022-70			93.	1,683,294
Contract #HHS-N-260-2005-0008-c			93.	1,609,656
Contract #HHSN266200400036C-521959			93.	1,493,279
Contract #HHSN266200400073C			93.	1,468,034
Contract #HHSN2620043301C-521958			93.	1,395,948
Contract #N01-AI-30021			93.	1,265,285
Contract #NO1-HC-48047			93.	1,207,852
Contract #N01-AI-30049			93.	1,113,780
Contract #HHSN26820058198C			93.	1,071,921
Contract #N01-AI-15440			93.	907,656
Contract #200-2001-00130			93.	842,791
Contract #N01-WH-3-2105			93.	732,348
Contract #HHSN268200682278C			93.	556,626
Contract #N01-LM-3-3513			93.	528,662
Contract #N01-AI-15439			93.	431,123
Contract #200-2006-19088			93.	333,782
Contract #N01-CM-52207/HHSN261200522007C			93.	297,323
Contract #N01-CN-25115 WS95			93.	267,994
Contract #N01-CN-25003-MAO #86			93.	263,245
Contract #N01-AR-0-2247			93.	229,778
Contract #N01-CN-35109			93.	165,134
Contract #N01-CN-35105			93.	158,520
Contract #HHSN268200736191C			93.	148,485
Contract #N01-CN-35103			93.	128,545
Contract #200-2006-18687			93.	78,631
Contract #NO1-HC-05188			93.	63,999
Contract #N01-CN-15136MAO#78			93.	62,149
Contract #N01-CN-25127 WS 69			93.	59,867
Contract #N01-CN-35104			93.	58,623
Contract #N01-CN-35006			93.	56,952
Contract #CDC #02IPA24677-MOD3			93.	36,689
Contract #200-2001-00096 TK#1			93.	28,481
Contract #200-2006-M-16209			93.	16,535
Contract #467-MZ-501661			93.	16,460
Contract #200-2001-00096 TK#9			93.	9,651
Contract #N01-CN-25105-MAO #89			93.	8,739
Contract #290-00-0022			93.	7,616
Contract #467-MZ-700672			93.	4,000
Contract #PA Tamura			93.	2,969
Contract #FA9451-05-M-0225			93.	2,913
Contract #467-MZ-002133			93.	1,493
Contract #263-MD-733090-1 NIH			93.	(1,172)
Contract #N01-CM-07111 #1			93.	(4,586)
Contract #PROTOCOL 01-C-0222			93.	(6,213)
Total Direct:				245,692,887

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Pass-Through:				
Cooperative Agreements to Improve the Health Status of Minority Populations	Morehouse School of Medicine	US2MP02001-03-4	93.004	11,292
Special Programs for the Aging - Title III, Part B	Jefferson County Commission	None	93.044	(2,714)
Alzheimer's Disease Demonstration Grants to States	Jefferson County Office of Senior Citizens Services	None	93.051	25,392
Alzheimer's Disease Demonstration Grants to States	Jefferson County Office of Senior Citizens Services	361-05	93.051	(734)
Food and Drug Administration - Research	Massachusetts General Hospital	FD-R-002588-01	93.103	13,338
Food and Drug Administration - Research	University of Rochester	None	93.103	7,757
Environmental Health	Fox Chase Cancer Center	U01ES012771	93.113	372,892
Environmental Health	University of Louisville Research Foundation, Inc	1 P01 ES11860	93.113	27,385
Environmental Health	University of Louisville Research Foundation, Inc	5 R01 ES 012062-02	93.113	23,306
Applied Toxicology Research and Testing	Wayne State University	1 R01 ES012933	93.114	3,055
Applied Toxicology Research and Testing	University of Texas MD Anderson Center	R01 ES09912-03	93.114	(17,082)
Applied Toxicology Research and Testing	University of Texas MD Anderson Center	5 R01 ES009912-08	93.115	130,840
Applied Toxicology Research and Testing	University of Texas MD Anderson Center	5 R01 ES009912-07	93.115	6,774
Applied Toxicology Research and Testing	University of Texas MD Anderson Center	2 R01 ES009912-04	93.115	58
Oral Diseases and Disorders Research	University of North Carolina at Chapel Hill	3 U01 DE014577-04S1	93.121	558,014
Oral Diseases and Disorders Research	University of Texas Health Center at San Antonio	P01 DE011688	93.121	108,042
Oral Diseases and Disorders Research	Oregon Health & Sciences University	R01DE14386	93.121	47,198
Oral Diseases and Disorders Research	University of Iowa	1 P50 DE016215-01	93.121	38,444
Oral Diseases and Disorders Research	University of Texas Health Center at San Antonio	R01 DE015857	93.121	26,540
Oral Diseases and Disorders Research	University of North Carolina at Chapel Hill	U01DE014577	93.121	23,657
Oral Diseases and Disorders Research	Oregon Health & Sciences University	1 R01 DE14386-01	93.121	3,079
Oral Diseases and Disorders Research	University of Florida	DE12327	93.121	319
Oral Diseases and Disorders Research	Meharry Medical College	US4NS041071	93.121	(33,712)
Grants to Increase Organ Donations	UA HSF General Endowment Fund	H390T02500-01-00	93.134	49,741
Centers for Research and Demonstration for Health Promotion and Disease Prevention	Elizabeth Glaser Pediatric AIDS Foundation	U62/CCU123541-01	93.135	75,116
Health Program for Toxic Substances and Disease Registry	Jacksonville State University	U50 ATU473215	93.161	(1,925)
Human Genome Research	University of Washington	1 R21 HG004145-01	93.172	130,917
Human Genome Research	University of Rochester	5 R01 HG002449-05	93.172	1,826
Ed Health Prof - Environment Hazards	Group Health Cooperative	200-2002-00732	93.200	(52)
Human Health Studies - Applied Research and Development	Jacksonville State University	U50/ATU473215	93.206	20,736
Research and Training in Complementary and Alternative Medicine	Purdue University	2 P50 AT000477-06	93.213	427,380
Research and Training in Complementary and Alternative Medicine	Purdue University	P50 AT000477	93.213	243,020
Research and Training in Complementary and Alternative Medicine	Palmer Chiropractic University Foundation	K30AT00977	93.213	30,540
Research and Training in Complementary and Alternative Medicine	New York Medical College	5 P50AT00477-03	93.213	9,505
Research and Training in Complementary and Alternative Medicine	University of Massachusetts Worcester	R01AT00309	93.213	5,144
Research and Training in Complementary and Alternative Medicine	Purdue University	5 P50 AY000477-05	93.213	373
Family Planning Services	Alabama Dept of Public Health	FHS-F-FAM-0412	93.217	14,200
Research on Healthcare Costs, Quality and Outcomes	Morehouse School of Medicine	2 R24 HS011617-04	93.226	32,750
Research on Healthcare Costs, Quality and Outcomes	Morehouse School of Medicine	1 R24 HS011617-01A1	93.226	(15,958)
Consolidated Knowledge Development and Application (KD&A) Program	University of Alabama in Tuscaloosa	6 U79 TI13340-05	93.230	157,955
Policy Research and Evaluation Grants	University of Kentucky Research Foundation	2 U01 PE000002-04	93.239	1,313
Mental Health Research Grants	Mount Sinai School of Medicine	5 P50 MH066392-04	93.242	199,613
Mental Health Research Grants	Emory University	5 R01 MH066767-06	93.242	20,610
Mental Health Research Grants	University of California in San Francisco	3P30MH59037	93.242	14,686
Mental Health Research Grants	Yale University School of Medicine	1R01MH61940-01A1	93.242	2,210
Geriatric Academic Career Awards	Charlotte J. Williams, MBCHB	K01HP00146	93.250	4,397
Alcohol Research Programs	Mayo Clinic Rochester	5 R01 AA013933-02	93.273	14,435
Alcohol Research Programs	Duke University	R01 AA012162	93.273	(3,428)
Drug Abuse and Addiction Research Programs	University of Alabama in Tuscaloosa	1 R01 DA017428	93.279	106,949
Drug Abuse and Addiction Research Programs	University of Alabama in Tuscaloosa	1 R01 DA16135	93.279	48,928
Drug Abuse and Addiction Research Programs	University of Pennsylvania	1 R21 DA021073-01	93.279	12,249
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Assoc of Schools of Public Health	U36/CCU300430-23	93.283	78,871
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Hemophilia of Georgia Inc	1 U01 DD000201-01	93.283	59,679
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Assoc of Schools of Public Health	U36/CCU300430	93.283	31,694
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	C40118158	93.283	246
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Assoc of Schools of Public Health	None	93.283	(12)
National Institutes of Health Pediatric Research Loan Repayment Program	University of Minnesota	None	93.285	55,991
Discovery and Applied Research for Technological Innovations to Improve Human Health	University of Oklahoma	ring	93.286	35,238
Nursing Research	University of Alabama in Tuscaloosa	U01 NR04261	93.361	1,768
Nursing Research	University of Alabama in Tuscaloosa	04-031 (U01NR004261)	93.361	742
Nursing Research	Miriam Hospital	1 R01 NR07960-02	93.361	(3,296)
Sickle Cell Treatment Demonstration Program	Health Services, Inc.	U1EMC07654	93.365	39,797
National Center for Research Resources	Baylor College of Medicine	5 U54 RR019478-03; 5600173473	93.389	160,309
National Center for Research Resources	Beckman Research Institute of the City of Hope	5 U42 RR017673-04	93.389	25,000
National Center for Research Resources	University of Alaska in Fairbanks	1 P20 RR16430-01	93.389	9,552
National Center for Research Resources	AZ Technology	R43RR018007	93.389	7,558
National Center for Research Resources	University of Alaska in Fairbanks	1P20RR16430-01	93.389	(49,210)
Cancer Cause and Prevention Research	University of Rochester	1 R01 CA112366-01A1	93.393	97,986
Cancer Cause and Prevention Research	University of North Carolina at Chapel Hill	1 R01 CA95749-01A1	93.393	13,629
Cancer Cause and Prevention Research	Albert Einstein College of Medicine of Yeshiva U	2R01 CA77290-04	93.393	6,855
Cancer Cause and Prevention Research	Northern California Cancer Center	R01 CA77398	93.393	(11,003)
Cancer Cause and Prevention Research	Klein Buendel, Inc.	CA086199	93.393	(11,923)
Cancer Detection and Diagnosis Research	University of Oklahoma	1 R01 CA104773-01	93.394	127,787
Cancer Detection and Diagnosis Research	American College of Radiology	5U01CA080098-05	93.394	67,098
Cancer Detection and Diagnosis Research	American College of Radiology	6661	93.394	4,754
Cancer Treatment Research	Columbia University in the City of New York	1 P01 CA104177-01A2	93.395	383,681
Cancer Treatment Research	University of Arkansas for Medical Studies	5 P01 CA055819-12	93.395	190,435
Cancer Treatment Research	None	None	93.395	152,483
Cancer Treatment Research	Natl Childhood Cancer Foundation	5 U10 CA98543-04	93.395	106,239
Cancer Treatment Research	Frontier Science & Tech Research Fnd	CA21115-32	93.395	85,618
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10CA98543	93.395	74,129
Cancer Treatment Research	Auburn University	1 R01 CA113454-01A1	93.395	72,335

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Cancer Treatment Research	Eastern Cooperative Oncology Group	None	93.395	65,792
Cancer Treatment Research	Cleveland Clinic Foundation	1 R01 CA118660-01A1	93.395	38,618
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10 CA98543-02	93.395	35,121
Cancer Treatment Research	Natl Childhood Cancer Foundation	U01 CA97452-05	93.395	28,601
Cancer Treatment Research	St. Jude Children's Research Hospital	2 U24 CA055727-12A1	93.395	24,650
Cancer Treatment Research	VectorLogics Inc	1R43CA123768-01A1	93.395	19,838
Cancer Treatment Research	Tulane University	3 R01 CA100425-03S1	93.395	16,092
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10CA98543-03	93.395	11,601
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10 CA98543-04	93.395	11,250
Cancer Treatment Research	Johns Hopkins University	5 U01 CA62475-09	93.395	7,871
Cancer Treatment Research	The Gynecologic Oncology Group	U 10 CA27469	93.395	2,225
Cancer Treatment Research	St. Jude Children's Research Hospital	2 U24 CA055727-12A1; 7237590	93.395	2,097
Cancer Treatment Research	University of Chicago	U10 CA31946	93.395	1,244
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10 CA98543-03	93.395	925
Cancer Treatment Research	Ohio State University Research Foundation	P.O. RFO 1005381	93.395	(18)
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10 CA30969	93.395	(8,840)
Cancer Treatment Research	Natl Childhood Cancer Foundation	U10 CA98543-01	93.395	(10,249)
Cancer Treatment Research	University of Arkansas for Medical Studies	5 P01 CA055819-11	93.395	(29,106)
Cancer Biology Research	Vanderbilt University	VUMC 10000	93.396	71,641
Cancer Biology Research	Vanderbilt University	5 R01 CA087549-08	93.396	26,097
Cancer Biology Research	Georgetown University	2 R01 CA089041-07A1	93.396	18,690
Cancer Centers Support Grants	Singing River Hospital System	U56CA105478	93.397	79,428
Cancer Centers Support Grants	University of California Los Angeles	2 P50 CA086306	93.397	50,950
Cancer Centers Support Grants	University of Nebraska	3P50CA72712-03S3	93.397	(14,894)
Cancer Research Manpower	Johns Hopkins University	5 P50 CA098252-02	93.398	32,407
Cancer Control	Southwest Oncology Group	CA37429	93.399	35,846
Cancer Control	Southwest Oncology Group	5U10CA3742914	93.399	16,522
Cancer Control	University of Pennsylvania	545162-E (P50CA084718)	93.399	1,248
Cancer Control	Baylor College of Medicine	5 U01 CA86117-03	93.399	44
Cancer Control	University of Pennsylvania	541635-C	93.399	(92)
Cancer Control	Northern California Cancer Center	UO1 CA91789	93.399	(4,592)
Children's Justice Grants to States	Alabama Dept of Human Resources	None	93.643	(3,706)
Heart and Vascular Diseases Research	Kaiser Foundation Research Institute	R01HL078972	93.837	168,684
Heart and Vascular Diseases Research	University of Miami	2 R01 HL053392-11	93.837	87,638
Heart and Vascular Diseases Research	University of Washington	5 U01 HL077863	93.837	72,909
Heart and Vascular Diseases Research	University of Pittsburgh	5 U01 HL061744-07	93.837	69,929
Heart and Vascular Diseases Research	Allegheny-Singer Research Institute	5 R01 HL072317	93.837	69,661
Heart and Vascular Diseases Research	University of Pittsburgh	U01HL064829	93.837	68,298
Heart and Vascular Diseases Research	Cooper Green Hospital	1 U01 HL079153-02	93.837	67,490
Heart and Vascular Diseases Research	University of Pittsburgh	5 U01 HL061744-06	93.837	57,931
Heart and Vascular Diseases Research	University of Utah	2 U01 HL054471	93.837	56,640
Heart and Vascular Diseases Research	University of Washington	1 R01 HL71017-01	93.837	54,251
Heart and Vascular Diseases Research	Elgavish Paramagnetics Inc	1 R41 HL084844	93.837	46,415
Heart and Vascular Diseases Research	University of Minnesota	5 R01 HL053560-10	93.837	40,328
Heart and Vascular Diseases Research	Boston University Medical Campus	1P01 HL081587-01	93.837	38,774
Heart and Vascular Diseases Research	Beth Israel Deaconess Medical Center	5 P01 HL076540-03	93.837	36,614
Heart and Vascular Diseases Research	Northern California Inst for Research and Edu	R01 HL074814-04	93.837	35,317
Heart and Vascular Diseases Research	Elgavish Paramagnetics Inc	1 R41 HL084795	93.837	28,531
Heart and Vascular Diseases Research	University of Minnesota	5 R01 HL071251-04	93.837	21,047
Heart and Vascular Diseases Research	University of Pittsburgh	5 P50 HL074732-04; 9000629 (112415-1)	93.837	13,543
Heart and Vascular Diseases Research	William Marsh Rice University	R01 HL073825	93.837	13,150
Heart and Vascular Diseases Research	Arizona State University	R01 HL70715	93.837	8,539
Heart and Vascular Diseases Research	University of Pittsburgh	5 P50 HL074732-04	93.837	8,517
Heart and Vascular Diseases Research	University of Rochester	1 R01 HL077478-01A1	93.837	7,792
Heart and Vascular Diseases Research	Leland Stanford Junior University	1 R01HL087647-01; 19094610-36923-C	93.837	5,464
Heart and Vascular Diseases Research	University of Minnesota	5 R01 HL053560-11	93.837	5,404
Heart and Vascular Diseases Research	Pennington Biomedical Research Center	U01HL072510	93.837	4,728
Heart and Vascular Diseases Research	Louisiana State University	U 01 HL072510	93.837	4,727
Heart and Vascular Diseases Research	University of Utah	2 U01 HL054471-11	93.837	3,071
Heart and Vascular Diseases Research	Medical University South Carolina Foundation	P01HL55782	93.837	2,907
Heart and Vascular Diseases Research	University of Washington	5 R01 HL65622-03	93.837	2,176
Heart and Vascular Diseases Research	Elgavish Paramagnetics Inc	1 R41 HL080886	93.837	1,356
Heart and Vascular Diseases Research	University of Washington	5 U01 HL077863-02	93.837	361
Heart and Vascular Diseases Research	University of Minnesota	5 R01 HL053560-08	93.837	(238)
Heart and Vascular Diseases Research	Beth Israel Deaconess Medical Center	P01HL076540	93.837	(537)
Heart and Vascular Diseases Research	Johns Hopkins University	R01HL70299	93.837	(678)
Heart and Vascular Diseases Research	University of Minnesota	R01 HL055673	93.837	(885)
Heart and Vascular Diseases Research	Diversified Scientific Inc	R44 HL62736-02A1	93.837	(6,624)
Heart and Vascular Diseases Research	Wake Forest University School of Medicine	HL49488	93.837	(11,034)
Heart and Vascular Diseases Research	Menssana Research Inc	R44HL59715	93.837	(15,902)
Heart and Vascular Diseases Research	Louisiana State University	R01HL056046	93.837	(57,991)
Lung Diseases Research	University of Colorado Health Sciences Center	5 P01 HL068743-04;FY07.171.001 2-5-21495	93.838	291,183
Lung Diseases Research	National Jewish Medical and Research Center	5 P01 HL073907-04	93.838	289,661
Lung Diseases Research	Tulane University	5 U10 HL080510-02	93.838	40,458
Lung Diseases Research	INO Therapeutics LLC	IN0725	93.838	31,276
Lung Diseases Research	University of Maryland	1 R01 HL084223-01	93.838	26,405
Lung Diseases Research	Mayo Clinic Rochester	1 U01 AI069544-01	93.838	19,521
Lung Diseases Research	University of Pennsylvania	547810	93.838	11,177
Lung Diseases Research	University of Pittsburgh	5 R01 HL069991-03	93.838	2,938
Lung Diseases Research	Tulane University	1 U10 HL080510-01	93.838	949
Lung Diseases Research	University of Colorado Health Sciences Center	5 P01 HL068743-04	93.838	65

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Lung Diseases Research	University of Colorado Health Sciences Center	FY04-102-003	93.838	(11,082)
Blood Diseases and Resources Research	St. Jude Children's Research Hospital	5 U01 HL78787-02	93.839	62,678
Blood Diseases and Resources Research	Yale University School of Medicine	R01HL67466	93.839	21,784
Blood Diseases and Resources Research	BioCryst Pharmaceuticals Inc	R43HL076929	93.839	20,485
Blood Diseases and Resources Research	Natl Marrow Donor Program	None	93.839	19,223
Blood Diseases and Resources Research	Medical College of Georgia	5 U01 HL52193-08	93.839	6,490
Blood Diseases and Resources Research	University of Medicine & Dentistry of New Jersey	1 R01 HL073958-01A1	93.839	429
Arthritis, Musculoskeletal and Skin Diseases Research	Primus Pharmaceuticals, Inc.	1 R41 AR051232-01	93.846	94,713
Arthritis, Musculoskeletal and Skin Diseases Research	University of California in Davis	1 R01 AR052000	93.846	36,844
Arthritis, Musculoskeletal and Skin Diseases Research	University of Arizona	1 R01 AR049411-01A1	93.846	24,879
Arthritis, Musculoskeletal and Skin Diseases Research	Johns Hopkins University	5 U01 AR051871-02	93.846	1,996
Arthritis, Musculoskeletal and Skin Diseases Research	University of Rochester	R01AR46825	93.846	(3,763)
Arthritis, Musculoskeletal and Skin Diseases Research	Indiana University	R01AR/AG43348	93.846	(26,001)
Diabetes, Endocrinology and Metabolism Research	Cedars-Sinai Medical Center	5R01DK058891	93.847	10
Digestive Diseases and Nutrition Research	Columbia University in the City of New York	2 R01 DK052431-11A1	93.848	226,767
Digestive Diseases and Nutrition Research	University of Pittsburgh	5 P50 HL074732-03	93.848	43,319
Digestive Diseases and Nutrition Research	MedStar Research Institute	R01DK056277	93.848	25,811
Digestive Diseases and Nutrition Research	University of Medicine & Dentistry of New Jersey	R1DK60438A	93.848	18,048
Digestive Diseases and Nutrition Research	University of Texas Southwestern Medical Center	5 U1 DK058369-07	93.848	11,423
Digestive Diseases and Nutrition Research	Natl Bureau of Economic Research Inc	DK54826	93.848	10,116
Digestive Diseases and Nutrition Research	Washington University in St Louis	7 R01 DK057890-04	93.848	41
Digestive Diseases and Nutrition Research	University of Arkansas for Medical Studies	7 R01 DK054041-06	93.848	(53,385)
Kidney Diseases, Urology and Hematology Research	Johns Hopkins University	5 R01 DK051259-11	93.849	96,951
Kidney Diseases, Urology and Hematology Research	Mayo Clinic Rochester	2 U01 DK056957-06	93.849	46,280
Kidney Diseases, Urology and Hematology Research	Rhode Island Memorial Hospital	U01 DK61700	93.849	42,278
Kidney Diseases, Urology and Hematology Research	University of Cincinnati	1 R01 DK071802-01A1	93.849	41,385
Kidney Diseases, Urology and Hematology Research	University of California in San Francisco	1 R01 DK070196-01A1	93.849	21,513
Kidney Diseases, Urology and Hematology Research	Mayo Foundation for Medical Education & Research	DK56957-03	93.849	18,869
Kidney Diseases, Urology and Hematology Research	University of Minnesota	5 R01 DK066013-02	93.849	18,167
Kidney Diseases, Urology and Hematology Research	University of Pittsburgh	5 R01 DK065161-02	93.849	12,948
Kidney Diseases, Urology and Hematology Research	Wake Forest University School of Medicine	U01 DK57298	93.849	9,528
Kidney Diseases, Urology and Hematology Research	The Research Foundation of SUNY	31569/33943/37368/40749	93.849	9,146
Kidney Diseases, Urology and Hematology Research	RAND Corporation	U01 DK070234-02	93.849	1,200
Kidney Diseases, Urology and Hematology Research	Johns Hopkins University	R01DK51259	93.849	544
Kidney Diseases, Urology and Hematology Research	Medical College of Georgia	R01DK044628 OR 06-978442	93.849	300
Kidney Diseases, Urology and Hematology Research	Mayo Foundation for Medical Education & Research	DK56957	93.849	(55,115)
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Texas at Austin	7 P01 NS037444-07	93.853	277,044
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Texas Health Center at San Antonio	5 U01 NS038529	93.853	258,889
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Wisconsin in Madison	5 P01 NS042803-04	93.853	178,354
Extramural Research Programs in the Neurosciences and Neurological Disorders	Mount Sinai School of Medicine	U01NS045719	93.853	144,725
Extramural Research Programs in the Neurosciences and Neurological Disorders	Mount Sinai School of Medicine	5 U01 NS045719-03	93.853	128,123
Extramural Research Programs in the Neurosciences and Neurological Disorders	Washington University in St Louis	U01 NS042804-03	93.853	107,912
Extramural Research Programs in the Neurosciences and Neurological Disorders	Massachusetts General Hospital	5 P01 NS037409-07	93.853	71,449
Extramural Research Programs in the Neurosciences and Neurological Disorders	Washington University in St Louis	5 U01 NS042804-02; WU-07-192	93.853	60,746
Extramural Research Programs in the Neurosciences and Neurological Disorders	Yale University School of Medicine	1 R01 NS043530-01A2	93.853	32,646
Extramural Research Programs in the Neurosciences and Neurological Disorders	Columbia University in the City of New York	R01 NS050724-01	93.853	32,044
Extramural Research Programs in the Neurosciences and Neurological Disorders	Washington University in St Louis	5 U01 NS042804-02	93.853	21,111
Extramural Research Programs in the Neurosciences and Neurological Disorders	Children's Hospital Medical Center Cincinnati OH	U01 NS045911-01A1	93.853	17,850
Extramural Research Programs in the Neurosciences and Neurological Disorders	Yale University School of Medicine	5 U01 NS044876-03	93.853	17,531
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Florida	2 R01 NS038455-07	93.853	6,235
Extramural Research Programs in the Neurosciences and Neurological Disorders	Georgetown University	5 R01 NS38455-04	93.853	3,771
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Medicine & Dentistry of New Jersey	R01 NS38384	93.853	3,464
Extramural Research Programs in the Neurosciences and Neurological Disorders	Mount Sinai School of Medicine	U01 NS045719-02	93.853	1,885
Extramural Research Programs in the Neurosciences and Neurological Disorders	Mount Sinai School of Medicine	1 R01 NS045719-01A1	93.853	1,861
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Cincinnati	R01NS039512	93.853	972
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Texas Health Center at San Antonio	5 U01 NS38529-06	93.853	23
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Wisconsin in Madison	5 P01 NS042803-04	93.853	(15)
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Rochester	5 R01 NS42240-03	93.853	(30)
Extramural Research Programs in the Neurosciences and Neurological Disorders	University of Florida	2R01-NS038455-06	93.853	(870)
Biological Basis Research in the Neurosciences	Medical College of Georgia	R01NS38455	93.854	(6,692)
Biological Basis Research in the Neurosciences	University of California in Davis	R01NS36859	93.854	(9,637)
Allergy, Immunology and Transplantation Research	University of California in Davis	2 R01 AI049342-05	93.855	70,139
Allergy, Immunology and Transplantation Research	Columbia University in the City of New York	7 U19 AI056362-04	93.855	53,602
Allergy, Immunology and Transplantation Research	University of Minnesota	5 U01 AI058013-02	93.855	49,961
Allergy, Immunology and Transplantation Research	University of Minnesota	1 U19 AI070119-01	93.855	49,747
Allergy, Immunology and Transplantation Research	Johns Hopkins University	1 U01 AI069918-01	93.855	42,779
Allergy, Immunology and Transplantation Research	Emory University	5 U19 AI051731-05	93.855	39,492
Allergy, Immunology and Transplantation Research	Columbia University in the City of New York	7 U19 AI056362-05	93.855	39,417
Allergy, Immunology and Transplantation Research	Columbia University in the City of New York	7 U19 AI056362-03	93.855	14,782
Allergy, Immunology and Transplantation Research	The Feinstein Institute for Medical Research	7 U19 AI056362-06	93.855	4,552
Allergy, Immunology and Transplantation Research	Children's Hospital Boston	U01 AI046134-05	93.855	612
Microbiology and Infectious Diseases Research	Duke University	U01 AI067854-02	93.856	2,970,710
Microbiology and Infectious Diseases Research	University of Washington	5 U01 AI052054-05	93.856	891,293
Microbiology and Infectious Diseases Research	Family Health International	5 U01 AI46749-05	93.856	860,681
Microbiology and Infectious Diseases Research	Duke University	5 U54AI05157-05	93.856	665,765
Microbiology and Infectious Diseases Research	Duke University	U54AI05157; 303-0971	93.856	616,114
Microbiology and Infectious Diseases Research	Emory University	1 R01 AI064060-01	93.856	421,659
Microbiology and Infectious Diseases Research	University of Washington	5 R01 AI52054-02	93.856	354,809
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	None	93.856	282,539
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	None	93.856	120,919
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	1U01A1068636-01	93.856	99,739

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Microbiology and Infectious Diseases Research	Fred Hutchinson Cancer Research Center	1 U01 AI46747-05	93.856	92,659
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	U 01 AI38858	93.856	92,035
Microbiology and Infectious Diseases Research	Duke University	5 P01 AI061734-02	93.856	88,168
Microbiology and Infectious Diseases Research	Chimerix, Inc	U01AI057233	93.856	70,455
Microbiology and Infectious Diseases Research	University of Pennsylvania	5-37335 (R01AI049784)	93.856	36,879
Microbiology and Infectious Diseases Research	University of Virginia	2 R01 AI049989-05	93.856	36,425
Microbiology and Infectious Diseases Research	Duke University	P01 AI061734-03	93.856	33,652
Microbiology and Infectious Diseases Research	Fred Hutchinson Cancer Research Center	1 U01 AI46747	93.856	28,635
Microbiology and Infectious Diseases Research	The George Washington University	2 R01 AI43894-06A2	93.856	25,900
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	U01AI038858	93.856	16,224
Microbiology and Infectious Diseases Research	University of Washington	3 P30 AI027757-18S4	93.856	7,828
Microbiology and Infectious Diseases Research	University of California in San Francisco	P30AI27763	93.856	2,004
Microbiology and Infectious Diseases Research	University of New Mexico	2 U19 AI045452-06	93.856	1,191
Microbiology and Infectious Diseases Research	Pharmasset Inc	1R43AI52999-01	93.856	309
Microbiology and Infectious Diseases Research	University of New Mexico	U19 AI045452-05	93.856	(164)
Microbiology and Infectious Diseases Research	University of California in San Francisco	P30 AI27763	93.856	(720)
Microbiology and Infectious Diseases Research	Duke University	US4AI057157	93.856	(2,835)
Microbiology and Infectious Diseases Research	University of Michigan	P01 AI46390-1	93.856	(3,962)
Microbiology and Infectious Diseases Research	Vaxin Inc	1 R41 AI52920-01	93.856	(8,956)
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	U01AI41089	93.856	(8,960)
Microbiology and Infectious Diseases Research	University of Texas Medical Branch	R21 AI51177-01A1	93.856	(13,607)
Microbiology and Infectious Diseases Research	Bioplastics Research Ltd	1R43AI49005-01A1	93.856	(22,027)
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	200PC004	93.856	(29,617)
Microbiology and Infectious Diseases Research	Social & Scientific Systems Inc	204PCO	93.856	(37,714)
Microbiology and Infectious Diseases Research	Vaxin Inc	R42 AI445520-03	93.856	(148,450)
Biomedical Research and Research Training	University of Colorado Health Sciences Center	5 P50 GM049222-13	93.859	286,445
Biomedical Research and Research Training	University of Georgia	5 P50 GM062407-05	93.859	15,530
Biomedical Research and Research Training	Massachusetts General Hospital	5 U54 GM62119-05	93.859	5,190
Biomedical Research and Research Training	Massachusetts General Hospital	US4GM62119	93.859	(3,122)
Biomedical Research and Research Training	University of Georgia	P50GM62407	93.859	(4,058)
Genetics and Dev Biology Research	University of Michigan	1P50GM65509-01	93.862	70,424
Population Research	University of California in San Francisco	5 K12 HD000849	93.864	(2,605)
Child Health and Human Development Extramural Research	Pennsylvania State University (The)	1 R01 HD050045-01	93.865	171,422
Child Health and Human Development Extramural Research	University of Michigan	2 U01 HD041249-06	93.865	153,371
Child Health and Human Development Extramural Research	Harvard School of Public Health	5 U01 HD052102-02;	93.865	83,439
Child Health and Human Development Extramural Research	University of Virginia	5 R01 HD048562-02	93.865	68,714
Child Health and Human Development Extramural Research	University of Texas Southwestern Medical Center	P01HD011149; GMO-500211	93.865	39,202
Child Health and Human Development Extramural Research	Oregon Health & Sciences University	2 R01 HD06159-31A1	93.865	32,992
Child Health and Human Development Extramural Research	Baylor College of Medicine	1 P01HD40301-02	93.865	23,863
Child Health and Human Development Extramural Research	University of Colorado Health Sciences Center	7 R01 HD041361-05	93.865	22,374
Child Health and Human Development Extramural Research	Harvard School of Public Health	5 U01 HD052102-02	93.865	4,506
Child Health and Human Development Extramural Research	University of Notre Dame	HD-039456-05	93.865	3,386
Child Health and Human Development Extramural Research	Pennsylvania State University (The)	1 R21 HD047463-02	93.865	1,745
Child Health and Human Development Extramural Research	Pennsylvania State University (The)	5 R21 HD04763-02	93.865	347
Child Health and Human Development Extramural Research	University of Southern California	2 R01 HD33064-08A1	93.865	(144)
Child Health and Human Development Extramural Research	Assoc of Teachers of Preventive Medicine	R01HD39611	93.865	(19,670)
Aging Research	Boston University Medical Campus	2 R01 AG09029-11A2	93.866	230,227
Aging Research	University of Kentucky Research Foundation	2 P01 AG010836-11	93.866	128,322
Aging Research	Alzheimer's Disease Cooperative Study	U01 AG024904	93.866	124,865
Aging Research	University of Wisconsin in Madison	1 R01 AG0206891-01	93.866	119,318
Aging Research	University of Wisconsin in Madison	2 P01 AG011915-11	93.866	106,051
Aging Research	Louisiana State University	1P01AG022064-01A3	93.866	102,491
Aging Research	University of Washington	5 U01 AG016976-08	93.866	48,893
Aging Research	University of California in San Diego	U01 AG10483	93.866	39,663
Aging Research	University of California in San Diego	U01 AG10483-15	93.866	31,757
Aging Research	University of California in San Diego	U01 AG10483	93.866	31,426
Aging Research	University of Wisconsin in Madison	R01AG18922	93.866	21,392
Aging Research	University of Southern California	1 R21 AG025496-01A1	93.866	13,906
Aging Research	Baylor College of Medicine	1 R01 AG19325	93.866	8,422
Aging Research	University of California in San Diego	U01 AG10483	93.866	5,661
Aging Research	Creative Action LLC (CALLC)	R44AG17776	93.866	3,892
Aging Research	University of Rochester	1 R01 AG20086-01	93.866	1,602
Aging Research	University of Louisville Research Foundation, Inc	1 R01 AG024040-01A2	93.866	104
Aging Research	University of California in San Diego	None	93.866	100
Aging Research	Mayo Clinic Jacksonville	R01 AG21875	93.866	(187)
Aging Research	University of Washington	5 U01 AG016976-07	93.866	(769)
Aging Research	University of Washington	5 U01 AG16976-05	93.866	(1,618)
Aging Research	University of Wisconsin in Madison	5 P01 AG011915-10	93.866	(4,919)
Aging Research	Washington University in St Louis	U01AG16976	93.866	(8,032)
Aging Research	Rehab Concepts	1R43 AG19116-01	93.866	(15,929)
Aging Research	University of Washington	5 U01 AG16976-04	93.866	(27,479)
Aging Research	Visual Awareness Inc	R44AG022799	93.866	(28,032)
Aging Research	University of Washington	U01AG16976	93.866	(61,775)
Vision Research	University of California in San Diego	5 U10 EY014267-05	93.867	444,005
Vision Research	Emory University	1 U10 EY013272-03	93.867	168,045
Vision Research	The Smith-Kettlewell Eye Research Institute	R01EY15314	93.867	114,020
Vision Research	Duke University	5 R01 EY015559-03	93.867	101,206
Vision Research	Northwestern University	1R01EY014662-01	93.867	65,138
Vision Research	Jaeb Center for Health Research Inc	U10 EY11751	93.867	29,229
Vision Research	Jaeb Center for Health Research Inc	ATS-3	93.867	6,251
Vision Research	Jaeb Center for Health Research Inc	ATS7	93.867	2,083
Vision Research	Harvard Medical - Schepens Eye Research	R2412890-03	93.867	(4,000)

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Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Vision Research	University of Calgary	R01EY13187	93.867	(5,366)
Vision Research	Ohio State University Research Foundation	5 U10 EY10419-10	93.867	(27,714)
Healthy Start Initiative	Mobile County Health Department	None	93.926	65,394
Center for Medical Rehabilitation Research	Emory University	R01HD376061	93.929	6,027
Center for Medical Rehabilitation Research	University of Iowa	None	93.929	4,996
Center for Medical Rehabilitation Research	Emory University	5 R01 HD037606-05	93.929	(633)
Assistance Programs for Chronic Disease Prevention and Control	Alabama Dept of Public Health	C10119145	93.945	14,627
Assistance Programs for Chronic Disease Prevention and Control	Alabama Dept of Public Health	C30117207	93.945	473
Assistance Programs for Chronic Disease Prevention and Control	Alabama Dept of Public Health	C40118136	93.945	(3,951)
Agricultural and Safety Programs	East Carolina University	None	93.956	3,310
Preventive Health Services - Sexually Transmitted Diseases Control Grants	Alabama Dept of Public Health	CCH25/404330-12	93.977	46,259
International Research and Research Training	Vanderbilt University	7 D43 TWWO1035	93.989	130,444
International Research and Research Training	University of New Mexico	None	93.989	(10,842)
National Health Promotion	The Children's Mercy Hospital	04-0023	93.990	32,978
Contract	University of Medicine & Dentistry of New Jersey	None	93.	586,447
Contract	Medical University South Carolina Foundation	N01-HV-28181	93.	259,520
Contract	University of Medicine & Dentistry of New Jersey	None	93.	229,470
Contract	Social & Scientific Systems Inc	None	93.	216,726
Contract	Saint Louis University	N01-AI-45250	93.	190,496
Contract	Alabama Dept of Public Health	None	93.	185,093
Contract	University of Medicine & Dentistry of New Jersey	NA	93.	138,942
Contract	The KNCV Tuberculosis Foundation	GHS-A-00-05-00019-00	93.	126,907
Contract	University of Washington	N01-AI-40069	93.	103,510
Contract	Coley Pharmaceutical Group Inc	HHSN266200400044C/N01-AI-40044	93.	99,923
Contract	University of Rochester	DHHS N01AI25460	93.	76,007
Contract	University of California in San Francisco	N01-AI-15416	93.	73,396
Contract	University of Texas Southwestern Medical Center	N01-HB-07159	93.	70,184
Contract	Strang Cancer Prevention Center	N01-CN-95015	93.	65,569
Contract	Booz Allen Hamilton Inc.	1435-04-04CT-73980	93.	48,654
Contract	RTI International	R40MC07540-01-00	93.	40,213
Contract	Vivo Biosciences Inc	HHSN 261200566001C	93.	35,000
Contract	Southeastern National Tuberculosis Center	None	93.	34,183
Contract	North Shore University Hospital	N01-AR-1-2256	93.	33,880
Contract	University of Pittsburgh	N01-AR-4-2273	93.	28,806
Contract	Bavarian Nordic A/S	HHSN266200400072C	93.	25,681
Contract	University of Texas Southwestern Medical Center	N01-MH-90003	93.	21,648
Contract	Alabama Dept of Public Health	None	93.	14,898
Contract	Saing Luke's Hospital of Kansas City	None	93.	12,034
Contract	Wake Forest University School of Medicine	N01-WH-44221	93.	10,827
Contract	Jaeb Center for Health Research Inc	None	93.	10,016
Contract	GD Searle and Company	N01CN95015MAO	93.	8,009
Contract	Alabama Dept of Public Health	None	93.	7,473
Contract	Duke University	None	93.	5,428
Contract	Boston University Medical Campus	None	93.	3,856
Contract	EMMES Corporation	HHS-N-260-2005-00007-C	93.	3,287
Contract	American College of Radiology	None	93.	3,250
Contract	Coda, Inc.	223-02-6003	93.	1,650
Contract	Maryland Medical Research Institute	N01-HB-67129	93.	1,397
Contract	American College of Radiology	CA80098	93.	1,239
Contract	Duke Clinical Research Institute	N01-HV-98177	93.	1,212
Contract	Vivo Biosciences Inc	HHSN 261200566001C	93.	179
Contract	Duke University	N01-AI-05419	93.	101
Contract	Washington University in St Louis	N01-CN-43308	93.	68
Contract	University of Medicine & Dentistry of New Jersey	3 N01 NS038384-05S1	93.	(846)
Contract	University of North Carolina at Chapel Hill	None	93.	(1,469)
Contract	University of Tennessee in Memphis	N01AR92242	93.	(10,505)
Contract	Saing Luke's Hospital of Kansas City	None	93.	(13,086)
Contract	University of Utah	N01-AR-92236	93.	(13,686)
Contract	Jefferson County Dept of Health	N01AI75329	93.	(15,756)
Contract	University of Kansas Medical Center	N01CN85035	93.	(19,389)
Contract	University of Tennessee in Memphis	N01-AR-9-2242	93.	(34,668)
Contract	University of Washington	N01-HC-95177	93.	(72,626)
Contract	University of Kansas Medical Center	N01-CN-15135	93.	(75,519)
Unknown	Emory University	5 P01 098912-03	93.	278,768
Unknown	EMMES Corporation	U01 CA121947-01	93.	189,689
Unknown	Jacksonville State University	U50/ATU473215	93.	186,833
Unknown	American College of Radiology	U10CA21661	93.	115,748
Unknown	Beth Israel Deaconess Medical Center	5 P01 HL076540-03	93.	111,809
Unknown	New York University Medical School	5 R01 AG04634-19	93.	62,269
Unknown	Jacksonville State University	U50/ATU473215	93.	54,161
Unknown	Kaiser Foundation Research Institute	R01HL078972	93.	123,040
Unknown	Boston University Medical Campus	R01 AR053161-01A1	93.	50,068
Unknown	Alliance for the Prudent use of Antibiotics	U24 AI50139-04	93.	45,842
Unknown	Southern Research Institute	1 R01 AI071393-01	93.	44,315
Unknown	SyanBridge Corporations	EY015015-02	93.	36,829
Unknown	EIC Laboratories, Inc.	2 R44 HL071395-02	93.	49,826
Unknown	Scott and White Memorial Hospital and Scott	R01 NR03497	93.	19,680
Unknown	Emory University	5 P01 098912-03	93.	8,097
Unknown	Northern California Inst for Research and Edu	R01HL074814	93.	93,508

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Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Unknown	Combinix, Inc.	1 R43 DK067732-01A2	93.	6,995
Unknown	Social & Scientific Systems Inc	1 U01AI06832-01	93.	2,174
Unknown	Jacksonville State University	U50/ATU473215	93.	2,019
Unknown	Mount Sinai School of Medicine	R01 AG15922-09	93.	546
Unknown	Congressional Glaucoma Caucus Fdn	H75/CCH221874-04	93.	1,664
Unknown	Jacksonville State University	U50/ATU473215	93.	63
Unknown	University of Medicine & Dentistry of New Jersey	R01NS38384	93.	(1,023)
Unknown	University of Connecticut Health Center	R21 EB00987-02	93.	(1,439)
Unknown	Beth Israel Deaconess Medical Center	1 P01 HL076540-02	93.	(6,371)
Unknown	The George Washington University	U01 DK061055	93.	3,788
Unknown	Duke University	None	93.	43,316
Unknown	Kaiser Foundation Research Institute	R01HL078972	93.	27,812
Unknown	Beth Israel Deaconess Medical Center	P01HL076540	93.	(855)
Unknown	Mount Sinai School of Medicine	R01AG15922-06	93.	(1,514)
Unknown	Mayo Foundation for Medical Education & Research	U10CA25224	93.	(6,642)
Unknown	Children's Hospital Medical Center of Northern CA	R01DK57778	93.	(17,143)
Unknown	MRDDHCA of Jefferson County	MEDICAID	93.	(19,040)
Total Pass-Through				24,115,633
Total Department of Health and Human Services				269,808,520
U.S. Agency for International Development				
Pass-Through:				
USAID Foreign Assistance for Programs Overseas	Boston University Medical Campus	GHS A 00 0300020 00	98.001	206,954
USAID Foreign Assistance for Programs Overseas	University of Georgia	LAG-G-00-96-90013-00	98.001	145,929
USAID Foreign Assistance for Programs Overseas	University of Georgia	LAG-G-00-96-00013-00	98.001	23,472
John Ogonowski Farmer-to-Farmer Program	Clemson University	EEM-A-00-05-00010-00	98.009	38,778
Unknown	Boston University Medical Campus	None	93.	164,423
Unknown	The KNCV Tuberculosis Foundation	None	93.	56,066
Contract	Johns Hopkins University	HRN-A-00-96-90006-00	93.	172
Unknown	CONRAD, Eastern Virginia Medical School	HRV-A-0098-00020	93.	(611)
Total Pass-Through				635,183
Total U.S. Agency for International Development				635,183
TOTAL RESEARCH AND DEVELOPMENT CLUSTER				301,459,983
STUDENT FINANCIAL AID CLUSTER				
Department of Education				
Direct:				
Federal Supplemental Education Opportunity Grants			84.007	1,041,239
Federal Work-Study Program			84.033	864,879
Job Location Development Program			84.033	50,594
Federal Perkins Loan Program			84.038	242,457
Federal Pell Grant			84.063	8,710,414
Direct Student Loans			84.268	76,850,057
Academic Competitiveness Grants			84.375	313,081
National Science and Mathematics Access to Retain Talent (SMART) Grants			84.376	182,831
Total Direct				88,255,552
Total Department of Education				88,255,552
Department of Health and Human Services				
Direct:				
Nurse Faculty Loan Program			93.264	49,208
Total Direct				49,208
Total Department of Health and Human Services				49,208
TOTAL STUDENT FINANCIAL AID CLUSTER				88,304,760
CONSTRUCTION				
Department of Commerce				
Direct:				
Congressionally-Identified Projects (Shelby Interdisciplinary Biomedical Research Building)			11.617	8,130,700
Total Direct				8,130,700
Total Department of Commerce				8,130,700
Department of Health and Human Services				
Direct:				
Microbiology and Infectious Diseases Research (Southeast Biocontainment Laboratory)			93.856	16,221,184
Total Direct				16,221,184
Total Department of Health and Human Services				16,221,184
TOTAL CONSTRUCTION				24,351,884

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
ELIZABETH GLASER				
<u>Department of Health and Human Services</u>				
Pass-Through:				
Centers for Research and Demonstration for Health Promotion and Disease Prevention	Elizabeth Glaser Pediatric AIDS Foundation	U62/CCU123541-01	93.135	9,826,277
Centers for Research and Demonstration for Health Promotion and Disease Prevention	Elizabeth Glaser Pediatric AIDS Foundation	U62CCU123541-01	93.135	4,653,732
Centers for Research and Demonstration for Health Promotion and Disease Prevention	Elizabeth Glaser Pediatric AIDS Foundation	U62/CCU123541-01	93.135	968,904
Centers for Research and Demonstration for Health Promotion and Disease Prevention	Elizabeth Glaser Pediatric AIDS Foundation	U62/CCU123541-01	93.135	417,663
Total Pass-Through				15,866,576
Total Department of Health and Human Services				15,866,576
TOTAL ELIZABETH GLASER				15,866,576
OTHER PROGRAMS				
<u>Department of Agriculture</u>				
Pass-Through:				
National School Lunch Program	Alabama Dept of Education	ADS-0000	10.555	(1,483)
National School Lunch Program	Alabama Dept of Education	None	10.555	(6,027)
National School Lunch Program	Alabama Dept of Education	ADS-0000	10.555	7,055
Total Pass-Through				(455)
Total Department of Agriculture				(455)
<u>Department of Commerce</u>				
Pass-Through:				
Public Telecommunications Facilities Planning and Construction	Corporation for Public Broadcasting	R00015	11.550	168,700
Total Pass-Through				168,700
Total Department of Commerce				168,700
<u>Department of Defense</u>				
Direct:				
Procurement Technical Assistance For Business Firms			12.002	355,856
Contract-Army Reserves			12.	112,875
Contract-Alabama Army National Guard			12.	152,098
Contract-Army ROTC			12.	107,007
Contract #DADA10-02-H-0007 Optometry			12.	10,399
Contract #DADA10-98-H-0186-Medical			12.	30,265
Contract #DADA10-98-H-0097-Dental			12.	22,437
Contract-Army Unknown			12.	12,428
Contract-Coast Guard			12.	3,318
Contract-Navy			12.	55,085
Contract #F33600-00-A-0067			12.	136,978
Contract #F01600-79-D0466			12.	36,337
Contract-Air Force Unknown			12.	2,497
Total Direct:				1,037,580
Pass-Through:				
Basic and Applied Scientific Research	Kansas State University	W91CRB-04C-0065	12.300	11,882
Contract	Mississippi State University	N62306-01-D-7110	12.	(217)
Contract	Dynamics Research Corp	DAMD17-01-C-0052	12.	(2,305)
Total Pass-Through				9,360
Total Department of Defense				1,046,940
<u>Department of Housing and Urban Development</u>				
Direct:				
Supportive Housing Program			14.235	147,799
Community Development Work-Study Program			14.512	40,611
Total Direct				188,410
Pass-Through:				
Community Development Block Grants/Entitlement Grants	City of Birmingham	None	14.218	670
Total Pass-Through				670
Total Department of Housing and Urban Development				189,080
<u>Department of Justice</u>				
Direct:				
Public Safety Partnership and Community Policing Grants			16.710	6,514
Total Direct				6,514
Pass-Through:				
Prisoner Reentry Initiative Demonstration (Offender Reentry)	Alabama Dept of Economic & Community Affairs	None	16.202	146,875
Edward Byrne Memorial State and Local Law Enforcement Assistance				
Discretionary Grants Program	Jefferson County Commission	2001-DD-BX-0016	16.580	(7,649)
Total Pass-Through				139,226
Total Department of Justice				145,740

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

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Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Department of Labor				
Pass-Through:				
WIA Adult Program	Alabama Dept of Public Health	2-1-30-24-05	17.258	(410)
WIA Youth Activities	Jefferson County Commission	173964	17.259	(34,406)
Total Pass-Through				(34,816)
Total Department of Labor				(34,816)
Department of State				
Pass-through:				
Unknown	NAFSA Association of International Educators	None	19.	(332)
Total Pass-Through				(332)
Total Department of State				(332)
Department of Transportation				
Direct:				
Contract #DTFH0104_F0001016			20.	14,998
Total Direct				14,998
Pass-Through:				
Highway Planning and Construction	Alabama Dept of Transportation	STPTE-TE02	20.205	21,299
Highway Planning and Construction	Regional Planning Commission of Greater Birmingham	UPWP Task 2.01	20.205	6,537
Highway Planning and Construction	Regional Planning Commission of Greater Birmingham	None	20.205	(2,214)
Highway Planning and Construction	Regional Planning Commission of Greater Birmingham	None	20.205	(2,978)
Highway Training and Education	Alabama Dept of Transportation	00-135	20.215	(69,311)
Highway Training and Education	Alabama Dept of Transportation	97-928	20.215	(216,715)
State and Community Highway Safety	Regional Planning Commission of Greater Birmingham	None	20.600	(128)
University Transportation Centers Program	University of Alabama in Huntsville	None	20.701	2,853
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	(1,657)
University Transportation Centers Program	University of Alabama in Tuscaloosa	UTCA/UA 01-010	20.701	(32,811)
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS98-G-0028	20.701	45,624
University Transportation Centers Program	University of Alabama in Tuscaloosa	DTRS 98-G-0028	20.701	20,514
Contract	Alabama Dept of Transportation	None	20.	206,461
Contract	Alabama Emergency Management Agency	None	20.	71,941
Contract	Alabama Dept of Transportation	None	20.	71,416
Contract	Alabama Emergency Management Agency	None	20.	34,658
Contract	Alabama Dept of Transportation	ITS-AL04	20.	12,852
Contract	Alabama Emergency Management Agency	6 HMEP	20.	12,270
Contract	Brain Trauma Foundation	DTNH22-98-G-05131	20.	3,359
Total Pass-Through				183,970
Total Department of Transportation				198,968
National Aeronautics and Space Administration				
Pass-Through:				
Contract	University of Alabama in Huntsville	NGT5-40077	43.	20,851
Contract	University of Alabama in Huntsville	NGT5-40077	43.	(11,455)
Unknown	University of Alabama in Huntsville	NNG05GE80H	43.	53,926
Total Pass-Through				63,322
Total National Aeronautics and Space Administration				63,322
National Foundation on the Arts and the Humanities				
Pass-Through:				
Promotion of the Arts - Partnership Agreements	Southern Arts Federation	None	45.025	7,000
Contract	Southern Arts Federation	None	45.	4,500
Total Pass-Through				11,500
Total National Foundation on the Arts and the Humanities				11,500
National Science Foundation				
Direct:				
Engineering Grants			47.041	26,017
Mathematical and Physical Sciences			47.049	410,319
Education and Human Resources			47.076	1,026,389
International Science and Engineering (OISE)			47.079	582
Total Direct				1,463,307
Pass-Through:				
Education and Human Resources	Birmingham City Schools	None	47.076	(6,435)
Contract	University of Alabama in Huntsville	SUBCONTRACT AGREEMENT 05-027	47.	36,503
Contract	University of Alabama in Huntsville	TASK ORDER 28 (05-001)	47.	781
Contract	Council of Graduate Schools	None	47.	335
Total Pass-Through				31,184
Total National Science Foundation				1,494,491

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Small Business Administration				
Direct:				
Small Business Development Center			59.037	1,320,998
Total Direct				1,320,998
Total Small Business Administration				
Department of Energy				
Direct:				
Office of Science Financial Assistance Program			81.049	1,192
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance			81.117	115,484
Total Direct				116,676
Pass-Through:				
Contract	Sandia National Laboratories	None	81.	1,220
Total Pass-Through				1,220
Total Department of Energy				
Department of Education				
Direct:				
TRIO - Student Support Services			84.042	382,440
Bilingual Education			84.195	259,783
Graduate Assistance in Areas of National Need			84.200	191,616
TRIO - McNair Post-Baccalaureate Achievement			84.217	189,074
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities			84.325	316,536
Special Education - Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities			84.326	153,454
Teacher Quality Enhancement Grants			84.336	500,818
Early Reading First			84.359	23,502
Total Direct				2,017,223
Pass-Through:				
Migrant Education - State Grant Program	Alabama Dept of Education	None	84.011	2,575
Special Education - Grants to States	Alabama Dept of Education	None	84.027	218,364
Special Education - Grants to States	Alabama Dept of Education	11000434	84.027	69,807
Special Education - Grants to States	Chilton County Public Schools	None	84.027	33,915
Special Education - Grants to States	Birmingham City Schools	None	84.027	8,576
Special Education - Grants to States	Alabama Dept of Education	360184-004952-180710	84.027	6,858
Special Education - Grants to States	Alabama Dept of Education	U100414	84.027	4,565
Vocational Education - National Programs	Alabama Dept of Education	None	84.051	31,862
Fund for the Improvement of Postsecondary Education	Clemson University	P116J050001	84.116	5,199
Fund for the Improvement of Postsecondary Education	Great Cities' Universities	R215K020369	84.116	(1,027)
Rehabilitation Services - Vocational Rehabilitation Grants to States	Alabama Dept of Rehabilitation Services	None	84.126	223,675
Rehabilitation Services - Vocational Rehabilitation Grants to States	Alabama Dept of Rehabilitation Services	None	84.126	11,231
Rehabilitation Services - Vocational Rehabilitation Grants to States	Alabama Dept of Rehabilitation Services	C40870037	84.126	(8,526)
Rehabilitation Services - Vocational Rehabilitation Grants to States	Alabama Dept of Rehabilitation Services	775-2009-2666-4110	84.126	(10,602)
Special Education - Preschool Grants	Alabama Dept of Education	None	84.173	8,567
Special Education - Preschool Grants	Alabama Dept of Education	NA	84.173	(12,487)
Special Education - Grants for Infants and Families with Disabilities	Alabama Dept of Rehabilitation Services	None	84.181	32,606
Special Education - Grants for Infants and Families with Disabilities	Alabama Dept of Rehabilitation Services	05CR14	84.181	5,123
Special Education - Grants for Infants and Families with Disabilities	Alabama Dept of Rehabilitation Services	04CR14	84.181	264
Safe and Drug-Free Schools and Communities - State Grants	Meridian Public School District	MPSD	84.186	(3,740)
Fund for the Improvement of Education	Birmingham City Schools	None	84.215	22,559
Eisenhower Prof Dev State Grants	Alabama Dept of Education	U200430	84.281	1,017
Eisenhower Prof Dev State Grants	Alabama Comm on Higher Education	ALAHASP	84.281	(81)
Education Technology State Grants	Alabama Dept of Education	None	84.318	41,370
Teacher Quality Enhancement Grants	Alabama Dept of Education	351184-004961-180650	84.336	17,377
Reading First State Grants	Alabama Dept of Education	370684-005500-170030	84.357	(1,688)
Mathematics and Science Partnerships	Alabama Dept of Education	None	84.366	792,103
Improving Teacher Quality State Grants	Alabama Comm on Higher Education	None	84.367	213,087
Improving Teacher Quality State Grants	Alabama Comm on Higher Education	None	84.367	31,333
Improving Teacher Quality State Grants	Alabama Comm on Higher Education	ACHE	84.367	29,959
Improving Teacher Quality State Grants	University of South Alabama	C050406	84.367	15,581
Improving Teacher Quality State Grants	University of South Alabama	C060422	84.367	4,230
Grants for State Assessments and Related Activities	Alabama Dept of Education	None	84.369	29,418
Contract	Alabama Dept of Education	None	84.	12,000
Contract	Alabama Dept of Education	None	84.	12,000
Contract	Alabama Dept of Education	None	84.	11,500
Contract	Craig Hospital	2677	84.	11,255
Total Pass-Through				1,869,845
Total Department of Education				
Department of Health and Human Services				
Direct:				
Maternal and Child Health Federal Consolidated Programs			93.110	1,714,540
Nurse Anesthetist Traineeships			93.124	31,039
Allied Health Special Projects			93.191	(4,451)
Research on Healthcare Costs, Quality and Outcomes			93.226	13,808
Substance Abuse and Mental Health Services - Projects of Regional and National Significance			93.243	838,505
Advanced Education Nursing Grant Program			93.247	811,884

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
Geriatric Academic Career Awards			93.250	9,943
Centers for Disease Control and Prevention - Investigations and Technical Assistance			93.283	352,751
Advanced Education Nursing Traineeships			93.358	83,626
National Center for Research Resources			93.389	2,297,024
Head Start			93.600	914,875
University Centers for Excellence in Developmental Disabilities Education, Research, and Service			93.632	501,707
Grants for Training in Primary Care Medicine and Dentistry			93.884	193,969
Health Care and Other Facilities			93.887	1,573,347
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease			93.918	565,908
Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants			93.978	315,754
Academic Administrative Units in Primary Care			93.984	(3,968)
Contract #HHSH240200435005C/000002			93.	219,517
Contract #HHSP233200600669P			93.	4,114
Contract #HHSH240200435005C			93.	(307)
Total Direct				10,433,585
Pass-Through:				
National Family Caregiver Support, Title III, Part E	Jefferson County Commission	02-126	93.052	(15,948)
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	Jefferson Blount St Clair Mental Health/MR Authori	G8-255274	93.104	3,412
Maternal and Child Health Federal Consolidated Programs	Alabama Dept of Rehabilitation Services	None	93.110	16,277
Maternal and Child Health Federal Consolidated Programs	Alabama Dept of Rehabilitation Services	C30870019	93.110	1,353
Maternal and Child Health Federal Consolidated Programs	Michigan Public Health Institute	MPH1504200G38800-15	93.110	(1,931)
Maternal and Child Health Federal Consolidated Programs	Sickle Cell Foundation of Greater Montgomery	6H46 MC00236-01-01	93.110	(7,212)
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Alabama Dept of Public Health	None	93.116	52,029
Emergency Medical Services for Children	Alabama Dept of Public Health	None	93.127	9,823
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	Alabama Dept of Public Health	None	93.130	(100)
AIDS Education and Training Centers	Emory University	5 H4A HA00067-05	93.145	148,380
AIDS Education and Training Centers	Emory University	1 H4A HA 00067-01	93.145	(920)
Family Planning - Services	Alabama Dept of Public Health	None	93.217	367
Family Planning - Services	Alabama Dept of Public Health	FHS:F-FAM-0412	93.217	(2,541)
Consolidated Knowledge Development and Application (KD&A) Program	Florida Certification Board	1 UD TI13590-01	93.230	(439)
Consolidated Knowledge Development and Application (KD&A) Program	Substance Abuse & Mental Health Services Admin	1UD TI13590-01	93.230	(9,879)
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Jefferson Blount St Clair Mental Health/MR Authori	None	93.243	331,676
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Jefferson Blount St Clair Mental Health/MR Authori	1 H79 SM54671-01	93.243	3,069
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	Jefferson Blount St Clair Mental Health/MR Authori	H79SM54671	93.243	38
Public Health Training Centers Grant Program	Tulane University	5 D20HP0012-07-00	93.249	122,888
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	None	93.283	330,558
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Mississippi Dept of Health	None	93.283	211,033
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Mississippi Dept of Health	50000BTO	93.283	132,648
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Mississippi Dept of Health	U90/CCU42426/03	93.283	72,360
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	U62/CCU423485	93.283	62,951
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	PV4-118-A499	93.283	2,194
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	U90/CCU416978-06	93.283	2,031
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Assoc of Teachers of Preventive Medicine	None	93.283	2,000
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	C40118188	93.283	1,462
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	C40118154	93.283	305
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	C40118269	93.283	157
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	None	93.283	(198)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	247609/T0502220031	93.283	(330)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Hemophilia of Georgia Inc	U27/CCU413118-07	93.283	(572)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	CDC C10119124	93.283	(2,262)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Alabama Dept of Public Health	CEP-34-PV-04	93.283	(17,710)
National Institutes of Health Pediatric Research Loan Repayment Program	Alabama Dept of Public Health	CEP-20-PV4-04	93.285	(1,411)
President's Council on Physical Fitness and Sports	Alabama Dept of Public Health	CEP-10-QW7-07 / QW7-118-J099	93.289	87,558
President's Council on Physical Fitness and Sports	Alabama Dept of Public Health	USRMC03885-01-00	93.289	923
Cancer Treatment Research	The Gynecologic Oncology Group	U10 CA27469	93.395	7,799
Temporary Assistance for Needy Families	Louisiana State University	343742	93.558	109
Temporary Assistance for Needy Families	Louisiana State University	None	93.558	(181)
Temporary Assistance for Needy Families	Children's Trust Fund of Alabama	None	93.558	(23,521)
Developmental Disabilities Basic Support and Advocacy Grants	Alabama Dept of Mental Health & Mental Retardation	AL BS 01	93.630	34,133
Developmental Disabilities Basic Support and Advocacy Grants	Alabama Dept of Mental Health & Mental Retardation	None	93.630	16,559
Developmental Disabilities Basic Support and Advocacy Grants	Alabama Dept of Mental Health & Mental Retardation	G3-2900-51P	93.630	22
Children's Justice Grants to States	Alabama Dept of Human Resources	4133	93.643	605
Foster Care - Title IV-E	University of Alabama in Tuscaloosa	04-057 C50161203	93.658	(6,153)
Social Services Block Grant	Alabama Dept of Mental Health & Mental Retardation	None	93.667	227,828
State Children's Insurance Program	Alabama Dept of Public Health	None	93.767	(27)
State Children's Insurance Program	Alabama Dept of Public Health	C00118124	93.767	(32,423)
Medical Assistance Program	Alabama Dept of Mental Health & Mental Retardation	C7-859703	93.778	51,999
Medical Assistance Program	Alabama Dept of Mental Health & Mental Retardation	None	93.778	9,940
Medical Assistance Program	Alabama Dept of Mental Health & Mental Retardation	C578083	93.778	(4,442)
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Alabama Dept of Senior Services	ADSS 04-01	93.779	575
National Bioterrorism Hospital Preparedness Program	Alabama Dept of Public Health	CEP-4-PV7-07	93.889	471,999
National Bioterrorism Hospital Preparedness Program	Alabama Dept of Public Health	None	93.889	172,202
National Bioterrorism Hospital Preparedness Program	Alabama Dept of Public Health	CEP-11-SK7-07	93.889	53,895
National Bioterrorism Hospital Preparedness Program	Alabama Dept of Public Health	U90/CCU416978-06	93.889	491
Rural Health Care Services Outreach and Rural Health Network Development Program	Monroe County Hospital	None	93.912	(12,389)

See accompanying notes to schedule of expenditures of federal awards

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Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Numer	CFDA Number	Total Expenditures
HIV Care Formula Grants	United Way of Central Alabama Inc	13-KD7-06	93.917	90,623
HIV Care Formula Grants	United Way of Central Alabama Inc	13 KD8-07	93.917	1,642
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	United Way of Central Alabama Inc	13-KD7-06	93.918	35,624
Healthy Start Initiative	Jefferson County Dept of Health	None	93.926	(10,500)
HIV Demonstration, Research, Public and Professional Education Projects	University of Illinois at Chicago	UIC# 2-5-24970	93.941	(13,284)
Assistance Programs for Chronic Disease Prevention and Control	Alabama Dept of Public Health	None	93.945	766
Block Grants for Community Mental Health Services	Jefferson Blount St Clair Mental Health/MR Authori	None	93.958	2,906
Block Grants for Community Mental Health Services	Jefferson Blount St Clair Mental Health/MR Authori	B1ALCMHS	93.958	(2,377)
Block Grants for Prevention and Treatment of Substance Abuse	Jefferson Blount St Clair Mental Health/MR Authori	B1 AL SAPT	93.959	433,304
Block Grants for Prevention and Treatment of Substance Abuse	Jefferson Blount St Clair Mental Health/MR Authori	None	93.959	177,355
Block Grants for Prevention and Treatment of Substance Abuse	Jefferson Blount St Clair Mental Health/MR Authori	B1ALSAPT	93.959	54,038
Block Grants for Prevention and Treatment of Substance Abuse	Jefferson Blount St Clair Mental Health/MR Authori	NA	93.959	43,521
Block Grants for Prevention and Treatment of Substance Abuse	Jefferson Blount St Clair Mental Health/MR Authori	B1 AL SAPT	93.959	7,286
Preventive Health Services - Sexually Transmitted Diseases Control Grants	Alabama Dept of Public Health	C30117004	93.977	5,617
Preventive Health Services - Sexually Transmitted Diseases Control Grants	Alabama Dept of Public Health	CCH25/404330-12-1	93.977	(8,932)
Preventive Health and Health Services Block Grant	Alabama Dept of Public Health	None	93.991	117,768
Preventive Health and Health Services Block Grant	Alabama Dept of Public Health	None	93.991	2,250
Preventive Health and Health Services Block Grant	Alabama Dept of Public Health	C30117001	93.991	(1,940)
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Public Health	None	93.994	55,558
Maternal and Child Health Services Block Grant to the States	Sickle Cell Disease Association of America	U93MC00217	93.994	52,300
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Rehabilitation Services	None	93.994	2,191
Maternal and Child Health Services Block Grant to the States	Missouri Department of Health and Senior Services	None	93.994	(774)
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Rehabilitation Services	None	93.994	(1,285)
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Rehabilitation Services	C10870024	93.994	(3,530)
Maternal and Child Health Services Block Grant to the States	Alabama Dept of Rehabilitation Services	63-6005-396	93.994	(5,048)
Contract	Alabama Dept of Public Health	None	93.	225,822
Contract	Intl Society of Travel Medicine	None	93.	186,076
Contract	Alabama Dept of Public Health	None	93.	109,953
Contract	Alabama Dept of Public Health	CEP-9-QW7-07/QW7-118-J099	93.	87,901
Contract	Alabama Dept of Public Health	None	93.	86,178
Contract	American Psychological Foundation	None	93.	44,437
Contract	United Way of Central Alabama Inc	13-KD7-06	93.	39,632
Contract	Alabama Dept of Rehabilitation Services	None	93.	37,047
Contract	GovSource, Inc.	None	93.	36,152
Contract	Jefferson County Dept of Health	None	93.	31,187
Contract	Jefferson County Dept of Health	None	93.	30,745
Contract	United Way of Central Alabama Inc	13-KD7-06	93.	20,718
Contract	University of North Carolina at Greensboro	None	93.	14,322
Contract	Alabama Dept of Public Health	C60114139	93.	12,034
Contract	Alabama Dept of Public Health	None	93.	6,248
Contract	University of Maryland	N01-LM-1-3522	93.	5,418
Contract	Alabama Dept of Public Health	None	93.	4,984
Contract	EMMES Corporation	None	93.	4,016
Contract	Tulane University	2 D20HP00012-06-00	93.	557
Contract	Alabama Dept of Public Health	None	93.	(61)
Contract	Alabama Quality Assurance Foundation	500-02-AL02	93.	(1,434)
Contract	United Way of Central Alabama Inc	12-KD6-05	93.	(19,846)
Contract	Alliance for Community Health Plans	200-95-0953	93.	(35,392)
Unknown	Tulane University	U62/CCU622410-04	93.	269,621
Unknown	Florida Certification Board	1 UD TI13590-01	93.	66,398
Unknown	Florida Certification Board	1 UD TI13590-01	93.	24,284
Unknown	Alabama Maternity, Inc.	None	93.	2,238,635
Unknown	Alabama Dept of Public Health	None	93.	2,130
Unknown	Alabama Dept of Public Health	C60114081	93.	2,013
Unknown	Duke University	U36/CCU319276	93.	(281)
Total Pass-Through				7,067,632
Total Department of Health and Human Services				17,501,217
Corporation for National and Community Services				
Pass-Through:				
AmeriCorps	The Governor's Office of Faith Based and Community Initiatives	None	94.006	43
AmeriCorps	Alabama Governors Office on Natl & Comm Service	03AFHAL001-1301	94.006	(7,579)
Contract	The Governor's Office of Faith Based and Community Initiatives	03 ACF 007PL		1,192
Total Pass-Through				(6,344)
Total Corporation for National and Community Services				(6,344)
Department of Homeland Security				
Pass-Through:				
Contract	EAI Corporation	HJ9SP20040008	97.	55,937
Total Pass-Through				55,937
Total Department of Homeland Security				55,937

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

Federal Grantor	Pass-Through Grantor	Contract/Award or Passthrough Number	CFDA Number	Total Expenditures
U.S. Agency for International Development				
Pass-Through:				
USAID Foreign Assistance for Programs Overseas	Elizabeth Glaser Pediatric AIDS Foundation	GPH-A-00-02-00011-00	98.001	(3,675)
Total Pass-Through				(3,675)
Total U.S. Agency for International Development				(3,675)
SPECIAL FEDERAL APPROPRIATIONS				
Lister Hill Center for Health Policy			99.	543,255
John J Sparkman Center			99.	665,306
TOTAL SPECIAL FEDERAL APPROPRIATIONS				1,208,561
TOTAL OTHER PROGRAMS				27,364,796
TOTAL FEDERAL				\$ 457,347,999

See accompanying notes to schedule of expenditures of federal awards

University of Alabama at Birmingham

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2007

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the federal expenditures of The University of Alabama at Birmingham ("UAB") under programs of the federal government for the year ended September 30, 2007. The amounts reported as federal expenditures were obtained from UAB's general ledger. Because the Schedule presents only a selected portion of the operations of UAB, it is not intended to and does not present the financial position, changes in net assets and revenues and expenses of UAB.

For purposes of the Schedule, federal awards include all grants, contracts, and similar agreements entered into directly between UAB and agencies and departments of the federal government and all subawards to UAB by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The awards are classified into Type A and Type B program categories in accordance with the provisions of Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. UAB's Type A program categories include the following:

A. Research and Development

The research and development cluster includes awards for research and development work primarily under grants with agencies and divisions of the Department of Health and Human Services, the National Aeronautics and Space Administration, the Department of Defense, the National Science Foundation, and the Department of Education.

B. Student Financial Aid

The student financial aid cluster includes certain awards to provide financial assistance to students, primarily under the Federal Work-Study ("FWS"), Federal Pell Grant ("Pell"), Federal Supplemental Educational Opportunity Grant ("FSEOG"), Federal Perkins Loan ("Perkins"), and Federal Direct Student Loan ("FDSL") programs of the Department of Education. UAB receives awards to make loans to eligible students under certain federal student loan programs, and federally guaranteed loans are issued to students of UAB by various financial institutions.

C. Construction

One award was received from the U.S. Department of Commerce for the partial funding of the Shelby Interdisciplinary Biomedical Research Building and the other award was received from the U.S. Department of Health and Human Services via the National Institute of Allergy and Infectious Disease for the partial funding of the Southeast Biocontainment Laboratory.

D. Other

Other programs include federal pass through awards from the Elizabeth Glaser Pediatric AIDS Foundation. The federal sponsor for these awards is the Center for Disease Control of the Department of Health and Human Services. For the year ended September 30, 2007, approximately \$6,200,000 and \$9,800,000 of Federal expenditures related to these programs were incurred in the United States of America and Zambia, respectively.

UAB has obtained Catalog of Federal Domestic Assistance ("CFDA") numbers to ensure that all programs have been appropriately identified in the Schedule. CFDA numbers for applicable programs have been appropriately listed by those programs. Certain contracts and grants are not assigned CFDA numbers and, therefore, CFDA numbers are not listed by these programs.

University of Alabama at Birmingham
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

Negative expenditures represent adjustments to prior year expenditures for UAB to reconcile and close the federal awards programs. This results in accurate reporting on a cumulative basis over multiple periods.

Subrecipients

Certain funds are passed through to subgrantee organizations by UAB. Expenditures incurred by the subgrantees and reimbursed by UAB are presented in the Schedules. For the year ended September 30, 2007, UAB passed through approximately \$34 million to subgrantee organizations.

Agency	Programs			Total
	R&D	Elizabeth Glaser	Other	
Department of Defense	\$ 395,852		\$ 94,719	\$ 490,571
Department of Housing and Urban Development			44,104	44,104
Department of Justice			37,710	37,710
Department of Transportation	874,673			874,673
National Aeronautics and Space Administration	349,730			349,730
National Science Foundation	494,308		2,046,812	2,541,120
Small Business Administration			1,061,229	1,061,229
Department of Energy	136,235			136,235
Department of Education	36,300		158,975	195,275
Department of Health and Human Services	26,622,034	\$ 131,418	1,545,481	28,298,933
United States Agency for International Development	97,183		85,186	182,369
	<u>\$ 29,006,315</u>	<u>\$ 131,418</u>	<u>\$ 5,074,216</u>	<u>\$ 34,211,949</u>

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

2. Summary of Significant Accounting Policies

For purposes of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting and in accordance with accounting standards of the United States of America. Expenditures for federal student financial aid programs include FDSL, Perkins, and Pell program grants to students, the federal share of students' FSEOG program grants, FWS program earnings and administrative cost allowances where applicable.

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

UAB operates under predetermined fixed F&A cost rates which are effective from October 1, 2004 through September 30, 2007. The predetermined fixed rates were based on 2002 financial information. The base rate for on-campus research is 45.5% for the year ended September 30, 2007. Base rates for other F&A cost recoveries range from 25.0% to 45.5%, for the year ended September 30, 2007.

University of Alabama at Birmingham
Notes to Schedule of Expenditures of Federal Awards
Year Ended September 30, 2007

4. Federal Student Loan Programs

Direct Loan Programs - The Federal Perkins Loan ("Perkins"), Health Professions Student Loan ("HPSL") and Loans to Disadvantaged Students ("LDS") programs are administered directly by UAB and balances and transactions relating to these programs are included in UAB's basic financial statements.

The balances of loans outstanding at September 30, 2007 and funds advanced by UAB to eligible students during the year ended September 30, 2007 under the federal student loan programs can be summarized as follows:

	Perkins (CFDA #84.038)	HPSL (CFDA #93.342)	LDS (CFDA #93.342)
Funds advanced to students during fiscal 2007	\$ 3,375,227	\$ 610,469	\$ 83,283
Total loan balance outstanding, September 30, 2007	\$ 14,972,161	\$ 2,473,061	\$ 402,557

Administrative Cost Allowance - During the program year ended June 30, 2007, UAB charged \$242,457 to the Federal Perkins Loan Program for administrative cost allowance.

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

During the year ended September 30, 2007, UAB processed the following amount of student loans under FDSLPL:

	CFDA #	Total 2007
Federal Direct Loans	84.268	\$ 76,850,057

PART II
FINDINGS AND QUESTIONED COSTS

University of Alabama at Birmingham
Schedule of Findings and Questioned Costs
Year Ended September 30, 2007

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified not considered to be material weaknesses? yes none reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
Various	Research and Development Cluster
Various	Student Financial Aid Cluster
93.856	Southeast Biocontainment Laboratory Construction
11.617	Shelby Interdisciplinary Biomedical Research Building Constructon
93.135	Elizabeth Glaser Pediatrics AIDS Foundation Grants

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

Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

No matters were noted.

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

Finding 2007-1: Reporting - Schedule of Expenditures of Federal Awards

Federal Agency: Research and Development Cluster and Student Financial Aid Cluster
Program: Various
CFDA: Various
Award #: Various
Award year: Various

Criteria

OMB Circular A-133, Section ____ .310 along with OMB Circular A-110, Section ____ .21, outline minimum reporting requirements for the Schedule of Expenditures of Federal Awards (the "Schedule"). At a minimum, the Schedule should include a list of individual Federal awards by federal agency, list individual Federal programs within a cluster of programs, provide the names of any pass-through entities and the identifying numbers assigned by those entities, provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

Questioned Costs

None.

Condition

The process used by the University to properly classify awards on the Schedule is manually-intensive and involves several manual iterations of sorting and aggregation of data. In our review of the Schedule, there were several items noted as a result of our testing related to the inappropriate classification or identification of CFDA numbers.

During our initial review of the Schedule, we noted one award lacking a CFDA number and one award with an invalid CFDA number.

The majority of awards presented on the Schedule are either part of the Research and Development or Student Financial Aid Clusters. To ensure proper classification, we selected a sample of ten awards that were not contained in the Research and Development or Student Financial Aid Clusters to ensure such awards were appropriately classified. We noted six of the ten awards were misclassified and should have been aggregated within the Research Development Cluster. Total expenditures related to the misclassified awards are approximately \$2,600,000.

During a further review for appropriate classification, we noted that the CFDA number was recorded in the accounting system incorrectly for three out of a sample of fifty-five awards selected. Two of the awards were within the Student Financial Aid Cluster and one was part of the Research and Development Cluster. In these instances, the two-digit agency number was properly identified; however, the extension contained within the accounting system did not agree to the extension provided in the agency-approved award notification. Total expenditures related to these three awards are approximately \$1,053,000.

Based on the results of testing, the University performed a complete review of the Schedule, and provided an updated version for our review. The University's review of the Schedule resulted in an additional reclassification of 210 awards with expenditures of approximately \$11,300,000 to the Research and Development Cluster. In order to verify the accuracy of the revised Schedule, we selected an additional fifty-five awards for review. We noted an additional two instances where CFDA extensions were incorrectly entered into the accounting system and one instance where an award was incorrectly excluded from the Research and Development Cluster. Total expenditures related to these exceptions are approximately \$21,000.

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

Cause

The Office of Grants and Contracts Administration ("OGCA"), in conjunction with the Principle Investigator ("PI"), is responsible for providing the department of Grants & Contracts Accounting ("GCA") with the Award Notification and all documentation necessary to correctly enter the grant information into the University's accounting system. Adequate supporting documentation from the PI or OGCA may not be provided to GCA to allow verification of the grant number and appropriate classification when the grant is entered into the system. Complete documentation would allow the GCA accountants to review the grant data entered into the accounting system for accuracy in order to ensure federally-sponsored grants have been properly coded as such and included properly on the Schedule.

As a result of clerical oversight, instructional-based research awards were not included in the research and development cluster.

Effect

Lack of review of the classification of grants within the Schedule resulted in a misclassification of awards totaling \$13,900,000. The inability to properly classify grants can result in misapplication of compliance requirements and special provisions. The justification of compliance could also be scrutinized by agencies when awards are misclassified.

The incorrect coding of CFDA extensions in the University's accounting system could result in inaccurate reporting on the Data Collection Form. This may cause a delay in the University's A-133 report delivery to the appropriate individuals at their respective agencies. Failure to properly report CFDA numbers on the Schedule could result in inquiries and post-audit requests from funding agencies.

The manual process used in the creation of the Schedule can result in inadvertent human errors.

Recommendations

We recommend GCA update policies and procedures related to communications with OGCA and PIs to ensure the CFDA number and classification of awards are properly entered into the University's accounting system. We also recommend that GCA perform a periodic review of the award information within the University's accounting system to ensure that all information is accurate and up-to-date.

We recommend the University implement a system-generated grant accounting and reporting process to alleviate the manual revisions made to the Schedule. Until the University has the opportunity to automate the grant reporting system, the University should, at a minimum, implement a secondary review of the manually created portions of the Schedule to reduce the possibility of any human errors during preparation.

Views of Responsible Officials/Management Response

The University places an emphasis on the accurate presentation of each award as part of the Schedule of Expenditures of Federal Awards. As noted in the conditions above, the University performed a complete review of the classification of awards during the audit process. During the review, the University changed its approach to classification of certain types of training awards, which resulted in the movement of the group of 210 awards noted in Condition.

Also some of the CFDA numbers were entered incorrectly into the accounting system as a result of clerical errors at award set up. The University is currently in the process of reviewing all CFDA numbers and will correct any that are found to be in error. For new awards, CFDA numbers are entered into the accounting system by the staff in Grants and Contracts Accounting based on the data received on the award. The accountants will perform a review of the accuracy of the data for the award once it has been set up in the accounting system for accuracy. The importance of this procedure has been reemphasized to the Grants and Contracts Accounting Staff.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Finding 2007-2: Reporting

- Federal Agency: a. Research and Development Cluster
 b. United States Department of Commerce
 c. United States Department of Health and Human Services
 d. United States Department of Health and Human Services
 e. United States Department of Health and Human Services
- Program: a. Various
 b. Shelby Interdisciplinary Biomedical Research Building Construction
 c. Head Start
 d. Elizabeth Glaser Pediatric AIDS Foundation
 e. Department of Mental Health and Mental Retardation: Inclusive Care for
 Children and Adolescents - Access and Benefits
- CFDA #: a. Various
 b. 11.617
 c. 93.600
 d. 93.135
 e. 93.630
- Award #: a. Various
 b. 60NANB6D6166
 c. 06-04CH460404
 d. CDC-02-01-40-004-04
 e. DMH-MR G54300-51
- Award Year: a. Various
 b. 8/28/06 - 8/27/07
 c. 9/1/06 - 8/31/07
 d. 2/23/06 - 2/22/07
 e. 10/1/05 - 12/30/07

Criteria

a. 15 CFR 14.52(a)(1)(iv) states that, "the Department shall require recipients to submit the SF-269 no later than 30 days after the end of the specified reporting period for quarterly and semi-annual reports"; this is also reiterated in OMB Circular A-110, Subpart C, paragraph 51(b).

b. The Shelby Interdisciplinary Biomedical Research Building grant (the "Shelby Building") agreement references the Department of Commerce Financial Assistance Standard Terms and Conditions in the award. These terms and conditions state that a Financial Status Report is to be submitted for the periods ending March 31 and September 30. These reports are to be submitted no later than 30 days following the end of the reporting period.

45 CFR 74.52(a)(1)(iv) states that "the Department shall require recipients to submit the SF-269 no later than 30 calendar days after the end of the specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports"; this is also reiterated in OMB Circular A-110, Subpart C, paragraph 51(b).

c. The Head Start grant agreement states that the final annual Financial Status Report is to be submitted for the period ending August 31, 2007 and is due no later than 90 days following the end of the reporting period.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

d. The Elizabeth Glaser Pediatric AIDS awards state that Form 269 shall be submitted on a quarterly basis within 15 days of the reporting period. The awards also state that the final financial report shall be submitted within 90 calendar days from the estimated completion date of the agreement.

e. The Department of Mental Health and Mental Retardation (DMH/MR) award states that quarterly and final program reports must be submitted within 2 weeks of the reporting period.

Questioned Costs

None.

Condition

a. During our testing of the reporting compliance requirement for the Research and Development Cluster, we noted one report had not been filed and eleven reports were submitted late out of a sample of thirty-eight reports. Total expenditures as of September 30, 2007 for these reports are \$18,729,671. A detail of the twelve reports, the required due date, and the date of submission by the University is detailed in the table below.

Award Number	CFDA #	Report Type	Reporting Requirement	Due Date	Date Filed	Days Late
5 U18 HS010389-07	93.226	SF269	Interim SF269 due 90 days from notice of award extension dated 11/10/07.	2/10/2007	Not Filed	N/A
HHSN266200400036C	93	SF2706	SF2706 due 30 days after end of every 3-month period. Exception relates to end of 3-month period dated 12/31/06.	1/30/2007	3/11/2007	40
5 U01 NS041588-05	93.853	SF269	SF269 due 90 days after budget end date.	5/1/2007	9/19/2007	141
5 M01 RR000032-46	93.389	SF269	SF269 due 90 days after budget end date.	5/29/2007	10/31/2007	155
5 U24 CA086359-07	93.339	SF269	SF269 due 90 days after budget end date.	5/29/2007	6/21/2007	23
5 U24 DE16449-02	93.121	SF269	SF269 due 90 days after budget end date.	11/29/2007	2/6/2008	69
1 S10 RR022468-01	93.389	SF269	SF269 due 90 days after budget end date.	5/29/2007	11/16/2007	171
1 P30 NS057098-01	93.173	SF269	SF269 due 90 days after budget end date.	11/29/2007	12/13/2007	14
N01-AI-30025	93	SF2706	SF2706 due 30 days after end of every 3-month period.	11/30/2006	12/21/2006	21
N01-AI-30025	93	SF2706	SF2706 due 30 days after end of every 3-month period.	3/2/2007	8/23/2007	174
N01-AI-30025	93	SF2706	SF2706 due 30 days after end of every 3-month period.	5/30/2007	8/23/2007	85
5 U01 CA114619-02	93.399	SF269	SF269 due 90 days after budget end date.	6/29/2007	9/21/2007	84

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

- a. During our testing of the Shelby Biomedical Research Building, we noted one report out of a sample of two that was not submitted timely. The SF 269 report for the period ended March 31, 2007 was submitted on December 19, 2007, which is beyond the 30-day deadline. Total expenditures as of September 30, 2007 for the Shelby Interdisciplinary Biomedical Research Building per the Schedule are \$8,130,700.
- b. During our testing of the Head Start Program, we noted one report out of a sample of four that was not submitted timely. The final SF 269 report for the period ended August 31, 2007 was submitted on January 4, 2008, which is beyond the 90-day deadline. Total federal expenditures per this report are \$262,985.
- c. During our testing of the Elizabeth Glaser Pediatric AIDS Foundation awards, we noted two reports out of a sample of thirteen that were not submitted timely. The SF 269 report for the quarter ended December 31, 2006 was submitted on July 26, 2007, which is beyond the 30-day deadline. The final SF 269 report for the period ended February 22, 2007 was submitted on September 12, 2007, which is beyond the 90-day deadline. Both submissions related to the Prevention of Mother to Child Transmission ("PMCT") project title. Total expenditures per these reports are \$492,778.
- d. During our testing of the DMH/MR award, we noted one instance out of sample of four where the program report was not submitted within the required two-week timeframe. Evidence of approval could not be provided for the quarterly program report for period ending September 30, 2007. In addition, this report was not submitted until November 30, 2007, which is beyond the two-week deadline.

Cause

The Grants & Contracts Accounting department has developed a monthly report which identifies the majority of the federal reporting deadlines for the use of the G&C accountants. However, it does not identify all of the awards with deadlines. With respect to the specific exceptions noted above, we noted the following:

- a. As a result of administrative oversight certain reports were not completed and submitted timely. Management explained that while there is an emphasis to submit reports timely, due to the volume and complexity of accounts, it is not always possible to submit 100% of reports on time.
- b. Due to clerical oversight, the required semi-annual report for the Shelby Building award was not submitted until the University received a late submission notification from the awarding agency.
- c. The final financial status report for the Head Start program was not submitted timely due to a delay in receipt of documentation from the subrecipient. Prior notification of the delay was not provided to the agency.
- d. Due to delays in receiving information from both the agency and internal sources, the fourth quarter and final reports for the PMCT project and DMH/MR award were not submitted timely. Prior notification was not provided to the agency of these delayed submissions.

Effect

Filing reports beyond required deadlines hinders the ability of the Federal awarding agency to perform a timely review of financial status and progress of awards.

Recommendation

We recommend that the University implement controls and procedures to ensure that reporting requirements are addressed on a timely basis.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Views of Responsible Officials/Management Response

The University continues to place an emphasis on accurate and timely financial reporting related to sponsored projects. As mentioned above in the "Cause" portion of the finding there are cases where the complexity of the award prevents the timely submission of an accurate and complete financial report.

During fiscal year 2008, a task force was formed by the Offices of the Provost and Vice President for Financial Affairs and Administration to define the roles and responsibilities of personnel involved in the reporting and closing processes of sponsored projects. Personnel at all levels, P.I.'s Award Managers, Research Administrators and Accounting personnel will have defined roles and timelines for which they are responsible. Various internal reports are being revised or created to assist personnel in this process. Also timeframes are being assigned to various individuals so that close out and reporting will be completed within the contractual due date of the award.

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

Finding 2007-3: Equipment and Real Property Management

Federal Agency: Various
Program: Research and Development Cluster
CFDA#: Various
Award #: Various
Award year: Various
Pass-through: Various

Criteria

OMB Circular A-110, Section __.34(f)(3) states that a physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the equipment.

OMB Circular A-110, Section __.34(f)(4) states that a control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented; if the equipment was owned by the Federal Government, the recipient shall promptly notify the Federal awarding agency.

OMB Circular A-21, Section J(14)(g) states that charges for use allowances or depreciation must be supported by adequate property records, and physical inventories must be taken at least once every two years to ensure that the assets exist and are usable, used and needed.

Questioned Costs

None.

Condition

Per A-110, Section __.34(f)(3), assets purchased with federal funds are required to be inventoried at least once every two years. The University has clearly defined policies and procedures to ensure that such items are identified and located or written off. These policies and procedures are generally consistent with federal guidelines. Such procedures ensure each department on campus performs a full inventory of all equipment once every two years. There are two attributes to the University's physical inventory policy that inhibit its ability to report physical identification of its complete population of equipment within a defined two year period. Due to equipment transfers across departments that maintain different physical inventory schedules, and due to an extended time period of up to four years for inventory items to be coded as "temporarily misplaced" status before being written off, certain equipment items may not be reported as physically located and counted within a two year period. We noted that out of a sample of 30 items, there was no evidence of the identification, location and physical existence of 15 of the items within the prescribed two year time period. The results of our testing, in addition to responses by management, indicate that all 15 of these items were either transferred or coded as "temporarily misplaced", thus extending the period since last physically identified beyond two years. We note the original cost of the 15 items was \$1,545,139. Although management maintains that the University performed inventory procedures at each of its departments during the most recent two calendar year period, the results of our testing indicate technical noncompliance with the two year requirement for certain inventory that was not physically located during the inventory procedures.

University management performed an assessment to determine the total number of temporarily misplaced assets associated with active federal awards. The total number of assets purchased with federal funds is 2,795 at a cost of approximately \$94,000,000. The total number of temporarily misplaced assets is 251 at a cost of approximately \$5,000,000, of which 23 assets costing approximately \$813,000 are associated with active federal awards.

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

Cause

The current inventory policies and procedures lack controls for the University to ensure that temporarily misplaced items are subsequently located and reconciled timely.

Effect

The current inventory procedures make it difficult to ensure appropriate safeguarding is in place or that federal agencies are promptly notified of any loss, damage, or theft of an asset.

Recommendation

We recommend that the University implement a process to ensure that all items noted as temporarily misplaced are located so that that timely and accurate reconciliation is performed over all equipment, as stated in OMB A-110, Section __.34(f)(1). As it relates to the specific exceptions noted above, the University should ensure that all items can be located within the prescribed two year time frame. Any items that can not be located should be written-off and the applicable agency notified.

Views of Responsible Officials/Management Response

The University has procedures in place to identify items that are not found during the inventory cycle. Inventory reports are sent back to each department upon completion of their physical inventory detailing the results, including a report that specifically identifies assets that were not found or temporarily misplaced. Once these assets are initially identified to the departments, the departments are responsible for locating the assets and updating the inventory reports with the current location and/or disposition. Equipment Accounting makes follow-up requests for this information if it is not turned in timely. As a result of this finding, the University will review its current policy and procedures to determine what additional actions are needed to account for temporarily misplaced assets. In addition, upon further review the University found that 6 of the 11 items referenced in this finding have been located and the others are being investigated.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Finding 2007-4: Allowable Costs - NIH Salary Cap

Federal Agency: Various
 Program: Research and Development Cluster
 CFDA#: Various
 Award #: Various
 Award year: Various
 Pass-through: Various

Criteria

The Federal Consolidated Appropriations Act limits the rate at which salaries can be directly charged to contracts and grants funded by certain agencies of the Department of Health and Human Services. Since 1990, Congress has mandated a salary limitation on any awards made by the National Institute of Health (NIH). During the period of October 1, 2006 - December 31, 2006 the salary cap was \$183,500 as referenced on the NIH website at http://grants1.nih.gov/grants/policy/salcap_summary.htm.

Questioned Costs

Total questioned costs are \$12,456.

Condition

We noted one instance out of a sample of forty where an individual's salary exceeded the NIH Salary cap of \$183,500 on a NIH pass-through award. Through discussions with University management it was determined that during the quarter ended December 31, 2006, NIH pass-through awards were not set-up in the accounting system to allow for automatic adjustments for any over-the-cap employees. As such, departments should have manually adjusted these base salaries. We determined that this error was not an isolated instance. The University performed an evaluation to determine the total impact of any manual adjustments that were not properly performed. The total amount of charges in excess of the salary cap on NIH pass-through awards are \$12,456. A detail of the awards affected is listed in the table below:

Award Number	CFDA#
5 R01 ES 009912-08	93.115
1 R01 AG0206891-01	93.866
2 R01 DK052431-11A1	93.848
2 P01 AG011915-11	93.866
5 U10 HL080510-02	93.838
5 U01 NS045719-03	93.853
5 R01 HL069991-03	93.838
1 R01 DK070196-01A1	93.849
P01 DE011688	93.121
5 U01 NS038529	93.853
N01-AI-40069	93.CON
5 P50 HL074732-03	93.848
2 R01 HL053392-11	93.837
1 R01 AR049411-01A1	93.846
1 R01 HL71017-01	93.837
R01HL078972	93.837
R01HL074814	93.UNK
R01DE14386	93.121
5 R01 ES 012062-02	93.113
2 P50 AT000477-06	93.213

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

Cause

During the quarter ended December 31, 2006, the automated system function to detect salaries charged to NIH pass-through awards that are over the cap was not established; as such, it was each department's responsibility to manually adjust any payments that exceeded the NIH salary cap. All over-the-cap charges were not manually adjusted during the quarter. A detail of the awards affected is listed in the table below:

Effect

The lack of monitoring of charges resulted in certain employee salaries exceeding NIH established thresholds, which could lead to reduced funding in subsequent years.

Recommendation

We recommend that the University implement processes and controls to ensure that employee salaries and wages do not exceed the NIH salary cap on pass-through awards. Any amount above the cap should be considered cost sharing and charged to the appropriate non-Federal account. The awards affected should be credited for the \$12,456 that exceeded the salary cap.

Views of Responsible Officials/Management Response

Effective January 1, 2007 the University modified the effort report generation program to capture pass-through awards with salary cap limits, including the NIH. The University has performed a review of the individuals with salaries limits exceeding the salary cap that were paid from pass-through funds to identify any required adjustments to the awards. Grants Accounting is in the process of submitting any identified adjustments.

**University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007**

Finding 2007-5: Special Tests - Computer Security Awareness Training

Federal Agency: National Institute of Allergy and Infectious Diseases
Program: Bioinformatics Resource Centers for Biodefense and Emerging/Re-emerging Infectious Diseases
CFDA: 93
Award #: NIH-NIAD-DMID-04-34
Award year: Various

Criteria

The grant agreement states that, "the Contractor shall ensure that each employee has completed the NIH Computer Security Awareness Training (<http://irtsectraining.nih.gov/>) prior to performing any work under this contract." It further states that, "the Contractor shall maintain a listing by name and title of each individual working under this contract who has completed the NIH required training."

Questioned Costs

None.

Condition

Based on discussion with the Principal Investigator (PI), employees have not completed this formal training. As a result of management oversight, the required training was not completed.

Cause

The award states that training should be performed prior to performing any work under this contract. It is the PI's understanding that, since sensitive data has yet to be involved with this project, that it is not a requirement that the formal NIH training be completed by all employees.

Effect

The lack of formal security awareness training could leave employees ill-prepared for instances when sensitive data is received.

Recommendations

We recommend that the University ensure that all individuals associated with this award complete the required NIH Security Awareness Training and maintain a log of those individuals who successfully complete the course.

The University should also implement controls to ensure that departments are in compliance with all award requirements.

Views of Responsible Officials/Management Response

To ensure compliance by all individuals associated with awards requiring completion of the NIH Security Awareness Training, OGCA will note the requirement during its review of the application. The investigator will be reminded of the requirement and instructed to provide a copy of the certificate verifying completion of the training to the Office of the Associate Vice President for Research. The information will be logged into BedRoc, the database the University uses to record satisfactory completion of IACUC, HIPAA, OH&S, etc. training. At the time of the award, OGCA will check BedRoc to verify training.

Seven of the individuals involved in the reviewed grant have provided certificates indicating NIH Computer Security Awareness Course completion. The six remaining individuals have been given a deadline of 08/31/08 to complete training.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Finding 2007-6: Special Test - Drug Screening

Federal Agency: Department of Health and Human Services
Program: W.D. Partlow Development Center O.T. and P.T. Contract
CFDA: 93.778
Award #: None
Award year: Various

Criteria

The contract listed above state that, "Contractor understands and agrees that he/she must undergo a drug-screening test before beginning service to the Alabama Department of Mental Health and Mental Retardation's patients."

Questioned Costs

None.

Condition

Drug screenings were not administered in accordance with the executed agreements.

Cause

As a result of management oversight, the required drug screenings were not administered.

Effect

The lack of performance of drug screenings for individuals in direct contact with patients is a direct violation of the referenced contract agreements.

Recommendations

We recommend that the University ensure that all required individuals obtain drug screenings and that documentation of negative results are maintained.

The University should also implement controls to ensure that departments are in compliance with all award requirements.

Views of Responsible Officials/Management Response

To ensure that all required individuals obtain drug screenings, OGCA will note the requirement during the review of the application. At the time of the award, OGCA will notify the PI and a designated Human Resources Management (HRM) Consultant. The HRM Consultant will contact the PI and arrange screenings for the required personnel. HRM will maintain records of the screenings to ensure confidentiality and will be able to verify administration and documentation of the results of the required tests.

The AL DMH/MR W.D. Partlow Development Center O.T. and P.T. contract employees completed the drug screening as of 8/12/08.

University of Alabama at Birmingham

Federal Award Findings and Questioned Costs

Year Ended September 30, 2007

Finding 2007-7: Subrecipient Monitoring

Federal Agency: Various
Program: Research and Development Cluster
CFDA#: Various
Award #: Various
Award years: Various

Criteria

An entity which receives federal funds and passes those funds on to a subrecipient is responsible for monitoring subrecipients' activities under OMB Circular A-133, Section __.400(d) and OMB Circular A-110, Section __.50, federal awarding agency program regulations, and the terms and conditions of the award. Such monitoring includes:

1. Identify federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of federal agency.
2. Monitor the activities of the subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
3. Ensure that subrecipients expending \$500,000 or more in federal awards during the subrecipient's fiscal year have met the audit requirements of this part for the fiscal year.
4. Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.

Questioned Costs

None.

Condition

As part of the University's procedures for monitoring subrecipients, the University requests and reviews A-133 audit reports for each year of the award. Based on our review of a sample of twenty-one subrecipient expenditures, we noted one instance where adequate documentation of subrecipient monitoring could not be provided. In this instance, the University was provided with an A-133 report that contained a significant deficiency related to the Research and Development Cluster. The University reviewed the report and noted the findings did not reference pass-through funds from the University. However, no follow up was done to ensure that the University's funds were not affected.

We also noted one instance where the University failed to provide the subrecipient with the CFDA number associated with the pass-through award.

Cause

The University's Offices of Grants and Contracts Administration and Accounting are responsible for monitoring subrecipients' A-133 reports and concluding on any findings noted therein. As a result of an administrative oversight, action was not taken in reference to the significant deficiency noted. Clerical oversight also resulted in the University's failure to provide the CFDA information to a subrecipient.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Effect

Lack of subrecipient monitoring may lead to inappropriate use of government funds by the subrecipient. Subrecipients may not be in compliance with federal regulations in the management of its federal grants and contracts.

Recommendation

We recommend that the University strengthen internal controls to help ensure there is sufficient documentation retained over the subrecipient A-133 report collection process, review of the A-133 reports received and issuance of management decisions over findings that impact the University subrecipient agreements.

Views of Responsible Officials/Management Response

The University performed the review of the subrecipient's audit report in accordance with the existing Subrecipient Monitoring Policies and Procedures. The subrecipient's audit finding included a specific CFDA number which was not a CFDA number related to the University's awards. Therefore, no further review was performed. As a result of this finding, the University will begin the process of reviewing its policies and procedures and make any changes deemed necessary by management to help ensure a more comprehensive review of findings contained in subrecipient A-133 reports is made.

The University feels that the failure to provide the CFDA number to one subrecipient was due to an administrative oversight. It is the University's policy to provide all the pertinent information regarding the federal award to subrecipients, including the CFDA number, however in this instance all of the information was provided except the CFDA number. The subrecipient has since been notified of the CFDA number related to this award and in the future all awards will continue to be reviewed prior to release to ensure all of the appropriate information related to the federal award is included.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Finding 2007-8: Special Tests - Institutional Animal Care and Use Committee Approval

Federal Agency: National Institute of Health
Program: Research and Development Cluster
CFDA#: 93.839
Award #: 5R01HL057619-11
Award years: 6/1/06 - 7/31/07

Criteria

Public Health Service Policy on Humane Care and Use of Laboratory Animals, Part IV, Section C, states that, "the Institutional Animal Care and Use Committee ("IACUC") shall conduct continuing review of each previously approved, ongoing activity covered by this Policy at appropriate intervals as determined by the IACUC, including a complete review in accordance with IV.C.1.-4. at least once every three years." The University's policy is to perform reviews on an annual basis.

Questioned Costs

None.

Condition

We noted one instance out of a sample of three where an IACUC review was not performed.

Cause

The IACUC review was not performed within the University's prescribed timeframe due to administrative oversight.

Effect

Lack of on-going monitoring of animal welfare and use could result in inappropriate use of and/or care of laboratory animals.

Recommendation

We recommend that the University strengthen internal controls to help ensure that all IACUC reviews are performed on an annual basis as dictated by University policy.

Views of Responsible Officials/Management Response

The PHS Policy on Humane Care and Use of Laboratory Animals requires triennial review of ongoing animal studies funded by NIH. UAB's internal policy calls for annual review. The protocol in question was not in compliance with the internal policy, although it was compliant with the federal triennial requirement. The need for the more stringent internal policy is being re-evaluated. To ensure that IACUC reviews are performed so as to maintain compliance with both the internal policy and the federal requirement, on 7/30/08 OGCA began copying the IACUC Office on its notices to GCA that awards (new and annual renewals) have been received for projects indicating animals may be involved. The IACUC Office verifies that grants/contracts involving animal work have current approval. If a problem is noted, the Office notifies the investigator that animal work cannot be performed until the issue is resolved, and GCA restricts charges against ORACLE object codes used for animal work.

PART III
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

University of Alabama at Birmingham
Status of Prior Year's Findings and Questioned Costs
Year Ended September 30, 2006

Reference	Program	Questioned Cost
06-1	Research and Development	N/A

Condition

During testing of cost transfers, PwC noted three instances out of a sample of fifty-five in which the related cost transfers were not completed in the time period specified by UAB's policy. In addition, PwC noted one instance out of a sample of fifty-five in which cost transfers lacked evidence of approval.

Reference

OMB Circular A-21, Allocable costs

Cause/Effect

Cost transfers that either lack supervisory approval or are not processed in a timely manner increase the risk the federal awards have been inaccurately reported and administered.

Recommendation

PwC recommended UAB implement controls procedures to ensure transfers are processed timely and receive documented approval.

Management Response

UAB concurs that the three instances of cost transfers were not completed in a timely manner, however, all three were on one cost transfer entry and that is the one instance that lacked evidence of approval. UAB feels that this is an isolated instance where the approval signatures were overlooked. Effective November 1, 2006, UAB revised the cost transfer policy to implement the requirement of a new cost transfer form for each cost transfer request. Prior to this revision signatures for approval were required, but the completion of the form was optional. The requirement of this form will help ensure the consistent documentation of approvals and that appropriate departmental personnel are aware of the time frame in which the request is made.

Corrective Action Plan Contact

Beverly Matlock
Director of Audits and Reporting

Status

Effective November 1, 2006 UAB strengthened its cost transfer policy and identified the requirements for documentation and approvals within required time frames. A new form was implemented and required with each cost transfer request. This form requires information be disclosed related to the details of the cost transfer and the related approvals. Requests submitted greater than 90 days after the original transaction requires the approval of the Principal Investigator and the Departmental Chair. Any request submitted after 120 days requires the approval of the Dean's Office. Cost transfers are not processed unless this form accompanies the request and is fully completed and approved.

University of Alabama at Birmingham
Status of Prior Year's Findings and Questioned Costs
Year Ended September 30, 2006

Reference	Program	Questioned Cost
06-2	Research and Development	\$5,815

Condition

During testing of the direct cost related to compensation, PwC noted one instance out of a sample of fifty-five in which an employee was incorrectly charging effort to a grant. During fiscal year 2006, the employee charged \$643 to the grant in error. In addition, PwC noted one instance out of fifty-five in which an employee was charging more effort to a grant than what was allowable in the sponsored agreement. This resulted in an over-charge to the grant of approximately \$5,172.

Reference

OMB Circular A-21, UAB Effort Reporting policies and procedures

Cause/Effect

Personnel responsible for administering the programs did not adhere to UAB's established post-award policies and procedures regarding level of effort reporting.

Recommendation

PwC recommended UAB implement control procedures to ensure the accurate reporting of effort to sponsored agreements. PwC recommended UAB strengthen its control procedures to ensure only allowable costs are charged to sponsored agreements.

Management Response

UAB will make the required adjustment for the grant charged in error due to the incorrect effort charge. UAB has also strengthened its procedures of reviewing personnel documents against award budgets to ensure compliance with sponsored agreements.

UAB feels that the instance related to the grant charged for more effort than stipulated in the sponsored agreement is an isolated instance. This error occurred as a result of effort being submitted in a Department of Defense proposal at the NIH capped salary amount. The over-charge has been removed from the account and the effort corrected per the sponsored agreement. In addition, the submitting department has been counseled regarding the appropriate procedures related to sponsored salary caps and proposal submission.

Corrective Action Plan Contact

Beverly Matlock
Director of Audits and Reporting

Status

UAB has made the necessary adjustments to the grant accounts that were overcharged. In addition the office of Grants & Contracts Accounting strengthened its review of the personnel documents that generate the effort reports against the award budgets to ensure compliance with sponsored agreements. Also employees that are subject to effort reporting are now required to complete mandatory training prior to any charges to grants or contracts. Due dates have been set for the timely submission and approval of effort reports and any that are not certified appropriately are referred to the Office of Research Compliance. Any costs found that is inappropriate or unallowable will be reversed or returned to the sponsor.

University of Alabama at Birmingham
Status of Prior Year's Findings and Questioned Costs
Year Ended September 30, 2006

Reference	Program	Questioned Cost
06-3	Research and Development UAB Early Head Start Head Start (award number: 2001389; year 2005) Alabama Department of Mental Health And Mental Retardation	N/A

Condition

During testing of the direct cost compensation for personal services, PwC noted fourteen instances out of a sample of ninety-one in which employee effort reports were not certified within UAB's prescribed timeframe, which is ninety days after quarter-end. UAB did not adhere to the after-the-fact effort reporting requirements prescribed by OMB Circular A-21. These fourteen reports were certified an average of forty-two days after UAB's prescribed timeframe.

Reference

OMB Circular A-21, J.10.c.(2); UAB Effort Reporting policies and procedures

Cause/Effect

Personnel responsible for administering the programs did not adhere to UAB's established post-award policies and procedures regarding level of effort reporting.

Recommendation

PwC recommended that UAB continue to closely monitor the timely submission of effort reports in order to adhere with UAB policy and federal guidelines.

Management Response

UAB places a high importance on the timely submission of effort reports. Effective April 1, 2006, UAB implemented a revised effort reporting policy covering all effort reports beginning First Quarter 2006. As part of the implementation of the new policy the institution had placed a June 30, 2006 deadline on the fourth quarter 2005 for referral to the Office of Research Compliance and the first quarter of 2006 was to follow the effort reporting policy revisions referred to previously. Eleven of the instances noted were from the fourth quarter 2005 and all of the instances noted were certified without referral to the Office of Research and Compliance.

Corrective Action Plan Contact

Beverly Matlock
Director of Audits and Reporting

Status

UAB continues to place a high priority on the timely submission of effort reports. Certification of due dates are monitored and notices are sent to the employee and departmental personnel when reports are past due (60 days from the end of the quarter) and when they are delinquent (90 days from the end of the quarter). Any individual with uncertified effort reports at such time as the next quarter's effort reports are generated are referred to the Office of Research Compliance for evaluation and resolution.

**University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2006**

Reference	Program	Questioned Cost
06-4	Student Financial Aid	N/A

Condition

During testing of the 2005-06 Fiscal Operations Report and Application to Participate ("FISAP"), PwC noted the following item that was incorrectly reported to the Department of Education by the Student Accounting Office:

Total tuition and fees for the award year July 1, 2005 to June 30, 2006 (page 5, line item 22) are overstated by \$53,362.

Reference

ED Form 646-1, OMB No. 1845-0030

Cause/Effect

According to page 31 of the 2002 Stephen Collins Audit Guide, the Department of Education uses FISAP date specifically 'total tuition and fees" on page 5) to award campus-based funds. The failure to submit accurate information may result in inaccurate award amounts for the subsequent year or failure to comply with OMB Circular A-133.

Recommendation

PwC recommended that UAB implement formal review procedures to ensure the accurate submission of FISAP date.

Management Response

UAB has implemented a formal review process to ensure the accurate submission of FISAP date. This process will include dual verification of FISAP data by the Director and Associate Director of Student Accounting Services.

Corrective Action Plan Contact

Beverly Matlock
Director of Audits and Reporting

Status

UAB has submitted a revised FISAP report for 2005-06. Future reports will be reviewed and verified for accurate data prior to submission.

PART IV



2007 Financial Report

The University of
Alabama at Birmingham



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

This report is published by the UAB
Vice President for Financial Affairs and Administra-
tion. Obtain additional copies by writing:

Vice President for Financial Affairs and Administration
The University of Alabama at Birmingham
Birmingham, Alabama 35294



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Introduction to UAB

The University of Alabama at Birmingham (UAB) was established as a separate campus of The University of Alabama System in 1966. Three years later, it was given greater autonomy within the system with its own president. Since then, it has grown to become the largest of the three System campuses, with an operating budget of \$1.96 billion. With over 17,500 students, UAB awarded more than 3,000 degrees and certificates during the 2005-2006 academic year. UAB is located in the heart of Alabama's largest metropolitan area, occupying more than 12.8 million square feet in more than 100 major buildings spread across nearly 80 blocks in the downtown area of Birmingham. Including its 908-bed hospital, UAB employs more than 18,500 people, making it one of the largest employers in Alabama.

The information included in the Introduction to UAB (pages 2-13) does not include data related to the components of Other Nonmajor Funds.

2007 Overview

In fiscal year 2007, UAB's tradition of growth, both physical and fiscal, continued. UAB broke ground on the Hazelrig-Salter Radiation Oncology Facility at the UAB Comprehensive Cancer Center. The 50,000-square-foot, two-story structure will be connected by overhead walkway to the UAB Hospital across 18th Street South near Sixth Avenue. Expected to be completed in 2008, the facility will allow the transfer of linear accelerators and other treatments from the 31-year-old Wallace Tumor Institute into a modern, patient-friendly building with separate waiting areas for children and adults.

Connected to the Hazelrig-Salter Radiation Oncology Facility will be the new Women and Infants' Facility (WIF). In this facility, UAB will be one of the first hospitals in the Southeast to offer single room Neonatal

ICU care in one of the largest units in the country, with 55 RNICU beds, 52 CCN beds and family space in each room. All patient rooms in WIF will be private, with Internet access and daybeds for family members. There also will be dedicated classroom space for community education programs, including "Girl Talk," "Boy Talk" and "Happiest Baby on the Block." Move in is expected in early 2010.

UAB maintained its strong position among the top funded research institutions in the nation. The university received nearly \$400 million in total research funding, of which approximately \$300 million coming from federal sources. Of note, the UAB Comprehensive Cancer Center received renewal of its Specialized Program of Research Excellence (SPORE) in breast cancer from the National Cancer Institute. The five-year renewal totals approximately \$11.5 million. UAB is one of only 11 medical centers throughout the nation to have a SPORE grant in breast cancer.

UAB continued its fund-raising effort in 2006-07. In the four years since the conclusion of the Campaign for UAB, which raised \$388.7 million, the UAB's Maintaining the Momentum initiative has raised \$303.7 million.

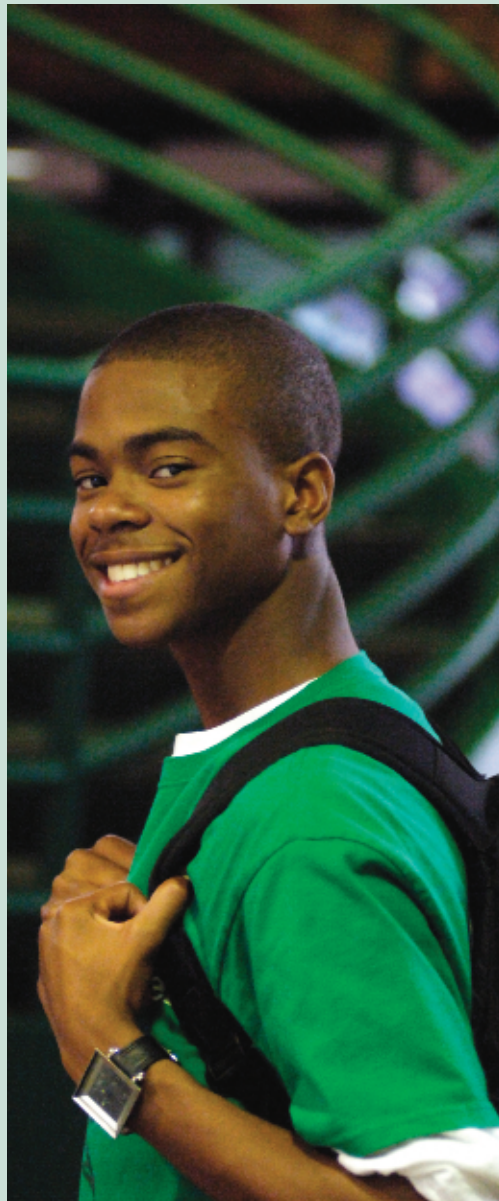
Vision

The University of Alabama at Birmingham shall be an internationally renowned research university—a first choice for education and healthcare.

Mission

As an urban research university and academic health center, UAB is committed to the discovery, dissemination, and application of knowledge as a fundamental path to success and to the enhancement of people throughout the world. In so doing, UAB has an enduring commitment to teaching, research and scholarship, creativity, and service to the community.

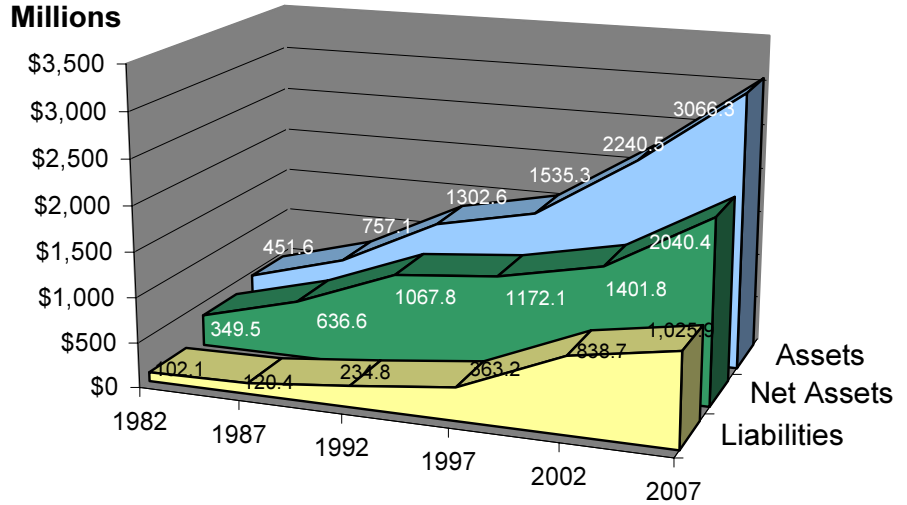
UAB's mission is carried out through its academic, research, and service programs. Undergraduate, graduate, and professional degree programs are offered through the schools of Arts and Humanities, Business, Dentistry, Education, Engineering, Health Professions, Medicine, Natural Sciences and Mathematics, Nursing, Optometry, Public Health, and Social and Behavioral Sciences, as well as the UAB Graduate School.



Financial Highlights

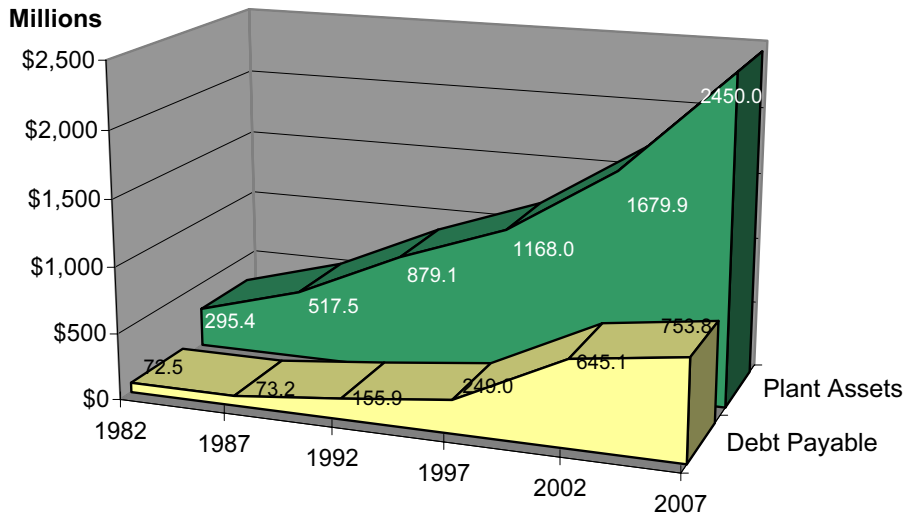
Assets and Liabilities

Since 1982 UAB's assets have increased by \$2.6 billion, while liabilities increased by only \$0.92 billion. Net assets grew during this time period by \$1.7 billion.



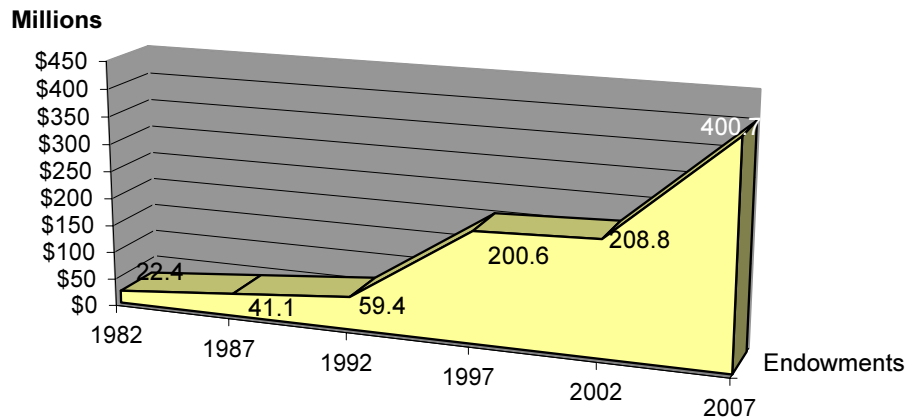
Capital Expansion

UAB's expansive growth in the areas of instruction, research, and patient care has dictated a need for more and better instructional space, research labs, and patient care facilities. Due to the low level of State funding for capital expenditures by public institutions of higher education, much of UAB's capital expansion has been financed through gifts, UAB funds, and the issuance of long-term bonds. The accompanying chart shows the growth in investment in plant since 1982 and the associated increase in long-term debt. The investment in plant figures do not include the effect of accumulated depreciation.



Endowment Growth

The increase in the pure endowment and quasi-endowment assets from \$22.4 million to \$400.7 million over the past 25 years reflects the commitment of the community to UAB's ongoing success and sound investment program.



Financial Ratios

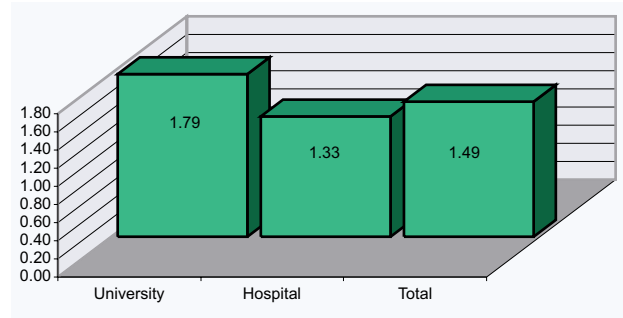
The following selected ratios, calculated for the years ended September 30, 2007 and 2006, are intended to provide a better understanding of UAB's financial strength and to put the financial data into a clearer perspective.

Ratio of Expendable Financial Resources to Direct Debt

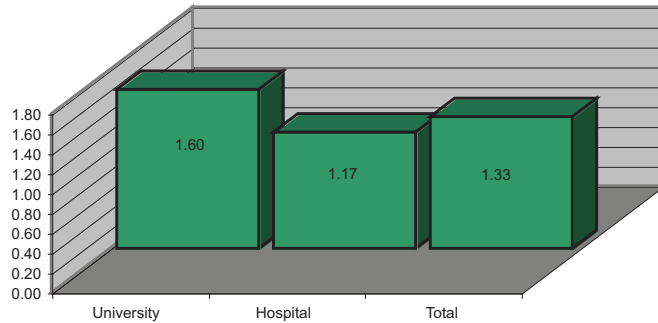
This ratio indicates the relative liquidity of the institution. A ratio of 1:1 or greater indicates that an institution has sufficient liquid assets to satisfy all related liabilities. A ratio of less than 1:1 means that there would not be sufficient liquid assets to satisfy all debts as of the reporting date.

The graph indicates that while total direct debt has risen as bonds were issued to cover the cost of plant expansion, the institution as a whole has maintained a sufficient level of liquidity.

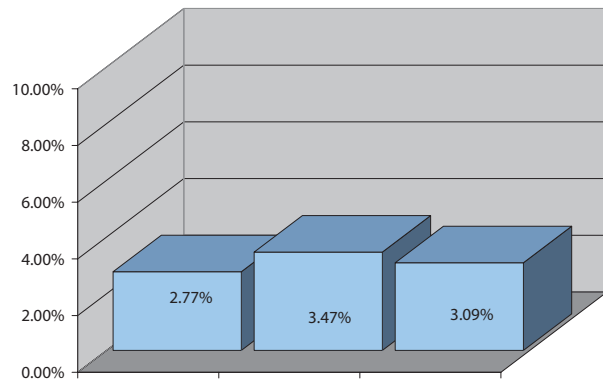
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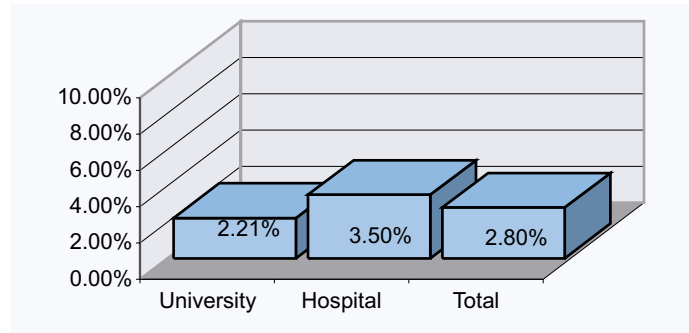
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2007



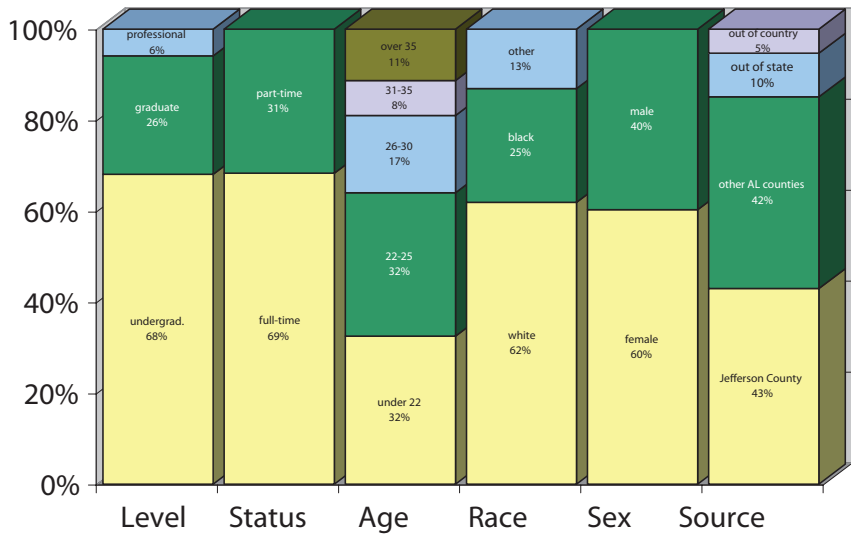
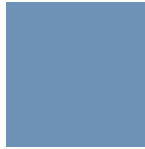
2006



Ratio of Actual Debt Service to Operations

This ratio is useful for analyzing the creditworthiness of an institution. Since debt service is a legal claim on resources, the higher the ratio, the fewer the resources available for other operational needs. This ratio measures the demand that the annual commitment to creditors places on unrestricted operating funds. It is expressed as a percentage of actual debt service to operating expenses.

Nonfinancial Highlights



Student Profile

Total 16,561
As of Fall 2006

Excludes Advanced Professionals

Student Financial Aid

In fiscal year 2007, 65.3% of UAB's students received student financial aid from UAB. Financial aid disbursements of \$129.3 million were provided from the following sources:

Federal Government	
Student Loans	\$ 80,973,716
Grants	10,246,211
Work-Study	<u>1,171,271</u>
Subtotal Federal	\$ 92,391,198
State Government	\$ 251,325
University	
Loans	\$ 311,709
Scholarships	<u>36,365,948</u>
Subtotal University	\$ 36,677,657
Total	\$ <u>129,320,180</u>



Student Headcount

Enrollment for the fall semester of the 2006-2007 school year is outlined in the table at right.

Fall 2006	Undergraduate	Graduate	Professional*	Total
School of Arts and Humanities	1,376	86		1,462
School of Business	1,695	393		2,088
School of Education	829	753		1,582
School of Engineering	688	223		911
School of Natural Sciences and Mathematics	1,557	196		1,753
School of Social and Behavioral Sciences	1,802	208		2,010
Unclassified	1,859	461		2,320
Subtotal	9,806	2,320		12,126
Academic Health Center				
School of Medicine	2		1,511	1,513
School of Dentistry	21	1	321	343
School of Optometry		24	173	197
School of Nursing	345	386		731
School of Health Related Professions	1,110	720		1,830
School of Public Health		403		403
Joint Health Sciences		448		448
Subtotal Academic Health Center	1,478	1,982	2,005	5,465
Total Enrollment	11,284	4,302	2,005	17,591

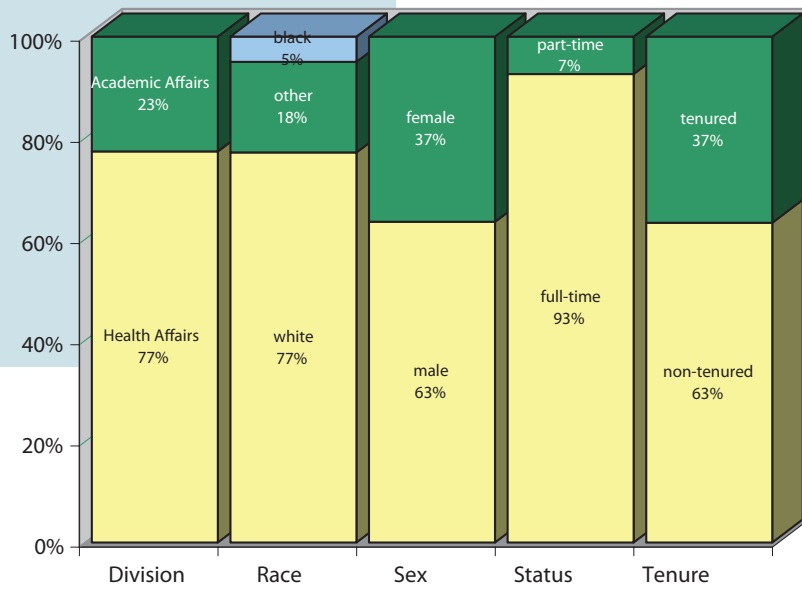
* Includes 975 first professionals and 1,030 advanced professionals



Faculty Profile

Total 2,212

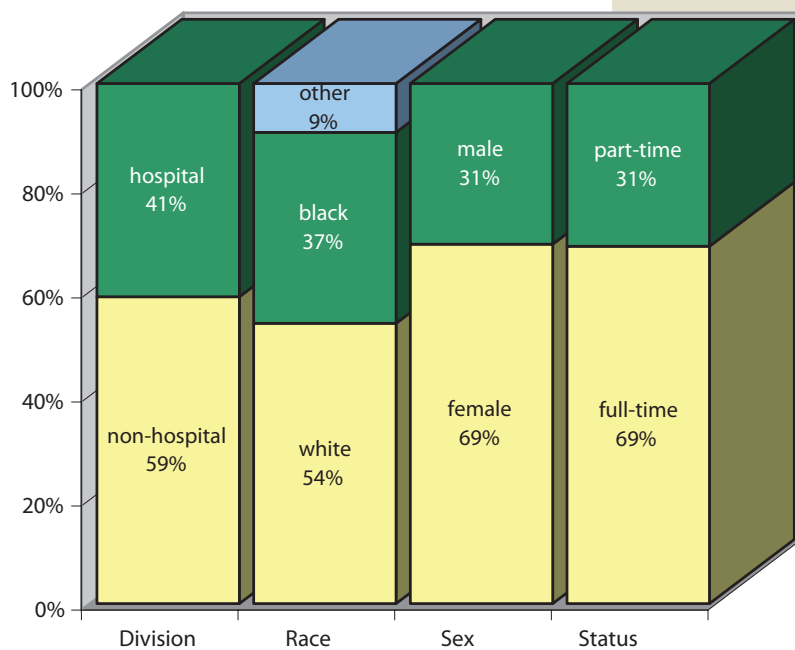
As of Fall 2007



Staff Profile

Total 16,553

As of Fall 2007



State Appropriations

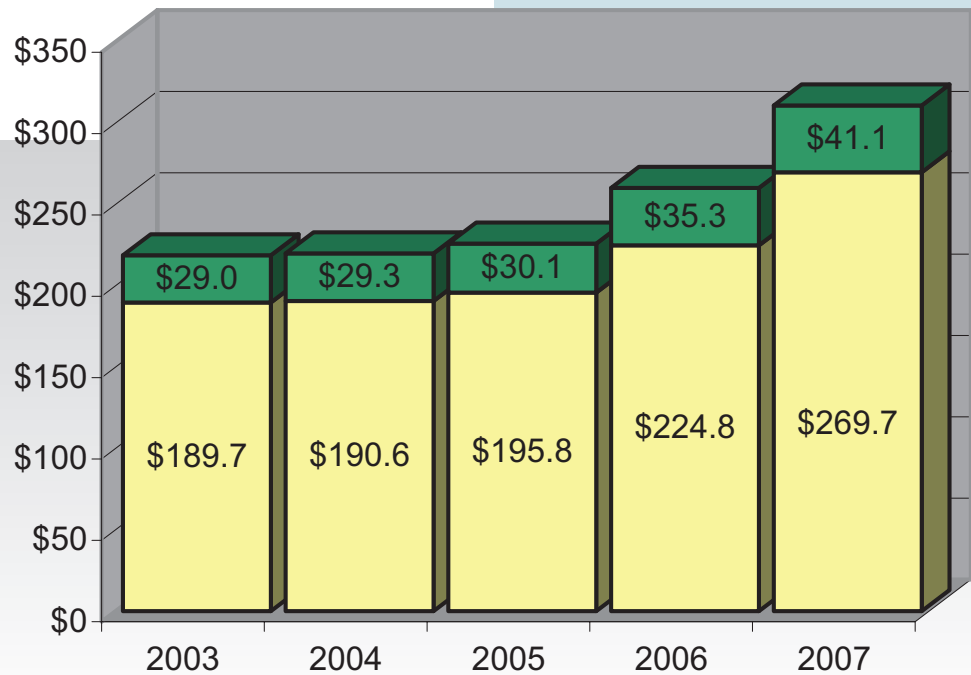
The State appropriations for UAB are made by the Alabama State Legislature based upon a process which involves requests from the Board of Trustees of The University of Alabama, and budget recommendations by the Alabama Commission on Higher Education and the Governor. State funds are appropriated annually from the Educational Trust Fund (ETF) to UAB. For the fiscal year ended September 30, 2007, UAB received direct funding from the ETF in the amount of \$310,834,004.

Appropriations Received

Fiscal years ended September 30

(Dollars in millions)

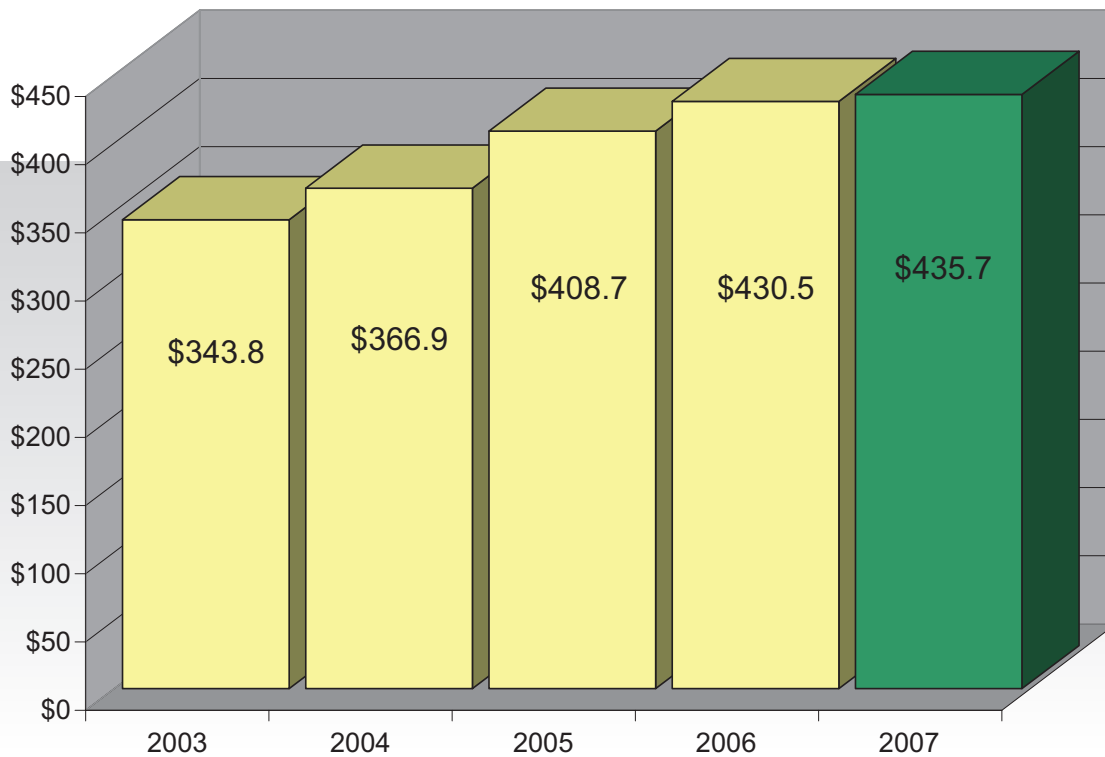
■ Hospital ■ University



Sponsored Grants and Contracts

During fiscal year 2007, UAB received \$435.7 million in sponsored grants and contracts revenues (including \$80.5 million of indirect cost recovery). Various federal agencies provided the majority of support for these projects, with the National Institutes of Health (NIH) being the primary sponsor. Nonfederal funding sources include state agencies, local governmental agencies, and a wide variety of private sponsors.

Grant and contract awards from all sources have increased rapidly through the years. Revenues from grants and contracts (including indirect cost recovery) increased from \$343.8 million during 2003 to \$435.7 million during 2007, an increase of 26.7% for the period.



Grants and Contracts Revenues

Fiscal years ended September 30

(Dollars in millions)

Hospital

The University of Alabama Hospital (the "Hospital") is a 908-bed quaternary and tertiary care medical facility and part of the UAB Health System. The Hospital's commitment to providing the highest quality of patient care continues to take physical shape with the construction of the new UAB Women and Infants' Facility (WIF). Currently under construction, the WIF is a 60,000 square foot freestanding facility and will house the neonatology, obstetrics and gynecology services of the Hospital. In addition, The Hospital also includes North Pavilion, Jefferson Tower, Hillman Building, Spain Wallace Building, Quarterback Tower, North Wing, Spain Rehabilitation Center, West Pavilion, Russell Ambulatory Center, Medical Education Building, and the Center for Psychiatric Medicine. Other clinical facilities in the UAB Academic Health Center include Smolian Psychiatric Clinic, Engel Psychiatric Day Treatment Center, Lurleen B. Wallace Tumor Institute, and the 1917 Clinic. The Hospital also has strong ties with other governmental and private nonprofit institutions located within and adjacent to the UAB campus, including Veterans Affairs Medical Center, Children's Hospital, and Jefferson County's Cooper Green Hospital. Other healthcare facilities in the UAB Health System include The Kirklin Clinic, the Callahan Eye Foundation Hospital, Medical West, Baptist Health (located in Montgomery, Alabama) and UAB Highlands.

Hospital Awards and Accolades

The Hospital is consistently rated among the best medical centers in the nation. In 2007, the Hospital's Heart Transplant Intensive Care Unit (HTICU) received a Beacon Award. The Beacon Award is given by the American Association of Critical Care Nurses to recognize critical care units that have demonstrated superior quality outcomes and that also support and sustain a culture of excellence. The HTICU was the only winner of a Beacon Award in the State of Alabama. In 2006, the Hospital received notification



that it has been recertified as a Magnet Hospital for Nursing Excellence by the American Nurses Credentialing. Additionally, "Best Doctors In America" included 277 UAB physicians on its 2007 list comprising approximately 60% of all specialists from the Birmingham metropolitan area in the current Best Doctors database. Also, in September of 2007, the Hospital was notified it had received a ranking on Thomson Top Hospitals' *100 TOP Hospitals: Performance Improvement Leaders* for 2006. The study revealed that in recent years the vast majority of hospitals have shown little ability to improve performance. The good news was that such improvement is possible: 100 hospitals from all across the nation showed a clear ability to improve, raising clinical outcomes and efficiency, and growing financial strength and the percent of community served.

In addition, for the 16th consecutive year, *U.S. News and World Report* ranked the Hospital among America's best, the only Alabama medical center on this prestigious list. Seven UAB Hospital specialty programs made the Top 25 and eight specialty programs are ranked among the top 50 in this year's annual "America's Best Hospitals" issue. The magazine evaluated 16 categories at 5,462 hospitals. Only 3% or 173 hospitals were ranked in one or more specialties in 2007. The Hospital has

also received the 2007-2008 Consumer Choice Award of the National Research Corporation—one of only three hospitals in Alabama (the only hospital in the Birmingham area) to attain the designation.

Operations

The North Pavilion, which began operations during fiscal year 2005, is an 850,000 square foot, nine story diagnostic and treatment facility. The building houses 37 operating suites, four intensive care units, three medical surgical units, the Emergency department, and several support departments. The Hospital experienced its first complete fiscal year for the new Heart and Vascular Center which began serving patients in the summer of 2006. The expansion for the Heart and Vascular Center encompasses 55,000 square feet of the latest technology available. The Center opened with thirteen procedural labs which include the latest digital, flat plate technology for the best imaging and reduced radiation exposure and 48 beds for prep and recovery with the latest electronic monitoring and documentation systems. During 2007, the UAB Hospital Department of Resuscitation formed the Medical Emergency Team (MET). MET is designed to intervene at the bedside of patients who are deteriorating or showing worrisome changes in vital signs. Members of the interdisciplinary



MET team are required to complete training in the Hospital's new constructed Simulation Center. The Simulation Center uses state-of-the art human patient simulator mannikins to help train nursing and medical staff in resuscitation techniques, assessment of disease processes, invasive procedures such as placement of central lines and chest tubes, and difficult airway management. In addition, the mannikins can be programmed to simulate disease processes such as sepsis, pneumonia, and bleeding ulcers, and will respond to trainee interventions.

During 2006, the Hospital began the design process to replace its core clinical information system which will enhance delivery of patient care by simplifying many workflow processes. Areas addressed include patient care alerts, order entry and management functions, standardized clinical documentation, accurate medication administration management, pharmacy requirements and streamlined medical record maintenance. The new system is expected to improve communication among clinical staff, ensure continuity of care across Health System settings, enhance patient safety, and support regulatory compliance. The first major component of the new system is scheduled to go into production during the third quarter of fiscal year 2008.

Selected Hospital operating statistics are outlined below:

	<u>2007</u>	<u>2006</u>
Beds in service	908	908
Patient discharges	43,505	44,697
Adjusted patient discharges	54,174	53,838
Patient days	286,806	278,852
Adjusted patient days	357,156	335,914
Operating room cases	22,205	21,794
Emergency department visits	58,760	56,439
Patient origin:		
Jefferson County	45.5%	44.8%
Other Alabama counties	46.0%	46.5%
Out of state	8.5%	8.7%



Report of Independent Auditors

To the Board of Trustees of The University of Alabama:

In our opinion, based upon our audit and the report of other auditors, the accompanying statements of net assets and the related statements of revenues, expenses, and changes in net assets, and of cash flows of each major fund and the aggregate remaining fund information, which collectively comprise the basic financial statements of The University of Alabama at Birmingham (UAB), a campus of the University of Alabama System, present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of UAB at September 30, 2007 and 2006, and the respective changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of UAB's management. Our responsibility is to express opinions on these financial statements based on our audits. For UAB's fiscal year 2007, we did not audit the financial statements of Southern Research Institute, which statements collectively represent 60%, 79%, and 27%, respectively, of the assets, net assets, and revenues of the aggregate remaining fund information; and 3%, 4%, and 4%, respectively, of the assets, net assets, and revenues of UAB at September 30, 2007 and for the year then ended. For UAB's fiscal year 2006, we did not audit the financial statements of Southern Research Institute, which statements collectively represent 62%, 82%, and 32%, respectively, of the assets, net assets, and revenues of the aggregate remaining fund information; and 3%, 4%, and 4%, respectively, of the assets, net assets, and revenues of UAB at September 30, 2006 and for the year then ended. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for Southern Research Institute for fiscal year 2007 and 2006, is based on the report of the other auditors. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions. The financial statements of Triton Health Systems, L.L.C., UAB Research Foundation, and Brookwood Pharmaceuticals (a subsidiary of Southern Research Institute) were not audited in accordance with *Government Auditing Standards*.

As discussed in Note 1, these financial statements are intended to present the net assets, changes in financial position, and cash flows of only that portion of The University of Alabama System that is attributable to the transactions of UAB. They do not purport to, and do not, present fairly the net assets of The University of Alabama System as of September 30, 2007 and 2006 and its changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 15 through 21 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise UAB's basic financial statements. The introductory information on pages 2 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2008 on our consideration of UAB'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

PricewaterhouseCoopers LLP

January 21, 2008

Management's Discussion and Analysis

The objective of management's discussion and analysis is to help readers of UAB's financial statements better understand the financial position and operating activities for the fiscal years ended September 30, 2007 and 2006. The financial statements are presented in four columns: University, Hospital, Other Nonmajor Funds, and Total. The University and the Hospital are reported as major funds in the accompanying financial statements because each of these activities presents information that management believes is particularly important to financial statement users. The Other Nonmajor Funds column includes Triton Health Systems, L.L.C. (Triton), Southern Research Institute (SRI), and UAB Research Foundation (UABRF). The following discussion and analysis provides an overview of UAB's financial activities. This discussion should be read in conjunction with the financial statements and notes to the financial statements.

Financial Overview

UAB's financial position exhibited continued growth, as assets totaled \$3.24, \$3.07, and \$2.88 billion at September 30, 2007, 2006, and 2005, an increase of \$165.2 million or 5.4% from 2006 to 2007, and an increase of \$194.6 million or 6.8% from 2005 to 2006, primarily due to the continued expansion of capital assets, the growth in accounts receivable and increasing investments values in conjunction with the favorable investment market position as of September 30, 2007.

Total liabilities decreased \$9.3 million or 0.8% from September 30, 2006 to September 30, 2007. The decrease results primarily from the reduction in bonds payable related to annual principal payments.

Total liabilities increased \$108.6 million or 10.9% from September 30, 2005 to September 30, 2006. The increase results from the issuance of bonds payable and continued growth in expenditures offset by the reduction in bonds payable related to annual principal payments. In October 2005, UAB issued \$53,525,000 in Series 2005B General Revenue Bonds. The bonds pay interest at varying rates from 3.0% to 4.5% with principal due annually through October 1, 2027. The proceeds of this offering are being used for the purpose of constructing facilities, additions and improvements at UAB; funding capitalized interest on a portion of the Series 2005B Bonds through October 1, 2007; paying costs and expenses associated with this issuance. In September 2006, UAB issued \$245,735,000 in Series 2006A Hospital Revenue Bonds. The bonds

pay interest at varying rates from 4% to 5% with principal annually through September 1, 2041. The proceeds from this offering are being used for the purpose of advance refunding of \$143,525,000 of Series 2000A Hospital Revenue Bonds and the remainder to finance capital improvements for the Hospital.

The change in net assets reflects the operating, nonoperating and other activity of UAB, which results from revenues, expenses, and gains and losses, and is summarized for the years ended September 30, 2007, 2006, and 2005, as follows:

	2007	2006	2005
Total operating revenues	\$ 1,731,179,958	\$ 1,622,833,450	\$ 1,510,771,008
Total operating expenses	\$ 2,089,951,082	\$ 1,921,171,393	1,782,976,790
Net operating loss	\$ (358,771,124)	\$ (298,337,943)	\$ (272,205,782)
Total nonoperating income, capital, endowment and other activities	533,225,629	384,332,164	387,787,946
Increase in net assets	\$ 174,454,505	\$ 85,994,221	\$ 115,582,164

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

Statement of Net Assets

The statement of net assets presents the financial position of UAB at the end of the fiscal year, and includes all assets and liabilities recorded on the accrual basis of accounting. The changes in net assets are indicators of whether the overall financial condition of UAB has improved or worsened during the year. A summarized comparison of UAB's assets, liabilities, and net assets at September 30, 2007, 2006, and 2005, is as follows:

	2007	2006	2005
Assets			
Capital assets	\$ 1,357,730,432	\$ 1,313,828,421	\$ 1,277,517,490
Other assets	1,878,034,266	1,756,774,304	\$ 1,598,495,098
Total Assets	\$ 3,235,764,698	\$ 3,070,602,725	\$ 2,876,012,588
Liabilities and Net Assets			
Current liabilities	\$ 344,960,898	\$ 330,900,886	\$ 291,702,606
Noncurrent liabilities	747,672,230	771,024,774	701,627,138
Total Liabilities	\$ 1,092,633,128	\$ 1,101,925,660	\$ 993,329,744
Net assets	\$ 2,143,131,570	\$ 1,968,677,065	\$ 1,882,682,844
Total Liabilities and Net Assets	\$ 3,235,764,698	\$ 3,070,602,725	\$ 2,876,012,588

At September 30, 2007 the major categories of current assets consist primarily of cash and cash equivalents, short-term investments, and accounts receivable, which totaled \$514.5 million of the \$554.7 million, an increase of \$25.6 million or 5.2% from 2006. The increase is a result primarily of growth in short term investments, offset by a decrease in accounts receivable.

At September 30, 2006, the major categories of current assets consist primarily of cash and cash equivalents, short-term investments, and accounts receivable, which totaled \$489.0 million of the \$533.2 million, a decrease of \$1.7 million or 0.3% from 2005.

Total current liabilities of \$345.0 million consisted primarily of accounts payables, accrued payroll and related benefits, and deferred revenue, which totaled \$317.8 million, compared to \$304.6 million at September 30, 2006, an increase of \$13.2 million or 4.3% from 2006. The increase is a result of continued growth in expenditures and a change in estimate related to accrued vacation.

Total current liabilities of \$330.9 million consisted primarily of accounts payables, accrued payroll and related benefits, and deferred revenue, which totaled \$304.6 million, compared to \$270.3 million at September 30, 2005, an increase of \$34.3 or 12.7% from 2005. The increase is a result of continued growth in expenditures.

UAB's endowment and life income investments increased \$63.5 million to \$402.6 from September 30, 2006 to September 30, 2007. This increase resulted from net investments gains and the establishment of new endowment funds through gifts and creation of Board-designated quasi-endowments. UAB's endowment funds consist of both permanent and quasi-endowments.

UAB's endowment and life income investments increased \$32.9 million to \$339.1 from September 30, 2005 to September 30, 2006. This increase resulted from net investment gains and the establishment of new endowment funds through gifts and

creation of Board-designated quasi-endowments. UAB's endowment funds consist of both permanent and quasi-endowments.

At September 30, 2007 and 2006, respectively, UAB's investment in the Professional Liability Trust Fund (PLTF) and other long-term investments totaled approximately \$55.1 and \$57.5 million. The \$2.4 million decrease is result of a decrease in Other Non-major Funds other long-term investments, offset by an increase in the investment in the PLTF.

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

Capital and Debt Activities

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

Capital assets primarily include land, buildings, fixed equipment systems, and inventoried equipment. The original costs of capital assets increased approximately \$129.0 and \$93.6 million from September 30, 2006, to September 30, 2007 and from September 30, 2005, to September 30, 2006, respectively. This increase consists primarily of capital expenditures and capital additions totaling \$181.9 (offset primarily by \$52.9 in disposals) and \$252.9 (offset primarily by \$159.3 in disposals) in 2007 and 2006. Capital additions are comprised primarily of renovation and new construction of research and health care facilities, as well as additions to improve information technology systems. Annual additions were funded with capital appropriations, grants,

gifts of \$32.9 and \$33.9, debt proceeds of \$41.1 and \$29.5, and the remainder by UAB funds designated for capital purchases in 2007 and 2006, respectively.

Capital projects in process at September 30, 2007 include construction primarily of new academic, research space, the new Radiation Oncology Facility, and the new Womens and Infants Facility. Capital projects in process at September 30, 2006 include the construction primarily of new academic and research space.

UAB's long-term debt related to capital assets, consisting of bonds and capital leases, totaled \$754.5, \$776.7, and \$641.7 million at September 30, 2007, 2006, and 2005, respectively. The decrease in debt during 2007 consisted primarily of the principal payments made in accordance with the debt instruments. The increase in debt during 2006 results primarily from the issuance of the 2005B General Revenue Bonds and 2006A Hospital Revenue Bonds, offset by principal payments made in accordance with the debt instruments.

Net Assets

Net assets represent the residual interest in UAB's assets after liabilities are deducted. UAB's net assets at September 30, 2007, 2006, and 2005, are summarized as below.

Net assets invested in capital assets, net of related debt, represent UAB's capital assets, net of accumulated depreciation and outstanding principal of

debt in excess of related bond proceeds attributable to the acquisition, construction, or improvement of those assets. The \$32.6 and \$24.8 million increase in 2007 and 2006, respectively, reflects the continued capital asset development in accordance with UAB's long-range capital plan.

Restricted nonexpendable net assets include UAB's permanent endowment funds and annuity and life income assets that will ultimately become pure endowment funds. The \$45.3 and \$26.4 million increase in restricted nonexpendable net assets results from the net increase in fair value of investments and gifts in 2007 and 2006, respectively. Restricted expendable net assets are subject to externally imposed restrictions governing their use.

Restricted expendable net assets include UAB's assets whose use is restricted by an external restriction. The \$30.2 and \$4.1 million increase in restricted expendable net assets results from continued growth in investment value related to restricted assets and gifts in 2007 and 2006, respectively.

Unrestricted net assets include UAB's assets whose use is not restricted by an external entity. Unrestricted net assets increased \$66.4 and \$30.6 million or 7.4% and 3.5% in 2007 and 2006, respectively.

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

	2007	2006	2005
University and Other Nonmajor Funds			
Invested in capital assets, net of related debt	\$ 585,222,166	\$ 547,986,643	\$ 544,835,571
Restricted			
Nonexpendable	276,337,387	231,008,144	204,588,633
Expendable	181,947,395	155,493,463	155,629,070
Unrestricted	337,983,492	336,682,302	357,549,105
Total Net Assets	\$ 1,381,490,440	\$ 1,271,170,552	\$ 1,262,602,379
Hospital			
Invested in capital assets, net of related debt	\$ 107,991,935	\$ 112,666,196	\$ 91,015,655
Restricted			
Nonexpendable	128,849	128,849	128,099
Expendable	27,927,828	24,196,906	19,923,444
Unrestricted	625,592,518	560,514,562	509,013,267
Total Net Assets	\$ 761,641,130	\$ 697,506,513	\$ 620,080,465
Total UAB			
Invested in capital assets, net of related debt	\$ 693,214,101	\$ 660,652,839	\$ 635,851,226
Restricted			
Nonexpendable	276,466,236	231,136,993	204,716,732
Expendable	209,875,223	179,690,369	175,552,514
Unrestricted	963,576,010	897,196,864	866,562,372
Total Net Assets	\$ 2,143,131,570	\$ 1,968,677,065	\$ 1,882,682,844

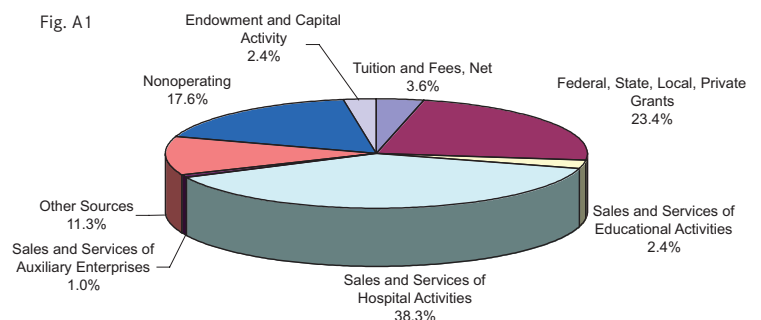
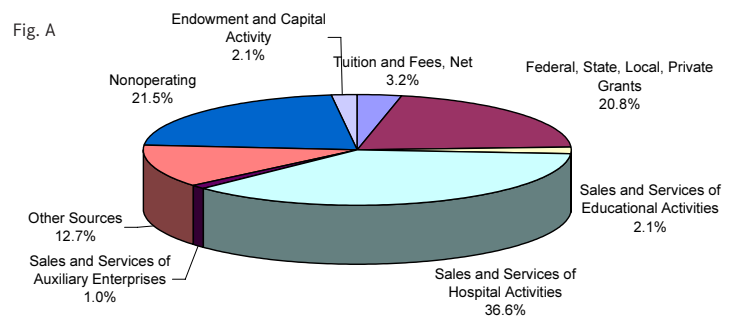
Statement of Revenues, Expenses, and Changes in Net Assets

The statement of revenues, expenses, and changes in net assets presents UAB's results of operations, as well as the nonoperating revenues and expenses. Annual state appropriations are classified as nonoperating revenues according to governmental

accounting standards, even though the state-appropriated funds are used to support the operations of UAB. Without the nonoperating revenues, in particular the state appropriations and private gifts, UAB would not be able to cover its costs of operations. A summarized comparison of UAB's revenues, expenses, and changes in net assets for the years ended September 30, 2007, 2006, and 2005, is presented below:

	2007	2006	2005
Operating Revenues			
Student tuition and fees, net	\$ 73,146,945	\$ 73,665,311	\$ 72,953,645
Grants and contracts	471,776,022	474,279,219	433,332,666
Sales and services	899,647,974	845,779,515	791,038,438
Other revenues	286,609,017	229,109,405	213,446,259
Revenues supporting core activities	\$ 1,731,179,958	\$ 1,622,833,450	\$ 1,510,771,008
Operating Expenses			
Operating expenses	\$ 2,089,951,082	\$ 1,921,171,393	\$ 1,782,976,790
Operating Loss	\$ (358,771,124)	\$ (298,337,943)	\$ (272,205,782)
Nonoperating revenues (expenses)			
State educational appropriations	\$ 310,834,004	\$ 260,174,828	\$ 225,966,057
Grants and contracts	11,500,595	8,405,303	13,946,363
Private gifts	31,391,939	37,602,942	20,280,462
Net investment income (loss)	161,218,111	83,207,443	96,548,622
Interest expense	(28,661,836)	(23,185,816)	(23,626,504)
Gain (loss) of disposal of capital assets	(2,648,666)	(11,579,245)	(3,934,857)
Capital state appropriations	22,542	286,940	18,232,216
Capital gifts and grants	33,860,058	33,573,934	32,594,108
Permanent endowments	14,341,518	14,715,755	6,361,051
Net nonoperating revenues	3,117,364	2,957,165	3,170,428
Transfer of PLTF		(21,677,085)	
Other changes	(1,750,000)	(150,000)	(1,750,000)
Net nonoperating revenues and other changes	\$ 533,225,629	\$ 384,332,164	\$ 387,787,946
Increase in net assets	\$ 174,454,505	\$ 85,994,221	\$ 115,582,164
Net assets, beginning of year	1,968,677,065	1,882,682,844	1,767,100,680
Net assets, end of year	\$ 2,143,131,570	\$ 1,968,677,065	\$ 1,882,682,844

Figures A and A1 are graphic illustrations of revenues by source (both operating and nonoperating), which are used to fund UAB's operating activities for the years ended September 30, 2007 and 2006, respectively.



UAB measures its performance both for UAB as a whole, including Other Nonmajor Funds, and for UAB without its Hospital and Other Nonmajor Funds (the "University"). The exclusion of the Hospital and Other Nonmajor Funds allows a clearer view of the operations of the University. Figures B and B1 are graphic illustrations of the University revenues by source (both operating and nonoperating), which are used to fund operating activities other than the activities of the Hospital and Other Nonmajor Funds for the years ended September 30, 2007 and 2006.

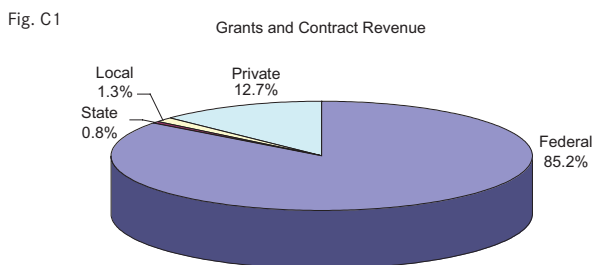
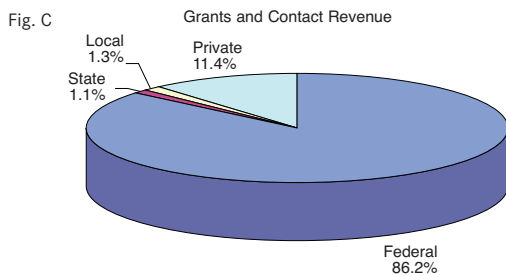
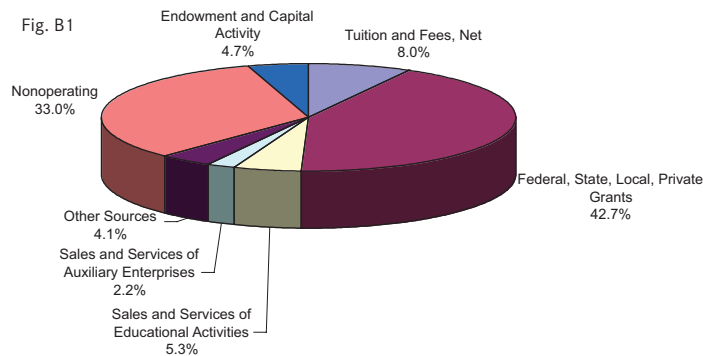
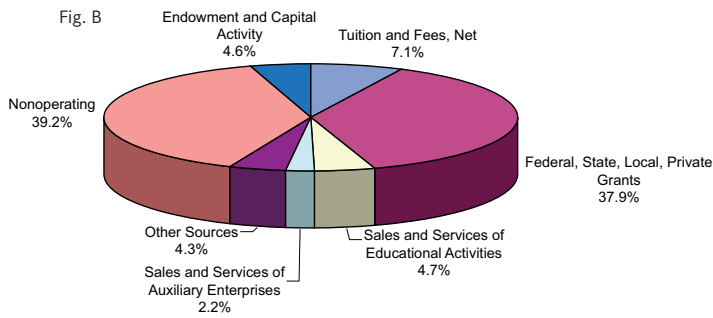
Gross tuition and fees revenue increased by \$0.7 and \$1.5 in 2007 and 2006, respectively. Total student headcount of 17,591 and 17,584 increased by 7 and decreased by 156 or .04% and 0.9% in 2007 and 2006, respectively. Total scholarship allowances applied to student accounts increased by \$1.5 and \$0.8 million in 2007 and 2006, respectively.

UAB receives State appropriations from the State of Alabama. UAB recognized funds from the State of Alabama totaling \$310.86 and \$260.5 million, of which \$310.8 and \$260.2 million was from the ETF, which is included as nonoperating revenue in 2007 and 2006, respectively. The remaining \$0.06 and \$0.3 million represents Public School and College Authority funds and other state capital funds in 2007 and 2006, respectively.

Net hospital sales and service revenue totaled \$828.8 and \$776.0 million, an increase of \$52.8 and \$46.4 million or 6.8% and 6.4% from 2006 and 2005, respectively. This increase results from increased volume, contract improvement, ongoing revenue cycle improvement activities and the opening of the North Pavilion.

UAB recognized \$46.8, \$60.0 and \$29.2 million in gift revenue (composed partially of \$1.0, \$7.7, and \$2.5 million and \$14.3, \$14.7 and \$6.4 million in capital and endowment gifts, respectively) for the years ended September 30, 2007, 2006, and 2005, respectively.

UAB receives grant and contract revenue from federal, state, local, and private agencies. These funds are used to further the mission of UAB: research, education, and public service. In addition to the funds received in exchange for services performed, UAB received \$32.8, \$25.9, and \$30.1 million in 2007, 2006, and 2005, respectively, in funds to be used to acquire capital assets. Figures C and C1 are illustrations of the breakout of the funding sources for grant and contract revenue for the years ended September 30, 2007 and 2006, respectively.



Net investment income increased \$78.0 million from 2006 to 2007. The increase is primarily a result of growth in the fair value of the investments.

Net investment income for the years ended September 30, 2007, 2006, and 2005, consists of the following components:

	2007	2006	2005
Interest and dividends	\$ 59,575,978	\$ 42,555,189	\$ 45,531,024
Net increase in the fair value of investments	95,536,360	38,248,665	49,110,521
Return on equity investments	6,105,773	2,403,589	1,907,077
	<u>\$ 161,218,111</u>	<u>\$ 83,207,443</u>	<u>\$ 96,548,622</u>

A comparative summary of UAB's operating expenses for the years ended September 30, 2007, 2006, and 2005, is as follows:

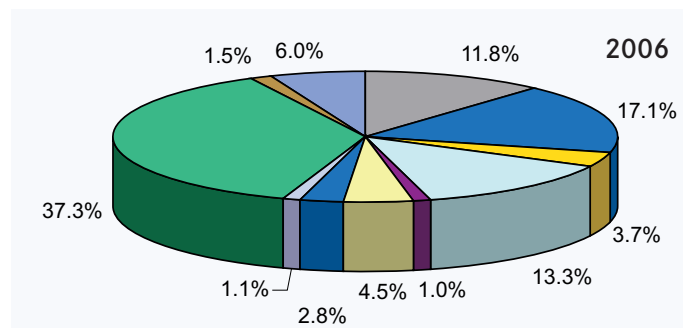
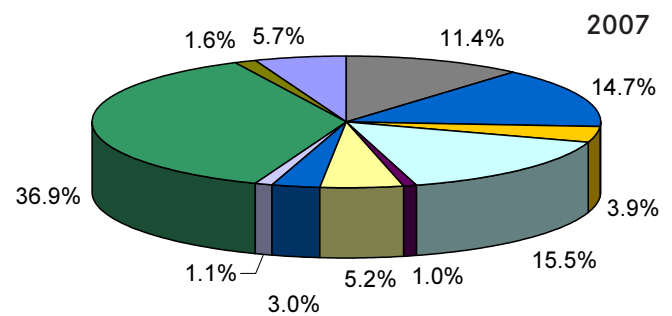
	2007	2006	2005
Salaries, wages, and benefits	\$ 1,120,681,676	\$ 1,003,997,894	\$ 945,286,043
Supplies and services	827,808,910	781,699,732	710,738,497
Depreciation	119,319,242	114,968,704	107,219,083
Scholarships and fellowships	22,141,254	20,505,063	19,733,167
	<u>\$ 2,089,951,082</u>	<u>\$ 1,921,171,393</u>	<u>\$ 1,782,976,790</u>

Salaries, wages, and benefits increased \$116.7 and \$58.7 million or 11.6% and 6.2% from 2006 and 2005, respectively. This increase is due primarily to UAB's continued growth and an increase due to a change in estimate related to accrued vacation. In addition, supplies and services expenses increased \$46.1 and \$71.0 million or 5.9% and 10.0% from 2006 and 2005, respectively. This increase is primarily attributable to the growth in research efforts at UAB as well as an overall increase in the cost of

day-to-day operations.

In addition to their natural classification, it is also informative to review operating expenses by function. Graphic illustrations of UAB's operating expenses by function for the years ended September 30, 2007 and 2006, are presented as follows:

- Instruction
- Research
- Public service
- Academic support
- Student services
- Institutional support
- Operations and maintenance of plant
- Scholarships and fellowships
- Hospital
- Auxiliary
- Depreciation



Economic Factors That Will Affect The Future

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

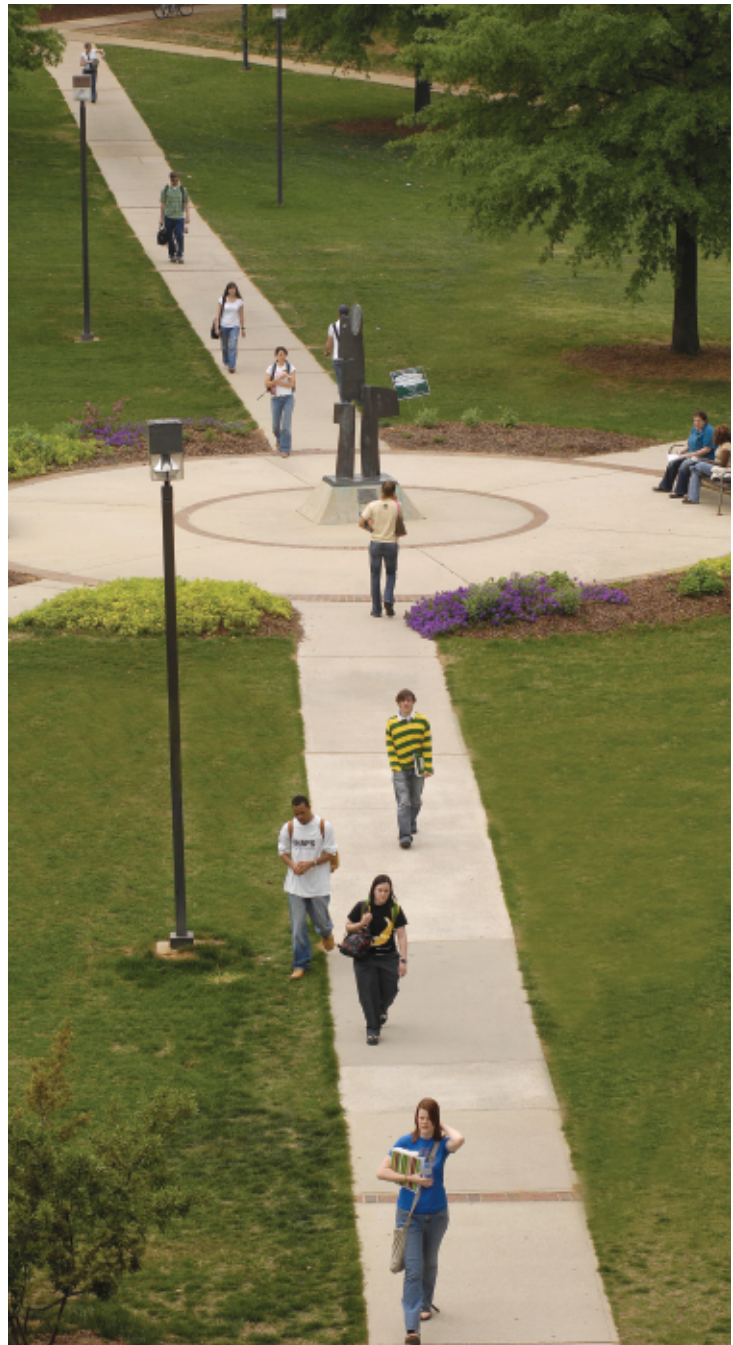
The State of Alabama appropriates money each year to UAB for operating costs and nonoperating cash requirements, including capital expenditures. Because the State is mandated by its Constitution to operate with a balanced budget, the State occasionally has reduced its appropriations, through a process known as "proration," when its annual revenues are not expected to meet budgeted appropriations. It is expected that proration will be implemented from time to time, and when proration does occur, UAB will be required to implement various cost-saving measures in order to balance its own budget.

UAB will strive to remain highly competitive in terms of attracting federal grant and contract revenue, primarily from the NIH, as seven individual departments rank among the top ten in their specialties.

Private gifts are an important part of the fundamental support of UAB. Economic pressures affecting donors may also affect the future level of support UAB receives from corporate and individual giving.

The Hospital faces financial challenges in a price-sensitive managed care environment. The demand for health care services and the cost of providing them are increasing significantly while the revenues to support these services are diminishing. In addition to cost increases faced by hospitals across the State, such as rising salary and benefit costs, the Hospital also faces additional costs associated with new technologies, the education and training of health care professionals, and care for a disproportionate share of the medically underserved in Alabama. In recent years, federal legislation has been enacted to slow future rate increases in Medicare and Medicaid and reduce medical education and disproportionate share funding.

These financial statements are designed to provide a general overview of the University of Alabama at Birmingham and to demonstrate UAB's accountability. Questions concerning any information provided in this report or requests for additional information should be addressed to the Office of the Vice President for Financial Affairs and Administration, the University of Alabama at Birmingham, AB 1030, 1530 3RD AVE S, BIRMINGHAM AL 35294-0110.



The University of Alabama at Birmingham

Statement of Net Assets

September 30, 2007

	University	Hospital	Other Nonmajor Funds	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 51,775,867	\$ 32,856,707	\$ 9,326,513	\$ 93,959,087
Short term investments	108,163,083	191,645	50,415,509	158,770,237
Accounts receivable, net	117,507,937	120,983,481	23,341,642	261,833,060
Loans receivable, current portion	3,533,555		48,815	3,582,370
Pledge receivable, current portion	6,249,838	1,187,193		7,437,031
Inventories	1,703,376	10,059,802	942,761	12,705,939
Other current assets	10,462,362	1,590,196	4,340,898	16,393,456
Total current assets	\$ 299,396,018	\$ 166,869,024	\$ 88,416,138	\$ 554,681,180
Noncurrent Assets:				
Cash designated for capital activities	\$ 6,115,686	\$ 104,608,907	\$ 4,860,571	\$ 115,585,164
Restricted cash and cash equivalents	1,433,338	25,465		1,458,803
Investments for capital activities	255,112,746	441,728,778		696,841,524
Endowment and life income investments	379,961,544	22,645,744		402,607,288
Investment in Professional Liability Trust Fund		28,766,056		28,766,056
Other long-term investments	781,179	6,767,100	18,755,539	26,303,818
Loans receivable, net	13,105,227		1,544,513	14,649,740
Pledges receivable	7,601,785	2,067,500		9,669,285
Loan receivable from UAB Highlands		23,689,131		23,689,131
Capital assets, net	788,025,527	516,865,837	52,839,068	1,357,730,432
Other noncurrent assets		744,722	3,037,555	3,782,277
Total noncurrent assets	\$ 1,452,137,032	\$ 1,147,909,240	\$ 81,037,246	\$2,681,083,518
Total Assets	\$ 1,751,533,050	\$ 1,314,778,264	\$ 169,453,384	\$3,235,764,698
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 122,079,021	\$ 60,939,857	\$ 55,693,566	\$ 238,712,444
Deposits	3,075,905			3,075,905
Deferred revenue-grants	34,610,116			34,610,116
Deferred revenue-other	35,029,711		9,424,197	44,453,908
Long-term debt, current portion	16,409,075	7,343,269	356,181	24,108,525
Total current liabilities	\$ 211,203,828	\$ 68,283,126	\$ 65,473,944	\$ 344,960,898
Noncurrent Liabilities:				
Federal advances-loan funds	\$ 16,422,623	\$	\$	\$ 16,422,623
Long-term debt	245,147,793	484,854,008	401,189	730,402,990
Other noncurrent liabilities			846,617	846,617
Total noncurrent liabilities	\$ 261,570,416	\$ 484,854,008	\$ 1,247,806	\$ 747,672,230
Total Liabilities	\$ 472,774,244	\$ 553,137,134	\$ 66,721,750	\$1,092,633,128
Net Assets				
Invested in capital assets, net of related debt	\$ 533,140,468	\$ 107,991,935	\$ 52,081,698	\$ 693,214,101
Restricted				
Nonexpendable	276,237,387	128,849	100,000	276,466,236
Expendable	172,955,601	27,927,828	8,991,794	209,875,223
Unrestricted	296,425,350	625,592,518	41,558,142	963,576,010
Total Net Assets	\$ 1,278,758,806	\$ 761,641,130	\$ 102,731,634	\$2,143,131,570

See accompanying notes to financial statements

The University of Alabama at Birmingham

Statement of Net Assets

September 30, 2006

	University	Hospital	Other Nonmajor Funds	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 53,559,997	\$ 19,022,912	\$ 32,618,625	\$ 105,201,534
Short term investments	120,794,980		15,996,400	136,791,380
Accounts receivable, net	120,639,588	105,033,175	21,323,002	246,995,765
Loans receivable, current portion	3,265,595		76,048	3,341,643
Pledge receivable, current portion	7,753,656	1,177,193		8,930,849
Inventories	3,035,452	10,929,336	1,006,154	14,970,942
Other current assets	8,010,062	4,866,579	4,069,072	16,945,713
Total current assets	\$ 317,059,330	141,029,195	\$ 75,089,301	\$ 533,177,826
Noncurrent Assets:				
Cash designated for capital activities	\$ 2,397,734	\$ 108,785,285	\$ 746,230	\$ 111,929,249
Restricted cash and cash equivalents	729,149	24,468		753,617
Investments for capital activities	241,777,892	395,290,344		637,068,236
Endowment and life income investments	319,353,417	19,764,574		339,117,991
Investment in Professional Liability Trust Fund		19,022,471		19,022,471
Other long-term investments	781,179	7,610,645	30,104,031	38,495,855
Loans receivable, net	13,322,002		24,434	13,346,436
Pledges receivable	8,944,501	3,135,000		12,079,501
Loan receivable from UAB Highlands		48,000,000		48,000,000
Capital assets, net	753,315,101	510,946,974	49,566,346	1,313,828,421
Other noncurrent assets		868,804	2,914,318	3,783,122
Total noncurrent assets	\$ 1,340,620,975	\$ 1,113,448,565	\$ 83,355,359	\$ 2,537,424,899
Total Assets	\$ 1,657,680,305	\$ 1,254,477,760	\$ 158,444,660	\$ 3,070,602,725
Liabilities				
Current Liabilities:				
Accounts payable and accrued liabilities	\$ 119,392,282	\$ 58,071,040	\$ 52,992,457	\$ 230,455,779
Deposits	2,881,301			2,881,301
Deferred revenue-grants	37,698,566			37,698,566
Deferred revenue-other	29,639,066		6,805,728	36,444,794
Long-term debt, current portion	15,163,338	7,044,087	1,213,021	23,420,446
Total current liabilities	\$ 204,774,553	\$ 65,115,127	\$ 61,011,206	\$ 330,900,886
Noncurrent Liabilities:				
Federal advances-loan funds	\$ 16,558,056	\$	\$	\$ 16,558,056
Long-term debt	260,885,413	491,856,120	544,002	753,285,535
Other noncurrent liabilities			1,181,183	1,181,183
Total noncurrent liabilities	\$ 277,443,469	\$ 491,856,120	\$ 1,725,185	\$ 771,024,774
Total Liabilities	\$ 482,218,022	\$ 556,971,247	\$ 62,736,391	\$ 1,101,925,660
Net Assets				
Invested in capital assets, net of related debt	\$ 502,248,502	\$ 112,666,196	\$ 45,738,141	\$ 660,652,839
Restricted				
Nonexpendable	230,908,144	128,849	100,000	231,136,993
Expendable	147,641,040	24,196,906	7,852,423	179,690,369
Unrestricted	294,664,597	560,514,562	42,017,705	897,196,864
Total Net Assets	\$ 1,175,462,283	\$ 697,506,513	\$ 95,708,269	\$ 1,968,677,065

See accompanying notes to financial statements

The University of Alabama at Birmingham Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended September 30, 2007

	University	Hospital	Other Nonmajor Funds	Total
Operating Revenues				
Tuition and Fees	\$ 97,410,523	\$	\$	\$ 97,410,523
Less: scholarship allowance	(23,891,723)			(23,891,723)
Less: bad debt expense	(371,855)			(371,855)
Tuition and Fees, net	73,146,945			73,146,945
Grants and contracts				
Federal	335,275,830		53,993,876	389,269,706
State	4,755,158			4,755,158
Local	3,036,810			3,036,810
Private	48,307,933		26,406,415	74,714,348
Sales and services:				
Educational activities	48,085,633			48,085,633
Hospital, net of bad debt expense of \$181,652,584		828,804,649		828,804,649
Auxiliary enterprises, net of scholarship allowance of \$770,768	22,757,692			22,757,692
Other operating revenues	44,889,697	2,111,453	239,607,867	286,609,017
Total operating revenues	\$ 580,255,698	\$ 830,916,102	\$ 320,008,158	\$ 1,731,179,958
Operating Expenses				
Salaries, wages and benefits	\$ 641,776,958	\$ 425,306,740	\$ 53,597,978	\$ 1,120,681,676
Supplies and services	245,850,763	345,699,072	236,259,075	827,808,910
Depreciation and amortization	65,655,326	48,179,574	5,484,342	119,319,242
Scholarships and fellowships	22,141,254			22,141,254
Total operating expenses	\$ 975,424,301	\$ 819,185,386	\$ 295,341,395	\$ 2,089,951,082
Operating income (loss)	\$ (395,168,603)	\$ 11,730,716	\$ 24,666,763	\$ (358,771,124)
Nonoperating Revenues (Expenses)				
Gains and losses				
State appropriations	\$ 269,724,758	\$ 41,109,246	\$	\$ 310,834,004
Federal grants and contracts	10,990,240			10,990,240
State grants and contracts	116,072			116,072
Private grants and contracts	394,283			394,283
Gifts	30,592,660	701,441	97,838	31,391,939
Investment income	96,172,992	59,931,695	5,113,424	161,218,111
Interest expense	(10,727,884)	(17,858,653)	(75,299)	(28,661,836)
Gain (loss) on asset dispositions, net	108,720	(1,007,376)	(1,750,010)	(2,648,666)
Net other nonoperating revenue (expense)	6,599,760		(3,482,396)	3,117,364
Net nonoperating revenues (expenses)	\$ 403,971,601	\$ 82,876,353	\$ (96,443)	\$ 486,751,511
Income before other revenues, expenses, gains, losses, and transfers	\$ 8,802,998	\$ 94,607,069	\$ 24,570,320	\$ 127,980,387
Other Changes in Net Assets				
Capital and endowment activities				
State funds-capital	\$ 22,542	\$	\$	\$ 22,542
Capital grants and contracts	32,837,264			32,837,264
Capital gifts	79,981	942,813		1,022,794
Endowment gifts	14,341,518			14,341,518
Other expense			(1,750,000)	(1,750,000)
Net other changes in net assets	\$ 47,281,305	\$ 942,813	\$ (1,750,000)	\$ 46,474,118
Increase in net assets prior to intergovernmental transfers	\$ 56,084,303	\$ 95,549,882	\$ 22,820,320	\$ 174,454,505
Intergovernmental transfers	\$ 47,212,220	\$ (31,415,265)	\$ (15,796,955)	\$
Increase in net assets	\$ 103,296,523	\$ 64,134,617	\$ 7,023,365	\$ 174,454,505
Net Assets, beginning of year	\$ 1,175,462,283	\$ 697,506,513	\$ 95,708,269	\$ 1,968,677,065
Net Assets, end of year	\$ 1,278,758,806	\$ 761,641,130	\$ 102,731,634	\$ 2,143,131,570

See accompanying notes to financial statements

The University of Alabama at Birmingham

Statement of Revenues, Expenses, and Changes in Net Assets

Year Ended September 30, 2006

	University	Hospital	Other Nonmajor Funds	Total
Operating Revenues				
Tuition and Fees	\$ 96,756,357	\$	\$	\$ 96,756,357
Less: scholarship allowance	(22,348,700)			(22,348,700)
Less: bad debt expense	(742,346)			(742,346)
Tuition and Fees, net	73,665,311			73,665,311
Grants and contracts				
Federal	345,245,469		57,368,353	402,613,822
State	3,630,932			3,630,932
Local	3,549,556			3,549,556
Private	43,822,572		20,662,337	64,484,909
Sales and services:				
Educational activities	48,988,217			48,988,217
Hospital, net of bad debt expense of \$148,690,483		776,047,904		776,047,904
Auxiliary enterprises, net of scholarship allowance of \$531,646	20,743,394			20,743,394
Other operating revenues	38,396,761	23,187	190,689,457	229,109,405
Total operating revenues	\$ 578,042,212	\$ 776,071,091	\$ 268,720,147	\$ 1,622,833,450
Operating Expenses				
Salaries, wages and benefits	\$ 578,313,525	\$ 376,449,419	\$ 49,234,950	\$ 1,003,997,894
Supplies and services	247,563,741	339,704,045	194,431,946	781,699,732
Depreciation and amortization	64,997,038	45,164,311	4,807,355	114,968,704
Scholarships and fellowships	20,505,063			20,505,063
Total operating expenses	\$ 911,379,367	\$ 761,317,775	\$ 248,474,251	\$ 1,921,171,393
Operating income (loss)	\$ (333,337,155)	\$ 14,753,316	\$ 20,245,896	\$ (298,337,943)
Nonoperating Revenues (Expenses)				
State appropriations	\$ 224,847,724	\$ 35,327,104	\$	\$ 260,174,828
Federal grants and contracts	7,923,090			7,923,090
State grants and contracts	118,414			118,414
Private grants and contracts	363,799			363,799
Gifts	34,345,595	3,197,130	60,217	37,602,942
Investment income	50,130,502	32,919,709	157,232	83,207,443
Interest expense	(4,515,422)	(18,537,911)	(132,483)	(23,185,816)
Loss on asset dispositions, net	(10,540,493)	(886,828)	(151,924)	(11,579,245)
Net other nonoperating revenue (expense)	3,478,240		(521,075)	2,957,165
Net nonoperating revenues (expenses)	\$ 306,151,449	\$ 52,019,204	\$ (588,033)	\$ 357,582,620
Income (loss) before other revenues, expenses, gains, losses, and transfers	\$ (27,185,706)	\$ 66,772,520	\$ 19,657,863	\$ 59,244,677
Other Changes in Net Assets				
State funds-capital	\$ 286,940	\$	\$	\$ 286,940
Capital grants and contracts	25,853,630			25,853,630
Capital gifts	2,439,805	5,280,499		7,720,304
Endowment gifts	14,715,755			14,715,755
Other expense			(150,000)	(150,000)
Net other changes in net assets	\$ 43,296,130	\$ 5,280,499	\$ (150,000)	\$ 48,426,629
Increase in net assets prior to special items and intergovernmental transfers	\$ 16,110,424	\$ 72,053,019	\$ 19,507,863	\$ 107,671,306
Transfer of Professional Liability Trust Fund		\$ 19,022,471	\$ (40,699,556)	\$ (21,677,085)
Intergovernmental transfers	\$ 48,508,460	\$ (13,649,442)	\$ (34,859,018)	
Increase (decrease) in net assets	\$ 64,618,884	\$ 77,426,048	\$ (56,050,711)	\$ 85,994,221
Net Assets, beginning of year	\$ 1,110,843,399	\$ 620,080,465	\$ 151,758,980	\$ 1,882,682,844
Net Assets, end of year	\$ 1,175,462,283	\$ 697,506,513	\$ 95,708,269	\$ 1,968,677,065

See accompanying notes to financial statements

The University of Alabama at Birmingham Statement of Cash Flows

Year Ended September 30, 2007

	University	Hospital	Other Nonmajor Funds	Total
Cash flows from operating activities				
Student tuition and fees	\$ 77,593,769	\$	\$	\$ 77,593,769
Grants and contracts	417,556,103		83,235,950	500,792,053
Receipts from sales and services of:				
Educational activities	44,461,463			44,461,463
Patient services		812,874,608		812,874,608
Auxiliary enterprises, net	26,911,582			26,911,582
Premium and administrative fees collected			289,467,339	289,467,339
Payment to employees and related benefits	(613,600,631)	(421,768,591)	(54,648,570)	(1,090,017,792)
Payment to suppliers	(276,188,250)	(341,384,354)	(303,565,017)	(921,137,621)
Payment for scholarships and fellowships	(22,141,254)			(22,141,254)
Student loans disbursements, net of collections	(138,444)			(138,444)
Other receipts	44,854,992	43,713	13,663,711	58,562,416
Net cash provided by (used in) operating activities	\$ (300,690,670)	\$ 49,765,376	\$ 28,153,413	\$ (222,771,881)
Cash flows from capital and related financing activities				
State capital appropriations	\$ 22,542	\$	\$	\$ 22,542
Federal grants & contracts	35,513,611			35,513,611
Intergovernmental transfers		7,720,000	(7,720,000)	
Private gifts	1,565,361	2,000,313		3,565,674
Proceeds from sale of capital assets	953,897	293,035	36,596	1,283,528
Purchases of capital assets	(97,542,439)	(59,954,049)	(9,936,913)	(167,433,401)
Principal payments on capital debt	(15,200,917)	(7,044,088)	(1,314,797)	(23,559,802)
Interest payments on capital debt	(11,856,981)	(21,360,491)	(75,299)	(33,292,771)
Net cash used in capital and related financing activities	\$ (86,544,926)	\$ (78,345,280)	\$ (19,010,413)	\$ (183,900,619)
Cash flows from noncapital financing activities				
State appropriations	\$ 269,724,758	\$ 41,109,246	\$	\$ 310,834,004
Private gifts	46,258,032	701,441	97,838	47,057,311
Student direct lending receipts	\$ 47,578,394			\$ 47,578,394
Student direct lending disbursements	(76,850,057)			(76,850,057)
Intergovernmental transfers	47,212,220	(39,135,265)	(8,076,955)	
Other deposits (disbursements)	15,947,248		(671,612)	15,275,636
Deposits from affiliates	4,801,870		(1,330,266)	3,471,604
Net cash provided by (used in) noncapital financing activities	\$ 354,672,465	\$ 2,675,422	\$ (9,980,995)	\$ 347,366,892
Cash flows from investing activities				
Interest and dividends from investments, net	\$ 35,032,727	\$ 23,976,217	\$ 4,230,747	\$ 63,239,691
Payments for intangibles			(629,556)	(629,556)
Proceeds from note receivable			132,144	132,144
Cash distributions from equity investments		2,747,973		2,747,973
Loan to UAB Highlands HCA		(15,000,000)		(15,000,000)
Proceeds from sales and maturities of investments	22,130,057		550,474,821	572,604,878
Contributions to system pooled investment funds	(15,660,700)	(15,472,163)		(31,132,863)
Purchases of investments	(6,300,942)		(572,547,932)	(578,848,874)
Proceeds from repayment of loan by UAB Highlands HCA		39,310,869		39,310,869
Net cash provided by (used in) investing activities	\$ 35,201,142	\$ 35,562,896	\$ (18,339,776)	\$ 52,424,262
Net increase (decrease) in cash and cash equivalents	\$ 2,638,011	\$ 9,658,414	\$ (19,177,771)	\$ (6,881,346)
Cash and cash equivalents, beginning of year	56,686,880	127,832,665	33,364,855	217,884,400
Cash and cash equivalents, end of year	\$ 59,324,891	\$ 137,491,079	\$ 14,187,084	\$ 211,003,054
Reconciliation of operating income (loss) to net cash used in operating activities				
Operating income (loss)	\$ (395,168,603)	\$ 11,730,716	\$ 24,666,763	\$ (358,771,124)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation and amortization expense	65,655,326	48,179,574	5,484,342	119,319,242
Changes in assets and liabilities:				
Accounts receivable, net	28,528,640	(15,930,041)	(2,663,214)	9,935,385
Prepaid expenses and other assets	(1,208,272)	(781,975)	143,828	(1,846,419)
Accounts payable and accrued liabilities	219,457	6,567,102	(2,096,775)	4,689,784
Deferred Revenue	1,282,782		2,618,469	3,901,251
Net cash provided by (used in) operating activities	\$ (300,690,670)	\$ 49,765,376	\$ 28,153,413	\$ (222,771,881)

See accompanying notes to financial statements

The University of Alabama at Birmingham

Statement of Cash Flows

Year Ended September 30, 2006

	University	Hospital	Other Nonmajor Funds	Total
Cash flows from operating activities				
Student tuition and fees	\$ 71,717,153	\$	\$	\$ 71,717,153
Grants and contracts	350,314,737		77,516,411	427,831,148
Receipts from sales and services of:				
Educational activities	46,255,065			46,255,065
Patient services		782,166,339		782,166,339
Auxiliary enterprises, net	21,375,305			21,375,305
Premium and administrative fees collected			228,216,703	228,216,703
Payment to employees and related benefits	(553,958,985)	(376,633,537)	(51,377,261)	(981,969,783)
Payment to suppliers	(233,258,470)	(337,069,137)	(224,618,862)	(794,946,469)
Payment for scholarships and fellowships	(20,505,063)			(20,505,063)
Student loans disbursements, net of collections	(165,772)			(165,772)
Other receipts	38,322,581	23,187	18,447,996	56,793,764
Net cash provided by (used in) operating activities	\$ (279,903,449)	\$ 68,486,852	\$ 48,184,987	\$ (163,231,610)
Cash flows from capital and related financing activities				
Proceeds from issuance of capital debt	\$ 53,767,714	\$ 244,144,429	\$	\$ 297,912,143
State capital appropriations	286,940			286,940
Federal grants & contracts	22,666,635			22,666,635
Local grants & contracts	3,186,995			3,186,995
Intergovernmental transfers		20,000,000	(20,000,000)	
Private gifts	4,106,608	1,174,306		5,280,914
Proceeds from sale of capital assets	522,941			522,941
Purchases of capital assets	(94,355,588)	(61,360,306)	(9,847,016)	(165,562,910)
Principal payments on capital debt	(11,027,507)	(152,615,812)	(1,459,674)	(165,102,993)
Interest payments on capital debt	(9,120,529)	(17,544,192)	(132,483)	(26,797,204)
Net cash provided by (used in) capital and related financing activities	\$ (29,965,791)	\$ 33,798,425	\$ (31,439,173)	\$ (27,606,539)
Cash flows from noncapital financing activities				
State appropriations	\$ 224,847,724	\$ 35,327,104	\$	\$ 260,174,828
Private gifts	46,027,667	3,197,130	60,217	49,285,014
Student direct lending disbursements, net of receipts	(1,921,244)			(1,921,244)
Intergovernmental transfers	48,508,460	(33,649,442)	(14,859,018)	
Other deposits	15,429,186			15,429,186
Payments related to due to related party	(4,363,373)	4,363,373		
Deposits from affiliates	4,643,508		7,629	4,651,137
Net cash provided by (used in) noncapital financing activities	\$ 333,171,928	\$ 9,238,165	\$ (14,791,172)	\$ 327,618,921
Cash flows from investing activities				
Interest and dividends from investments, net	\$ 29,622,997	\$ 16,938,729	\$ 257,732	\$ 46,819,458
Payments for intangibles			(468,509)	(468,509)
Cash distributions from equity investments		1,468,350		1,468,350
Loan to UAB Highlands HCA		(48,000,000)		(48,000,000)
Proceeds from sales and maturities of investments	22,203		81,124,222	81,146,425
Contributions to system pooled investment funds	(18,494,387)	(14,227,911)		(32,722,298)
Purchases of investments	(25,137,179)		(70,645,441)	(95,782,620)
Net cash provided by (used in) investing activities	\$ (13,986,366)	\$ (43,820,832)	\$ 10,268,004	\$ (47,539,194)
Net increase in cash and cash equivalents	\$ 9,316,322	\$ 67,702,610	\$ 12,222,646	\$ 89,241,578
Cash and cash equivalents, beginning of year	47,370,558	60,130,055	21,142,209	128,642,822
Cash and cash equivalents, end of year	\$ 56,686,880	\$ 127,832,665	\$ 33,364,855	\$ 217,884,400
Reconciliation of operating income (loss) to net cash used in operating activities				
Operating income (loss)	\$ (333,337,155)	\$ 14,753,316	\$ 20,245,896	\$ (298,337,943)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities				
Depreciation and amortization expense	64,997,038	45,164,311	4,807,355	114,968,704
Changes in assets and liabilities:				
Account receivable, net	(45,202,605)	7,776,587	(3,703,413)	(41,129,431)
Prepaid expenses and other assets	(573,688)	(1,258,225)	(1,577,483)	(3,409,396)
Accounts payable and accrued liabilities	36,860,305	2,076,079	27,629,516	66,565,900
Deposits from affiliates				
Deferred revenue	(2,647,344)	(25,216)	783,116	(1,889,444)
Net cash provided by (used in) operating activities	\$ (279,903,449)	\$ 68,486,852	\$ 48,184,987	\$ (163,231,610)

The University of Alabama at Birmingham

Statement of Cash Flows (continued)

Year Ended September 30, 2007 and 2006

Supplemental noncash activities information

Year ended September 30, 2007

	University	Hospital	Other Nonmajor Funds	Total
Capital assets acquired included in accounts payable	\$ 9,137,766	\$ 1,377,154		\$ 10,514,920
Capital assets acquired through capital leases	\$ 360,430		\$ 315,144	\$ 674,574
Interest capitalized, net of qualifying interest income on municipal bonds of \$471,997 for the University and \$4,819,727 for the Hospital	\$ 1,698,012	\$ 643,016		\$ 2,341,028

Year ended September 30, 2006

	University	Hospital	Other Nonmajor Funds	Total
Interest in Professional Liability Trust Fund acquired through transfer		\$ 19,022,471		\$ 19,022,471
Professional Liability Trust Fund transfer			\$ (40,699,556)	\$ (40,699,556)
Capital assets acquired included in accounts payable	\$ 7,588,004	\$ 6,107,606		\$ 13,695,610
Capital assets acquired through capital leases			\$ 1,004,220	\$ 1,004,220
Interest capitalized, net of qualifying interest income on municipal bonds of \$958,613	\$ 1,303,872			\$ 1,303,872

See accompanying notes to financial statements





The University of Alabama at Birmingham Notes to Financial Statements

September 30, 2007

(1) Summary of Significant Accounting Policies

The University of Alabama at Birmingham (UAB) is one of three campuses of The University of Alabama System (the System), which is a discretely presented component unit of the State of Alabama (the State). The financial statements of UAB are intended to present the financial position, changes in financial position, and the cash flows of only that portion of the business-type activities and each major fund and other nonmajor funds of the financial reporting entity of the System that is attributable to the transactions of UAB. The System is recognized as an organization exempt from Federal income tax under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3) of the Internal Revenue Code.

The by-laws and corporate charters of the Southern Research Institute (SRI) and UAB Research Foundation (UABRF) allow UAB to appoint a majority of the respective boards of directors and allow UAB to impose its will on the entities. These entities operate for the exclusive benefit of UAB. Management has therefore determined that SRI and UABRF constitute blended component units of UAB under GASB Statement No. 14, *The Financial Reporting Entity* (GASB No. 14).

The other nonmajor funds column of the basic financial statements is comprised of Triton Health Systems, L.L.C. (Triton), SRI, and UABRF. Triton was formed to advance the educational and research mission of UAB and to educate and train physicians and other health care professionals. Triton is owned 99% by UAB and 1% by The UAB Educational Foundation (UABEF). Triton's governing body is substantively the same as the governing body of UAB. Therefore, management has determined Triton is a blended component unit under GASB Statement No. 14. SRI offers research and technology services to support industry and federal government agencies primarily in the areas of drug design and evaluation, environmental controls, materials engineering and chemical and biological defense. UABRF was organized exclusively for charitable, scientific, and educational purposes in order to benefit UAB. The activities of SRI and Triton are maintained using a calendar year-end. UABRF maintains a September 30 year-end. The activities of SRI and Triton are maintained using a fiscal calendar year-end that predates the University and Hospital fiscal year-end of September 30. However, inter-fund cash transactions during the period from January 1 through September 30 have been eliminated in order to balance the accounts. Separate finan-



cial statements are available for SRI, Triton, and UABRF.

UAB, as a public institution, prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB), including all applicable effective statements of the GASB and all statements of the Financial Accounting Standards Board (FASB) through November 30, 1989 that do not conflict with GASB pronouncements. With the exception of blended component units included in Other Nonmajor Funds, UAB has elected to not apply the provisions of any pronouncements of the FASB issued after November 30, 1989. All blended component units of Other Nonmajor Funds have elected to apply FASB pronouncements issued after November 30, 1989 which do not conflict with GASB pronouncements.

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

- **Invested in Capital Assets, Net of Related Debt:**
Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.
- **Restricted:**
 - Nonexpendable:** Net assets subject to externally imposed stipulations that they be maintained permanently by UAB. Such assets include UAB's permanent endowment funds.
 - Expendable:** Net assets whose use by UAB is subject to externally imposed stipulations that can be fulfilled by actions of UAB pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:**
Net assets that are not subject to externally imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of management. Substantially all unrestricted net assets are designated for academic and research programs and initiatives and capital programs.

The financial statements of UAB have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. UAB reports as a Business Type Activity, as defined by GASB Statement No. 35. Business Type Activities are those financed in whole or in part by fees



charged to external parties for goods or services. UAB reports the University and the Hospital as major funds in the accompanying financial statements because management believes each of those activities present information that is particularly important to financial statement users.

UAB policy states that operating activities as reported by the statement of revenues, expenses, and changes in net assets are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, including state appropriations, gifts, and investment income.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. The estimates susceptible to significant changes include those used in determining the allowance for contractual adjustments and uncollectible accounts, accruals related to compensated absences, allowance for self insurance, estimated amounts due to or from third-party payors, and reserves for general and professional liability claims. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate.

Other significant accounting policies are as follows:

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

Investments: UAB accounts for its investments in accordance with the provisions of GASB Statement No. 31, *Accounting and Reporting for Certain Investments and For External Investment Pools* (see Note 4). Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at their fair value. UAB invests certain amounts in a commingled investment pool sponsored by the System. The value of the investments in the pools is determined by the System and based on UAB's proportionate share of the net asset value of the

investment pools. The investment pools invests in various investment securities, including both marketable and non-marketable securities. The System values investments which have readily determinable market values at fair value. Investments which do not have readily determinable market values are reported at cost. All investments which do not have readily determinable market values are held within the Endowment Fund (Note 4).

Investments are reported in four categories in the statement of net assets. Investments recorded as endowment and life income investments are those invested funds considered by management to be of long duration. Other long-term investments include amounts resulting from UAB's equity investment in other entities, as discussed in Note 4 and Note 18. Investments for capital projects are included in noncurrent assets. All other investments are included as short-term investments.

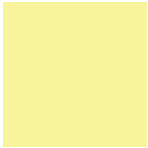
Inventories: Inventories are carried at the lower of cost or market. Inventories consist primarily of textbooks, medical supplies, and pharmaceuticals.

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

Capital assets acquired under capital leases are amortized over the shorter of the lives of the respective leases or the estimated useful lives of the assets. Capital assets acquired through federal grants and contracts in which the federal government retains a reversionary interest are capitalized and depreciated. Interest costs, net of any related investment earnings, for certain assets acquired with the proceeds of tax-exempt borrowings are capitalized as a component of the cost of acquiring those assets.

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

Pledges: UAB receives gift pledges and bequests of financial support. Revenue is recognized when



a pledge representing an unconditional promise to give is received and all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Pledges are recorded at their gross, undiscounted amount. Endowment pledges do not meet eligibility requirements and are not recorded as assets until the related gift is received in accordance with the requirements of GASB Statement No. 33.

Endowment spending: For donor-restricted endowments, the Uniform Management of Institutional Funds Act, as adopted in Alabama, permits the Board of Trustees of The University of Alabama (the Board) to allocate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. UAB's policy is to retain the endowment realized and unrealized appreciation with the endowment after the spending rate distributions. The Board approved a spending rate for the fiscal year ending September 30, 2007 and 2006 of 5.0% of a moving three-year average of market (unit) value. Endowment earnings are classified in accordance with donor restrictions.

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

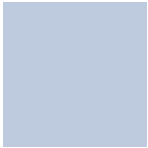
Federal refundable loans: Certain loans to students are administered by UAB with funding primarily supported by the federal government. UAB's statement of net assets includes both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed upon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

Compensated absences: UAB accrues annual leave for employees at rates based upon length of service and job classification. UAB accrues compensatory time based upon job classification and hours worked. These amounts are included in accounts payable and accrued liabilities.

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

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

Hospital revenue: Net patient service revenue is



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

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

Auxiliary enterprise revenue: Auxiliary enterprise revenues primarily represent revenues generated by intercollegiate athletics and parking.

Other revenue: Other revenue represents primarily revenues generated by UAB, including the Other Nonmajor Funds, for activities such as intellectual property income and subscriber premiums.

Equity investments: Investments in affiliated companies where UAB's ownership interest is 50% or less are accounted for using the equity method. The Hospital investment in the PLTF also is accounted for using the equity method. See Notes 4 and 18.

Intergovernmental Transfers:

University

Transfers are defined as transfers from the Hospital and components of Other Nonmajor Funds to the University for which the Hospital and components of Other Nonmajor Funds do not receive significant direct economic benefit. Transfers are used to support capital projects and the ongoing academic mission of the University Transfers for which the Hospital and Triton receive services or other benefits are recorded as operating expenses in the statements of revenues, expenses and changes in net assets.

Hospital

Transfers are defined as transfers to the University for which the Hospital does not receive significant direct economic benefit. Transfers are used primarily to support the ongoing academic mission of the University. Transfers for which the Hospital receives services or other benefits are recorded as operating expenses in the statements of revenues, expenses and changes in net assets.



Other Nonmajor Funds

Transfers are defined as transfers to the University for which the components of Other Nonmajor Funds do not receive significant direct economic benefit. Transfers are used to support capital projects and the ongoing academic mission of the University. Transfers for which the components of Other Nonmajor Funds receive services or other benefits are recorded as operating expenses in the statements of revenues, expenses and changes in net assets.

(2) Scope of Statements and Related Parties

GASB Statement No. 14, *The Financial Reporting Entity*, requires governmental entities to include in their financial statements as a component unit organizations that are legally separate entities for which the governmental entity, as a primary organization, is financially accountable.

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations for which UAB is not financially accountable should be reported as component units based on the nature and significance of their relationship to UAB.

UAB is affiliated with the UABEF, the University of Alabama Health Services Foundation, P.C. (HSF), UAB Health System (UABHS), and the Valley Foundation (VF). UAB is not financially accountable for HSF, VF, UABEF, and UABHS; therefore, they do not constitute component units under the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. These entities are not required to be presented as component units under GASB 39.


The purpose of UABEF is to operate exclusively for the benefit of UAB. UABEF provides funds and certain facilities to UAB for its educational and scientific functions and provides support for UAB athletic programs. UABEF has 13 board members, including seven outside members not affiliated with UAB. UABEF leases certain facilities to UAB, with annual rental expense of approximately \$1,709,000 and \$1,682,000 for 2007 and 2006, respectively. UAB expects to receive title to certain of the properties upon retirement of the related debt. These properties have been appropriately capitalized by UAB as assets acquired under capital leases. UABEF made contributions to UAB which totaled approximately \$7,012,000 and \$5,275,000 in 2007 and 2006, respectively. UABEF's total assets were \$49,461,000 and \$48,215,000 at September 30, 2007 and 2006, respectively. UABEF's total liabilities

were \$19,653,000 and \$20,208,000 at September 30, 2007 and 2006, respectively.

HSF's primary purpose is to provide a group medical practice for physicians who are members of the regular faculty of the School of Medicine at UAB and serve on the University of Alabama Hospital's medical staff. It is governed by a 19-member board of directors, 16 of whom are not affiliated with UAB. An affiliation agreement (the Agreement) documents the relationship between HSF and UAB. The University's other operating revenues include approximately \$34,910,000 and \$30,243,000 of funding from HSF in 2007 and 2006, respectively, which is used to support the educational and research activities of UAB. These funds were paid by HSF pursuant to its tax-exempt purpose and in recognition of the mutual benefit derived by the two organizations from the enhancement and continued development of UAB's programs. The funds were negotiated with HSF as part of UAB's budget development process. In the normal course of business, HSF purchases various services from the Hospital, aggregating approximately \$1,390,000 and \$287,000 in 2007 and 2006, respectively, and the Hospital purchases various services from HSF, aggregating approximately \$19,295,000 and \$24,888,000 for the year ended September 30, 2007 and 2006, respectively. As a result of these transactions, the Hospital had a net payable to HSF of approximately \$1,425,000 and \$2,064,000 at September 30, 2007 and 2006, respectively.

The Board and the HSF's board have entered into an agreement, under which UAB and HSF have established a common management group, the UAB Health System, to provide management for their existing and future health care delivery operations. The UAB Health System Board of Directors is composed of 18 members, of whom nine are appointed by the Board. For the fiscal year ended September 30, 2007 and 2006, respectively, UAB contributed \$4,745,000 and \$4,896,000 to the UAB Health System Board to support Health System administrative functions. In addition, at September 30, 2007, the Hospital had a receivable from the Health System of approximately \$95,000. At September 30, 2006, the Hospital had a net payable to the UAB Health System of approximately \$2,027,000 at September 30, 2006.

VF's primary purpose is to provide a group medical practice for physicians who are faculty members in the UAB School of Medicine Huntsville program. It is governed by a 17-member board of directors, consisting of three nonvoting members and 14 voting members, of whom seven are affiliated with UAB. VF's total assets were approximately \$6,282,000 (unaudited) and \$5,710,000, and total liabilities were approximately \$906,000 (unaudited) and \$850,000 at September 30, 2007 and 2006, respectively.



See Note 1 for discussion of SRI, Triton, and UABRF. The Hospital received premium revenue (capitation fees) of approximately \$57,190,000 and \$52,555,000 from Triton during the years ended September 30, 2007 and 2006.

The Health Care Authority for UAB Highlands, An Affiliate of UAB Health System ("UAB Highlands"), doing business as "UAB Highlands" was established on January 26, 2006 by the Board for purposes of acquiring and operating the HealthSouth Medical Center ("HMC"). The Board appoints all members of UAB Highland's board of directors. UAB Highlands purchased the assets of HMC, including the hospital, buildings, and land effective April 1, 2006. The Board and UAB Highlands entered into a loan agreement dated March 31, 2006 whereby the Board, through the Hospital, agreed to loan UAB Highlands up to \$48,000,000 at an annual interest rate of 5% for the acquisition, improvement and start-up expenses of HMC. Interest only is payable through the loan advance period which ends April 1, 2009. Beginning May 1, 2009, UAB Highlands shall make equal monthly payments sufficient to pay both principal and interest by April 1, 2026. The aggregate outstanding loan balance due from UAB Highlands was \$23,689,000 and \$48,000,000 as of September 30, 2007 and 2006, respectively. During 2007, the Board approved an additional \$25,000,000 loan to UAB Highlands under the same terms as the original loan. The Hospital had loaned UAB Highlands \$15,000,000 of this additional amount as of September 30, 2007 and loaned the remaining \$10,000,000 in January 2008. In September 2007, UAB Highlands paid the Hospital \$39,310,869 after it issued \$40,000,000 in bonded debt. The Hospital guaranteed this debt on behalf of UAB Highlands in September 2007. Unpaid interest related to the loans to UAB Highlands was \$486,000 and \$370,000 as of September 30, 2007 and 2006, respectively. In addition, the Hospital has performed various services on behalf of UAB Highlands for which approximately \$65,000 and \$277,000 was charged and is outstanding at September 30, 2007 and 2006, respectively.

As members of the Health System, the Hospital and UAB Highlands also share certain members of management. Also certain services have been moved to Highlands and certain accounting functions are shared as a result of common management and the intent to create synergies between the two entities.

Summary financial information for UAB Highlands as of and for the years ended September 30, 2007 and 2006, respectively include total assets of approximately \$56,700,000 and \$48,262,000, total liabilities of approximately \$82,355,000 and \$57,319,000 and total net assets of approximately \$(25,655,000) and \$(9,057,000).

Separate financial statements are available for this entity.

(3) Cash and Cash Equivalents

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for UAB funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama state treasurer as a qualified public depository under the Security for Alabama Funds Enhancement Act (SAFE). From time to time, the Board may request that the depository provide evidence of its continuing designation as a qualified public depository. The enactment of the SAFE program changed the way all Alabama public deposits are collateralized. In the past, the bank pledged collateral directly to each individual public entity. Under the mandatory SAFE program, each qualified public depository (QPD) is required to hold collateral for all its public deposits on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the state treasurer, who would use the SAFE pool collateral or other means to reimburse the loss.

The System sponsors a short-term investment pool for System entities to invest operating cash reserves. As of September 30, 2007 and 2006, respectively, UAB had \$107,115,274 and \$51,619,651 (\$53,785,510 and \$24,423,745 for the University, respectively and \$53,329,764 and \$27,195,906 for the Hospital) invested in the short-term investment pool, respectively, which is presented in cash and cash equivalents, cash designated for investment activities, and restricted cash and cash equivalents on the statement of net assets. See Note 4 for further disclosure regarding this investment pool.

As of September 30, 2007 and 2006, respectively, UAB had cash and cash equivalents totaling \$211,003,054 and \$217,884,400, (\$73,511,975 and \$90,051,735 for the University and Other Nonmajor Funds and \$137,491,079 and \$127,832,665 for the Hospital), respectively.

(4) Investments

The Board has the responsibility for the establishment of the investment policy and the oversight of the investments for the various System and related



entities. In order to facilitate System-wide investment economies and objectives, the Board has established four distinct investment pools based primarily on the projected investment time-horizons for cash reserves. These investment pools are the Endowment Fund, Prime Fund, Intermediate Fund and the Short-Term Fund (collectively, the “System Pools”). Pursuant to Board investment policies, each System or related entity may include all or a portion of their investments within the System sponsored investment pools. These investment funds are considered ‘internal’ investment pools under GASB Statement No. 31, *“Accounting and Financial Reporting for Certain Investments and for External Investment Pools”* with the assets pooled on a market value basis. Separately managed funds that are resident with each entity are to be invested consistent with the asset mix of the corresponding System investment pool.

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

Endowment Fund

The purpose of the Endowment Fund is to pool endowment and similar funds to support the System campuses, the Hospital and related entities in carrying out their respective missions over an indefinite time frame. Accordingly, the primary investment objectives of the Endowment Fund are to preserve the purchasing power of the principal and provide a stable source of perpetual financial support. To satisfy the long-term rate of return objective, the Endowment Fund relies on a total return strategy in which investment returns are achieved through both capital appreciation and natural income. Asset allocations are established to meet targeted returns while providing adequate diversification in order to minimize investment volatility. As discussed in Note 1, certain investments within the Endowment Fund are valued at cost. UAB’s portion of investments in the Endowment Fund which are measured at cost total approximately \$15,000,000 and \$12,000,000 at September 30, 2007 and 2006, respectively.

Prime Fund

The Prime Fund is a longer-term fund used as a source of funds to meet projected cash reserve needs over a period of seven to ten years. This fund has an investment objective of growth through income and is invested in a diversified asset mix of liquid and semi-liquid securities. Long-term lockup funds with liquid assets are inappropriate investments for this fund.

Intermediate Fund

The Intermediate Fund serves as a source of funds to meet projected cash reserve needs over a two to six year period. This fund is also used to balance the other funds when looking at the System’s entire asset allocation of cash reserves relative to its investment objectives. The Intermediate Fund has an investment objective of income with preservation of capital and is invested in intermediate term fixed income securities. System policy states that at least one of the Intermediate Fund investment managers must be a large mutual fund providing daily liquidity.

Short-Term Fund

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

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

The composition in investments, by investment type, for the System Pools at September 30, 2007 and 2006 is as follows:

September 30, 2007

	Endowment Fund	Prime Fund	Intermediate Fund	Short-Term Fund
Cash And Receivables:				
Cash	\$	\$	\$ 336,375	\$
Accrued income receivables	1,221,001	956,769	2,502,358	
Total Cash & Receivables	\$ 1,221,001	\$ 956,769	\$ 2,838,733	\$
Cash And Equivalents:				
Commercial paper	\$	\$	\$ 12,063,608	\$
Money market funds	25,301,538	10,095,989	16,988,051	108,234,665
Total Cash And Equivalents	\$ 25,301,538	\$ 10,095,989	\$ 29,051,659	\$ 108,234,665
Equities:				
Common stock	\$ 115,871,028	\$ 86,952,346	\$	\$
Total Equities	\$ 115,871,028	\$ 86,952,346	\$	\$
Fixed Income Securities:				
U S government obligations	\$ 10,835,836	\$ 9,338,399	\$ 61,111,575	\$
Mortgage backed securities	18,017,647	13,665,433	38,875,997	
Collateralized mortgage obligations	3,472,960	3,499,996	161,573,068	
Corporate bonds	8,871,505	6,639,734	86,153,759	
Foreign bonds			1,308,096	
Total Fixed Income Securities	\$ 41,197,948	\$ 33,143,562	\$ 349,022,495	\$
Commingled Commingled Funds:				
U S equity funds	\$ 213,441,109	\$ 146,713,790	\$	\$
Non-U S equity funds	256,757,331	193,752,550		
U S bond funds	83,077,595	123,807,583	26,998,578	
Non-U S bond funds	49,402,104	34,312,212		
Hedge funds	141,886,286	115,940,569		
Private equity funds	26,113,788			
Timberland funds	9,675,974			
Real estate funds	10,000,274			
Total Commingled Funds	\$ 790,354,461	\$ 614,526,704	\$ 26,998,578	\$
Total Fund Investments	\$ 972,724,975	\$ 744,718,601	\$ 405,409,107	\$ 108,234,665
Total Fund Assets	\$ 973,945,976	\$ 745,675,370	\$ 407,911,465	\$ 108,234,665
Total Fund Liabilities	\$ (180,246)	\$ (154,188)	\$ (202,841)	\$
Affiliated Entity Investments In Funds	\$ (102,467,093)	\$	\$	\$
Total Net Asset Value	\$ 871,298,637	\$ 745,521,182	\$ 407,708,624	\$ 108,234,665

September 30, 2006

	Endowment Fund	Prime Fund	Intermediate Fund	Short-Term Fund
Cash And Receivables:				
Cash	\$	\$	\$ 12,503	\$
Accrued income receivables	981,140	1,118,196	2,267,460	
Total Cash & Receivables	\$ 981,140	\$ 1,118,196	\$ 2,279,963	\$
Cash And Equivalents:				
Commercial paper	\$	\$	\$ 13,748,821	\$
Money market funds	7,574,688	6,428,567	8,434,541	85,805,856
Total Cash And Equivalents	\$ 7,574,688	\$ 6,428,567	\$ 22,183,362	\$ 85,805,856
Equities:				
Common stock	\$ 123,226,310	\$ 158,268,913	\$	\$
Total Equities	\$ 123,226,310	\$ 158,268,913	\$	\$
Fixed Income Securities:				
U S government obligations	\$ 16,359,318	\$ 18,806,639	\$ 65,619,783	\$
Mortgage backed securities	3,069,336	9,057,376	39,269,785	
Collateralized mortgage obligations	8,254,290	8,165,028	61,062,777	
Corporate bonds	9,740,519	11,933,901	158,852,908	
Foreign bonds			1,426,864	
Total Fixed Income Securities	\$ 37,423,463	\$ 47,962,944	\$ 326,232,117	\$
Commingled Commingled Funds:				
U S equity funds	\$ 278,168,873	\$ 140,886,041	\$	\$
Non-U S equity funds	149,893,182	49,545,096		
U S bond funds	121,167,857	187,554,297	8,748,701	
Hedge funds	73,778,807	64,690,006		
Private equity funds	20,670,307			
Timberland funds	10,000,141			
Real estate funds	5,899,508			
Total Commingled Funds	\$ 659,578,675	\$ 442,675,440	\$ 8,748,701	\$
Total Fund Investments	\$ 827,803,136	\$ 655,335,864	\$ 357,164,180	\$ 85,805,856
Total Fund Assets	\$ 828,784,276	\$ 656,454,060	\$ 359,444,143	\$ 85,805,856
Total Fund Liabilities	\$ (215,789)	\$ (204,829)	\$ (370,639)	\$
Affiliated Entity Investments In Funds	\$ (87,266,923)	\$	\$	\$
Total Net Asset Value	\$ 741,301,564	\$ 656,249,231	\$ 359,073,504	\$ 85,805,856

The composition in investments, by investment type, for UAB's separately held investments, and UAB's interest in the System Pools, at September 30, 2007 and 2006 is as follows:

September 30, 2007

	University and Other Nonmajor Funds	Hospital	Total
Cash and receivables:			
Cash and receivables	\$ 15,175	\$	\$ 15,175
Accrued income receivables			
Total Cash & Receivables	\$ 15,175	\$	\$ 15,175
Cash and equivalents:			
Commercial paper	\$ 100,000	\$	\$ 100,000
Money market funds	7,209,503		7,209,503
Total Cash and Equivalents	\$ 7,309,503	\$	\$ 7,309,503
Equities:			
Common stock	\$ 252,609	\$	\$ 252,609
Equity investment in partnerships		35,533,156	35,533,156
Total Equities	\$ 252,609	\$ 35,533,156	\$ 35,785,765
Fixed income securities:			
U S government obligations	\$ 45,776,668	\$	\$ 45,776,668
Mortgage backed securities	4,434,960		4,434,960
Collateralized mortgage obligations			
Corporate bonds			
Foreign bonds	2,546,148		2,546,148
Total Fixed Income Securities	\$ 52,757,776	\$	\$ 52,757,776
Commingled funds:			
U S equity funds	\$ 26,666,066	\$	\$ 26,666,066
Non-U S equity funds	12,223,410		12,223,410
U S bond funds	18,296,865		18,296,865
Liquid Alternatives	3,611,065		3,611,065
Private Equity Funds	30,000		30,000
Total Commingled Funds	\$ 60,827,406	\$	\$ 60,827,406
Real estate	\$ 781,179	\$	\$ 781,179
Portion of system pooled investments:			
Endowment Fund	\$ 329,908,169	\$ 22,645,744	\$ 352,553,913
Prime Fund	218,627,568	307,068,871	525,696,439
Intermediate Fund	142,710,215	134,851,552	277,561,767
Short term Fund	53,785,510	53,329,764	107,115,274
Total Portion of System Pooled Investments:	\$ 745,031,462	\$ 517,895,931	\$ 1,262,927,393
Total Cash and Investments	\$ 866,975,110	\$ 553,429,087	\$ 1,420,404,197
Less short term	\$ 53,785,510	\$ 53,329,764	\$ 107,115,274
Total Investments	\$ 813,189,600	\$ 500,099,323	\$ 1,313,288,923

September 30, 2006

	University and Other Nonmajor Funds	Hospital	Total
Cash and receivables:			
Cash	\$ 6,632,200	\$	\$ 6,632,200
Accrued income receivables			
Total Cash & Receivables	\$ 6,632,200	\$	\$ 6,632,200
Cash and equivalents:			
Commercial paper	\$ 6,137,932	\$	\$ 6,137,932
Money market funds	931,207		931,207
Total Cash and Equivalents	\$ 7,069,139	\$	\$ 7,069,139
Equities:			
Common stock	\$ 1,083,564	\$	\$ 1,083,564
Equity investment in partnerships		26,633,116	26,633,116
Total Equities	\$ 1,083,564	\$ 26,633,116	\$ 27,716,680
Fixed income securities:			
U S government obligations	\$ 24,604,102	\$	\$ 24,604,102
Mortgage backed securities	28,975,189		28,975,189
Collateralized mortgage obligations			
Corporate bonds	56,725		56,725
Foreign bonds			
Total Fixed Income Securities	\$ 53,636,016	\$	\$ 53,636,016
Commingled funds:			
U S equity funds	\$ 23,698,116	\$	\$ 23,698,116
Non-U S equity funds	8,410,886		8,410,886
U S bond funds	14,790,984		14,790,984
Total Commingled Funds	\$ 46,899,986	\$	\$ 46,899,986
Real estate	\$ 781,179	\$	\$ 781,179
Portion of System Pooled Investments:			
Endowment Fund	\$ 274,031,129	\$ 19,764,574	\$ 293,795,703
Prime Fund	196,481,617	267,196,958	463,678,575
Intermediate Fund	142,193,069	128,093,386	270,286,455
Short term Fund	24,423,745	27,195,906	51,619,651
Total Portion of System Pooled Investments:	\$ 637,129,560	\$ 442,250,824	\$ 1,079,380,384
Total Cash and Investments	\$ 753,231,644	\$ 468,883,940	\$ 1,222,115,584
Less short term	\$ 24,423,745	\$ 27,195,906	\$ 51,619,651
Total Investments	\$ 728,807,899	\$ 441,688,034	\$ 1,170,495,933



Investment Risk Factors

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

Credit Risk

Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation, and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are not considered to have credit risk.

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

Board policy recognizes that a limited amount of credit risk, properly managed and monitored, is prudent and provides incremental risk adjusted return over its benchmark. Credit risk in each investment pool is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. Fixed income holdings in a single entity (excluding obligations of the U.S. government and its agencies) may not exceed 6% of a manager's portfolio measured at market value. At least 95% of these fixed income investments must be in investment grade securities (securities with ratings of BBB- or Baa3) or higher. However, multi-strategy fixed income managers may have up to 20% of their

investments in non-investment grade securities. Securities of foreign entities either denominated in U.S. dollars or other currencies are limited to 20% of a manager's portfolio.

The investment policy recognizes that credit risk is appropriate in balanced investment pools such as the Endowment and Prime Funds, which are tracked against the Lehman Aggregate Index benchmark for the fixed income portion of these pools. For the Endowment Fund, 15% of the fund is committed to fixed income investments, of which, 5% are actively managed. For the Prime Fund, 30% of the fund is invested in fixed income securities, of which, 20% are actively managed. Fixed income investments within the Endowment and Prime Funds include corporate, mortgage backed, asset backed and U.S. treasury and/or agency bonds with a minimum BBB- rating and an average duration of four years. In addition, approximately \$37,000,000 and \$29,000,000 in the Endowment and Prime Funds, at September 30, 2007 and 2006, is invested in unrated fixed income securities, excluding fixed income commingled funds. Fixed income commingled funds were approximately \$326,000,000 and \$323,000,000 in the Endowment and Prime Funds, at September 30, 2007 and 2006, respectively.

The Intermediate Fund is benchmarked against the Lehman 1-3 Government Index, with funds invested with three separate fund managers. Fixed income investments include corporate, mortgage backed, asset backed, collateralized mortgage and U.S. treasury and/or agency bonds with an average minimum rating of BB or higher. For September 30, 2007 and 2006, \$500,000 and \$53,000,000, respectively, were invested by the Intermediate Fund in unrated fixed income securities, excluding commingled bond funds, money market funds and commercial paper. Fixed income commingled funds and commercial paper totaled approximately \$56,000,000 and \$31,000,000 at September 30, 2007 and 2006, respectively.

The Short-Term Fund is committed to immediate liquidity to meet the operating needs of the campuses and the Hospital. These funds are invested in a bank sponsored common/collective trust fund, which in turn invests in money market, corporate, mortgage backed, asset backed and U.S. treasury and/or agency securities. These funds are all commingled with funds of other investors.

The credit risk for fixed and variable income securities, for the System Pools, at September 30, 2007 and 2006 is as follows:

September 30, 2007 and 2006

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND		SHORT-TERM FUND	
	2007	2006	2007	2006	2007	2006	2007	2006
Fixed or Variable Income Securities								
U.S. Government Guaranteed	\$ 10,835,836	\$ 16,359,318	\$ 9,338,399	\$ 18,806,639	\$ 61,111,575	\$ 65,619,783	\$	\$
Other U.S. Denominated:								
AAA	303,171	499,000	795,007	499,000	198,814,784	119,590,000		
AA	1,217,858	1,191,000	298,298	1,752,000	36,743,521	28,772,000		
A	6,243,356	6,139,000	4,533,456	6,514,000	42,491,999	44,855,000		
BBB	1,704,973	1,688,000	1,923,392	3,170,000	9,360,865	10,603,000		
B						3,464,000		
Unrated	20,892,754	11,547,145	16,255,010	17,221,305	499,751	53,328,334		
Commingled Funds:								
U.S. Bond Funds: Unrated	83,077,595	121,167,857	123,807,583	187,554,297	26,998,578	8,748,701		
Non-U.S. Bond Funds: Unrated	49,402,104		34,312,212					
Money Market Funds: Unrated	25,301,538	7,574,688	10,095,989	6,428,567	16,988,051	8,434,541	108,234,665	85,805,856
Commercial Paper: Unrated					12,063,608	13,748,821		
Total	\$ 198,979,185	\$ 166,166,008	\$ 201,359,346	\$ 241,945,808	\$ 405,072,732	\$ 357,164,180	\$108,234,665	\$ 85,805,856

The credit risk for fixed and variable income securities of UAB's separately held investments at September 30, 2007 and 2006 is as follows:

September 30, 2007 and 2006

	University and Other Nonmajor Funds	
	2007	2006
Fixed or Variable Income Securities		
U.S. Government Guaranteed	\$ 45,776,668	\$ 24,604,102
Other U.S. Denominated:		
AAA	10,771,542	28,975,189
AA	66,101	
A	132,203	
BBB	132,203	
BB	220,338	
Unrated	286,439	56,725
Commingled Funds:		
U.S. Bond Funds: Unrated	11,122,999	14,790,984
Non-U.S. Bond Funds: Unrated	2,546,148	
Money Market Funds: Unrated	7,209,503	931,209
Commercial Paper: Unrated	100,000	6,137,932
Total	\$ 78,364,144	\$ 75,496,141

There are no fixed or variable income securities held by the Hospital at September 30, 2007 and 2006.

Custodial Credit Risk

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

Investment securities in the System Pools are registered in the Board's name by the custodial bank as an agent for the System. Other types of investments (e.g. open-ended mutual funds, common/collective trusts) represent ownership interests that do not exist in physical or book-entry form. As a result, custodial credit risk is remote.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

As previously mentioned, credit risk in each investment pool and UAB's separately held portfolio is managed primarily by diversifying across issuers and limiting the amount of portfolio assets that can be invested in non-investment grade securities. As of September 30, 2007 and 2006, there was no investment in a single issuer that represents 5% or more of total investments in the System Pools or UAB's separately held investments.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changing interest rates. The prices of fixed income securities with a longer time to maturity, measured by effective duration, tend to be more sensitive to changes in interest rates and, therefore, more volatile than those with shorter durations. Effective duration is the approximate change in price of a security resulting from a 100 basis point (1 percentage point) change in the level of interest rates. It is not a measure of time. The Board does not have a specific policy relative to interest rate risk. As such, there are

no restrictions on weighted average maturity for each portfolio as they are managed relative to the investment objectives and liquidity demands of the investors.

The information presented does not take into

account the relative weighting of the portfolio components to the total portfolio. The effective durations for fixed or variable income securities, for the System Pools at September 30, 2007 and 2006 are as follows:

September 30, 2007 and 2006

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2007	2006	2007	2006	2007	2006
U.S. government obligations	4.7	5.7	4.8	5.8	2.1	1.7
Corporate bonds	5.4	4.7	6.2	5.0	2.0	2.5
Commingled bond funds	4.6	5.2	5.3	4.9	2.3	1.9

There are no fixed or variable income securities in the Short-Term Fund at September 30, 2007 and 2006.

While the Board does not have a specific policy relative to interest rate risk, UAB has historically invested funds outside of the investment pools in

fixed income and variable income securities with short maturity terms.

The effective durations for fixed or variable income securities for UAB's separately held investments at September 30, 2007 and 2006 are as follows:

September 30, 2007 and 2006

	University and Other Nonmajor Funds	
	2007	2006
U.S. government obligations	0.6	0.8
Commingled bond funds	5.6	4.9

There are no fixed or variable income securities held by the Hospital at September 30, 2007 and 2006.

Investments may also include mortgage pass through securities and collateralized mortgage obli-

gations that may be considered to be highly sensitive to changes in interest rates due to the existence of prepayment or conversion features. At September 30, 2007 and 2006, the fair market value of these investments in the System Pool is as follows:

September 30, 2007 and 2006

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2007	2006	2007	2006	2007	2006
Mortgage backed securities	\$ 18,017,647	\$ 3,069,336	\$ 13,665,433	\$ 9,057,376	\$ 38,875,997	\$ 39,269,785
Collateralized mortgage obligations	3,472,960	8,254,290	3,499,996	8,165,028	161,573,068	61,062,777
Total	\$ 21,490,607	\$ 11,323,626	\$ 17,165,429	\$ 17,222,404	\$ 200,449,065	\$ 100,332,562

There are none of these type investments in the Short-Term Fund at September 30, 2007 and 2006.

At September 30, 2007 and 2006, the fair market value of these investments in UAB's separately held investments is as follows:

September 30, 2007 and 2006

University and Other Nonmajor Funds	University and Other Nonmajor Funds	
	2007	2006
Mortgage backed securities	\$ 4,434,960	\$ 28,975,189
Collateralized mortgage obligations		
Total	\$ 4,434,960	\$ 28,975,189

There are none of these type investments held by the Hospital at September 30, 2007 and 2006.

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

Collateralized Mortgage Obligations. Collateralized mortgage obligations (CMOs) generate a return

based upon either the payment of interest or principal on mortgages in an underlying pool. The relationship between interest rates and prepayments makes the fair value highly sensitive to changes in interest rates. In falling interest rate environments, the underlying mortgages are subject to a higher propensity of prepayments. In a rising interest rate environment, the opposite is true.

At September 30, 2007 and 2006, the effective durations for these securities held in the System Pools are as follows:

September 30, 2007 and 2006

	ENDOWMENT FUND		PRIME FUND		INTERMEDIATE FUND	
	2007	2006	2007	2006	2007	2006
Mortgage backed securities	3.5	3.4	3.5	3.5	1.6	2.3
Collateralized mortgage obligations	3.8		2.9		2.5	1.6

There are no mortgage backed securities or CMO's in the Short Term Fund at September 30, 2007 and 2006.

At September 30, 2007 and 2006, the effective duration for these securities held in UAB's separately held investments are as follows:

September 30, 2007 and 2006

	University and Other Nonmajor Funds	
	2007	2006
Mortgage backed securities	.9	1.2

There are no mortgage backed securities or CMO's held by the Hospital at September 30, 2007 and 2006.

Foreign Currency Risk

The strategic asset allocation policy for the Endowment Fund and the Prime Fund includes an allocation to non-United States equity securities. Under Board policy foreign equity holdings in a single industry should not exceed 25% of the investment manager's portfolio measured at market value, with 50% of portfolio's holdings representing EAFE Index firms. Each investment manager must hold a minimum of 30 individual stocks with equity holdings in a single company remaining below 8% of the investment manager's portfolio, measured at market value. Hedging of foreign currency risks is allowed at the investment manager's discretion. In addition, investments in foreign bonds are allowed under Board policy. Foreign bonds denominated in U.S. dollars are limited to 20% of the investment manager's portfolio, and bonds denominated in currencies other than U.S. dollars are limited to 20% of the investment manager's portfolio, measured at market value. As of September 30, 2007 and 2006, all

foreign investments are in international commingled funds, which in turn invest in equity securities and bonds of foreign issuers.

Securities Lending

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

The System Pools participate in a securities lending program managed by one of the System's custodial banks. The program is designed to allow the System to lend certain securities from the investment pools and receive a pledge of collateral sufficient to cover the market value of the securities lent. The collateral securities cannot be pledged or sold by the System unless the borrower defaults. At September 30, 2007 and 2006, there were no

securities on loan from the investment pools and no collateral held by the System.

Joint Ventures

UAB and HealthSouth Corporation were awarded a joint state Certificate of Need to operate a Gamma Knife. HealthSouth and UAB are equal members in a joint venture, HealthSouth/UAB Gamma Knife L.L.C., that leases the Gamma Knife to HealthSouth, which manages the operations. Effective December 31, 2006, HealthSouth's interest in the Gamma Knife was transferred to UAB Highlands. The clinical portion of the Gamma Knife program is administered jointly by HealthSouth and UAB. Since UAB did not acquire a majority ownership in the joint venture of the Gamma Knife program, UAB has recorded its ownership as an equity investment. Accordingly, UAB's investment in Gamma Knife is carried at original cost plus or minus equity in undistributed earnings or losses since the date of acquisition and is presented in other long-term investments in these financial statements in the amount of approximately \$1,377,000 and \$2,057,000 at September 30, 2007 and 2006, respectively. Separate financial statements are available for this entity.

Effective July 1, 1997, UAB, in an equal partnership with HSF, acquired The Eye Foundation, Inc. (EFI). UAB's investment, accounted for using the equity method, was approximately \$5,058,000 and \$5,554,000 at September 30, 2007 and 2006, respectively. Effective July 1, 2006, HSF transferred its interest in EFI to the Health Care Authority for UAB Highlands, an Affiliate of the UAB Health System. As a result of the change in ownership and its

new governmental status, EFI restated its 2006 beginning net assets by approximately \$1,198,000 to comply with the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*. UAB's share of EFI's increase in net assets as a result of this restatement is approximately \$926,500 for the year ended September 30, 2007. This amount is included within net investment income in the accompanying statements of revenues, expenses, and changes in net assets. Summary financial information of EFI as of and for the year ended September 30, 2007 and 2006, respectively, include total assets of approximately \$30,570,000 and \$31,878,000, total liabilities of approximately \$19,790,000 and \$20,771,000, and total net assets of \$10,780,000 and \$11,107,000. Separate financial statements are available for this entity.

As further described in Note 18, effective September 15, 2006, the Hospital began accounting for its ownership of the PLTF as a joint venture, using the equity method in the amount of \$28,766,056 and \$19,022,471 at September 30, 2007 and 2006, respectively.

(5) Accounts Receivable

The composition of accounts receivable at September 30, 2007 and 2006, is summarized as follows:

University	2007	2006
Receivable from sponsoring agencies	\$ 91,938,733	\$ 114,510,755
Student accounts	12,920,442	10,885,547
Other	37,697,412	18,455,343
	\$ 142,556,587	\$ 143,851,645
Less: provisions for doubtful accounts	1,707,008	1,889,055
Total University and Other Nonmajor Funds	\$ 140,849,579	\$ 141,962,590
Hospital		
Patient Care	\$ 415,807,161	\$ 328,911,359
Other	2,347,590	389,834
	\$ 418,154,751	\$ 329,301,193
Less: provision for doubtful accounts	297,171,270	224,268,018
Total Hospital	\$ 120,983,481	\$ 105,033,175
Total		
Patient care	\$ 415,807,161	\$ 328,911,359
Receivables from sponsoring agencies	91,938,733	114,510,755
Student accounts	12,920,442	10,885,547
Other	40,045,002	18,845,177
	\$ 560,711,338	\$ 473,152,838
Less: provisions for doubtful accounts	298,878,278	226,157,073
Total UAB	\$ 261,833,060	\$ 246,995,765

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Finding 2007-9: Special Test - Drug Screening

Agency: Alabama Department of Health and Human Services
Program: Establishment of a Department of Geropsychiatry within the
Mental Illness Division of DMH/MR
CFDA: Not Applicable
Award #: None
Award year: 10/1/06-9/30/07

Criteria

The contract listed above state that, "Contractor understands and agrees that he/she must undergo a drug-screening test before beginning service to the Alabama Department of Mental Health and Mental Retardation's patients".

Questioned Costs

None.

Condition

Drug screenings were not administered in accordance with the executed agreements.

Cause

As a result of management oversight, the required drug screenings were not administered.

Effect

The lack of performance of drug screenings for individuals in direct contact with patients is a direct violation of the referenced contract agreements.

Recommendations

We recommend that the University ensure that all required individuals obtain drug screenings and that documentation of negative results are maintained.

The University should also implement controls to ensure that departments are in compliance with all award requirements.

Views of Responsible Officials/Management Response

To ensure that all required individuals obtain drug screenings, OGCA will note the requirement during the review of the application. At the time of the award, OGCA will notify the PI and a designated Human Resources Management (HRM) Consultant. The HRM Consultant will contact the PI and arrange screenings for the required personnel. HRM will maintain records of the screenings to ensure confidentiality and will be able to verify administration and documentation of the results of the required tests.

The HRM Consultant was notified 8/21/2008 of the need to arrange testing for the relevant employees in the AL DMH/Establishment of a Department of Geropsychiatry contract.

University of Alabama at Birmingham
Federal Award Findings and Questioned Costs
Year Ended September 30, 2007

Finding 2007-9: Subrecipient Monitoring

Agency: Alabama Department of Corrections
Program: Department of Corrections - Alternative Screening Project
CFDA#: Not Applicable
Award year: 10/1/06 - 9/30/07

Criteria

OMB Circular A-110, Section __.50.

Questioned Costs

\$15,525

Condition

During our review of direct cost testing for this program we selected one expenditure relating to purchased services (i.e., not payroll or other direct costs). During review of this expenditure we noted that a fully executed and approved agreement was not entered into between the University and the subrecipient. Expenditures of a subrecipient should not be reimbursed prior to execution of an agreement and performance of pre-award monitoring procedures. Total expenditures to this subrecipient reported on the Schedule are \$15,525.

Cause

The University failed to fully execute a formal subrecipient agreement and instead executed a vendor agreement, resulting in expenditures incurred on behalf of a vendor that was in fact a subrecipient. However, before any expenditures were paid from the fiscal 2007 award, the University considered this vendor a subrecipient and obtained a fully executed contract.

Effect

Failure to appropriately distinguish a vendor as a subrecipient can result in inadequate monitoring and reporting. Subrecipients may not be complying with federal regulations in the management of their federal grants and contracts.

Recommendation

We recommend the University strengthen internal controls to ensure that all transactions involving federal funding are reviewed prior to payment to ensure that all required monitoring and reporting requirements have been performed.

Views of Responsible Officials/Management Response

The University feels that this finding is an isolated instance and was due to miscommunication between the P.I. and the Office of Grants and Contracts Administration. The University has procedures in place to identify subrecipients at the proposal stage, however in this instance the P.I. did not provide enough information to make the appropriate determination prior to the award and payments being made. Once the University determined that the services being provided should be considered a subrecipient, a fully executed agreement was obtained and future payments were made under the agreement.

(6) Student Loans and Pledges Receivable

The composition of student loans and pledges receivable at September 30, 2007 and 2006, is summarized below:

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

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

Pledges for permanent endowments do not meet eligibility requirements, as defined by GASB Statement No. 33, until the related gift is received. Due to uncertainties with regard to their realization and valuation, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met.

Student Loans Receivable University and Other Nonmajor Funds	2007	2006
Federal student loan program	\$ 17,946,158	\$ 17,464,702
University student loan funds	1,496,625	1,665,919
Other	1,593,328	100,482
Total loans receivable	\$ 21,036,111	\$ 19,231,103
Less allowance for doubtful accounts	2,804,001	2,543,024
Total loans receivable, net	\$ 18,232,110	\$ 16,688,079
Less: current portion	3,582,370	3,341,643
Total loans receivable outstanding, noncurrent	\$ 14,649,740	\$ 13,346,436
Hospital		
Other	\$ 23,689,131	\$ 48,000,000
Total loans receivable	\$ 23,689,131	\$ 48,000,000
Less: current portion		
Total loans receivable outstanding, noncurrent	\$ 23,689,131	\$ 48,000,000
Total UAB		
Federal loan program	\$ 17,946,158	\$ 17,464,702
University loan funds	1,496,625	1,665,919
Other	25,282,459	48,100,482
Total loans receivable	\$ 44,725,242	\$ 67,231,103
Less allowance for doubtful accounts	2,804,001	2,543,024
Total loans receivable, net	\$ 41,921,241	\$ 64,688,079
Less: current portion	3,582,370	3,341,643
Total loans receivable outstanding, noncurrent	\$ 38,338,871	\$ 61,346,436
Gift Pledges Outstanding:		
University and Other Nonmajor Funds		
Operations	\$ 12,237,377	\$ 16,446,589
Capital	1,614,246	251,568
Total gift pledges	\$ 13,851,623	\$ 16,698,157
Less: current portion	6,249,838	7,753,656
Total gift pledges, noncurrent	\$ 7,601,785	\$ 8,944,501
Hospital		
Operations		
Capital	3,254,693	4,312,193
Total gift pledges	\$ 3,254,693	\$ 4,312,193
Less: current portion	1,187,193	1,177,193
Total gift pledges, noncurrent	\$ 2,067,500	\$ 3,135,000
Total UAB		
Operations	\$ 12,237,377	\$ 16,446,589
Capital	4,868,939	4,563,761
Total gift pledges	\$ 17,106,316	\$ 21,010,350
Less: current portion	7,437,031	8,930,849
Total gift pledges, noncurrent	\$ 9,669,285	\$ 12,079,501

(7) Capital Assets

Capital assets activity for the years ended September 30, 2007 and 2006, is summarized at right and below:

Net interest costs capitalized in 2007 and 2006, respectively were approximately \$1,698,000 and \$1,304,000 (\$2,170,000 and \$2,263,000 interest

cost net of \$472,000 and \$959,000 investment earnings) for the University and Other Nonmajor Funds. Net interest costs capitalized in 2007 were approximately \$643,000 (\$5,463,000 interest cost net of \$4,820,000 investments earnings) for the Hospital. There were no interest costs capitalized for the Hospital in 2006.

September 30, 2007	Beginning	Additions	Sales/ Retirements/ Transfers	Ending Balance
University and Other Nonmajor Funds				
Capital assets not being depreciated				
Land	\$ 42,125,443	\$ 2,551,047	\$ 626,918	\$ 44,049,572
Construction in progress	32,333,729	56,251,953	12,996,174	75,589,508
	\$ 74,459,172	\$ 58,803,000	\$ 13,623,092	\$ 119,639,080
Capital assets being depreciated				
Land improvements	\$ 13,976,017	\$ 1,646,268	\$	\$ 15,622,285
Buildings	965,884,933	29,295,207	4,226,529	990,953,611
Fixed equipment systems	75,116,290	3,495,364		78,611,654
Equipment	315,253,635	26,141,085	9,407,632	331,987,088
Library materials	71,282,097	5,055,250		76,337,347
	\$ 1,441,512,972	\$ 65,633,174	\$ 13,634,161	\$ 1,493,511,985
Total Capital Assets	\$ 1,515,972,144	\$ 124,436,174	\$ 27,257,253	\$ 1,613,151,065
Less: accumulated depreciation	713,090,697	70,848,055	11,652,282	772,286,470
Total Net Assets	\$ 802,881,447	\$ 53,588,119	\$ 15,604,971	\$ 840,864,595
Hospital				
Capital assets not being depreciated				
Land	\$ 17,416,300	\$	\$ 103,672	\$ 17,312,628
Construction in progress	8,796,071	30,137,167	1,953,267	36,979,971
	\$ 26,212,371	\$ 30,137,167	\$ 2,056,939	\$ 54,292,599
Capital assets being depreciated				
Land improvements	\$ 129,467	\$	\$	\$ 129,467
Buildings	569,458,451	6,613,663		576,072,114
Fixed equipment systems	8,459,413	823,968		9,283,381
Equipment	294,391,542	19,894,486	23,533,238	290,752,790
	\$ 872,438,873	\$ 27,332,117	\$ 23,533,238	\$ 876,237,752
Total Capital Assets	\$ 898,651,244	\$ 57,469,284	\$ 25,590,177	\$ 930,530,351
Less: accumulated depreciation	387,704,270	48,179,574	22,219,330	413,664,514
Total Net Assets	\$ 510,946,974	\$ 9,289,710	\$ 3,370,847	\$ 516,865,837
Total UAB				
Capital assets not being depreciated				
Land	\$ 59,541,743	\$ 2,551,047	\$ 730,590	\$ 61,362,200
Construction in progress	41,129,800	86,389,120	14,949,441	112,569,479
	\$ 100,671,543	\$ 88,940,167	\$ 15,680,031	\$ 173,931,679
Capital assets being depreciated				
Land improvements	\$ 14,105,484	\$ 1,646,268	\$	\$ 15,751,752
Buildings	1,535,343,384	35,908,870	4,226,529	1,567,025,725
Fixed equipment systems	83,575,703	4,319,332		87,895,035
Equipment	609,645,177	46,035,571	32,940,870	622,739,878
Library materials	71,282,097	5,055,250		76,337,347
	\$ 2,313,951,845	\$ 92,965,291	\$ 37,167,399	\$ 2,369,749,737
Total Capital Assets	\$ 2,414,623,388	\$ 181,905,458	\$ 52,847,430	\$ 2,543,681,416
Less: accumulated depreciation	1,100,794,967	119,027,629	33,871,612	1,185,950,984
Total Net Assets	\$ 1,313,828,421	\$ 62,877,829	\$ 18,975,818	\$ 1,357,730,432

September 30, 2006

	Beginning	Additions	Sales/ Retirements/ Transfers	Ending Balance
University and Other Nonmajor Funds				
Capital assets not being depreciated				
Land	\$ 34,569,349	\$ 7,556,094	\$	\$ 42,125,443
Construction in progress	107,861,776	15,087,599	90,615,646	32,333,729
	\$ 142,431,125	\$ 22,643,693	\$ 90,615,646	\$ 74,459,172
Capital assets being depreciated				
Land improvements	\$ 11,927,860	\$ 2,083,846	\$ 35,689	\$ 13,976,017
Buildings	825,398,617	140,632,209	145,893	965,884,933
Fixed equipment systems	72,840,607	2,275,683		75,116,290
Equipment	348,149,057	19,662,286	52,557,708	315,253,635
Library materials	66,286,003	4,996,094		71,282,097
	\$ 1,324,602,144	\$ 169,650,118	\$ 52,739,290	\$ 1,441,512,972
Total Capital Assets	\$ 1,467,033,269	\$ 192,293,811	\$ 143,354,936	\$ 1,515,972,144
Less: accumulated depreciation	686,846,897	69,534,708	43,290,908	713,090,697
Total Net Assets	\$ 780,186,372	\$ 122,759,103	\$ 100,064,028	\$ 802,881,447
Hospital				
Capital assets not being depreciated				
Land	\$ 17,590,309	\$	\$ 174,009	\$ 17,416,300
Construction in progress	2,005,046	6,797,849	6,824	8,796,071
	\$ 19,595,355	\$ 6,797,849	\$ 180,833	\$ 26,212,371
Capital assets being depreciated				
Land improvements	\$ 129,467	\$	\$	\$ 129,467
Buildings	559,966,693	9,983,071	491,313	569,458,451
Fixed equipment systems	7,525,163	934,250		8,459,413
Equipment	266,801,777	42,853,433	15,263,668	294,391,542
	\$ 834,423,100	\$ 53,770,754	\$ 15,754,981	\$ 872,438,873
Total Capital Assets	\$ 854,018,455	\$ 60,568,603	\$ 15,935,814	\$ 898,651,244
Less: accumulated depreciation	356,687,337	45,164,311	14,147,378	387,704,270
Total Net Assets	\$ 497,331,118	\$ 15,404,292	\$ 1,788,436	\$ 510,946,974
Total UAB				
Capital assets not being depreciated				
Land	\$ 52,159,658	\$ 7,556,094	\$ 174,009	\$ 59,541,743
Construction in progress	109,866,822	21,885,448	90,622,470	41,129,800
	\$ 162,026,480	\$ 29,441,542	\$ 90,796,479	\$ 100,671,543
Capital assets being depreciated				
Land improvements	\$ 12,057,327	\$ 2,083,846	\$ 35,689	\$ 14,105,484
Buildings	1,385,365,310	150,615,280	637,206	1,535,343,384
Fixed equipment systems	80,365,770	3,209,933		83,575,703
Equipment	614,950,834	62,515,719	67,821,376	609,645,177
Library materials	66,286,003	4,996,094		71,282,097
	\$ 2,159,025,244	\$ 223,420,872	\$ 68,494,271	\$ 2,313,951,845
Total Capital Assets	\$ 2,321,051,724	\$ 252,862,414	\$ 159,290,750	\$ 2,414,623,388
Less: accumulated depreciation	1,043,534,234	114,699,019	57,438,286	1,100,794,967
Total Net Assets	\$ 1,277,517,490	\$ 138,163,395	\$ 101,852,464	\$ 1,313,828,421

(8) Long-Term Debt

Long-term debt activity for the years ended September 30, 2007 and 2006, is summarized as follows:

A portion of UAB's long term debt has been issued with variable interest rates. The interest rates are determined in accordance with the individual related indenture of the related outstanding debt. UAB's bonds are secured by pledged revenues as defined in the applicable indentures. See Note 10 for information regarding the pledged revenues, which collateralize certain outstanding debt.

September 30, 2007:

University and Other Nonmajor Funds

	Beginning Balance	New Debt	Principal Repayment	Ending Balance
Leases Payable for purchase of equipment, 4.55% to 5.04%, due various dates through 2010	\$ 2,070,137	\$ 675,574	\$ 1,536,909	\$ 1,208,802
Lease Payable Medical Advancement Foundation, variable rate interest, (4.13% at September 30, 2007) due annually through 2030	20,675,000		455,000	20,220,000
Birmingham General Revenue Bonds Series 1993B, variable rate interest (3.91% at September 30, 2007), due annually through 2013	8,000,000		900,000	7,100,000
Birmingham General Revenue Bonds Series 2001, 5% to 5.25%, due annually through 2027	44,548,687		2,033,305	42,515,382
Birmingham General Revenue Bonds Series 2002, 2.625% to 3.8%, due annually through 2013	8,605,000		970,000	7,635,000
Birmingham General Revenue Bonds Series 2003A, 2.5% to 4.5% due annually through 2027	67,145,000		2,285,000	64,860,000
Birmingham General Revenue Bonds Series 2003B, 2% to 3% due annually through 2009	14,214,092		4,580,500	9,633,592
Birmingham General Revenue Bonds Series 2005A, 3.25% to 5% due annually through 2007 through 2020	60,375,000		3,755,000	56,620,000
Birmingham General Revenue Bonds Series 2005B, 3% to 4.5% principal due annually through 2008 through 2027	53,525,000			53,525,000
	\$ 279,157,916	\$ 675,574	\$ 16,515,714	\$ 263,317,776
Less: unamortized bond discount				1,003,538
Total University and Other Nonmajor Funds debt				\$ 262,314,238
Less: current portion				16,765,256
Total University and Other Nonmajor Funds debt, noncurrent				\$ 245,548,982

Hospital

Lease Payable, 3.75% due monthly at through 2019	\$ 3,692,906	\$	\$ 222,893	\$ 3,470,013
Birmingham Hospital Revenue Bonds Series 2000B, variable interest rate (3.86% at September 30, 2007), principal due annually from 2016 through 2031	107,800,000			107,800,000
Birmingham Hospital Revenue Bonds Series 2000C, variable interest rate (3.88% at September 30, 2007), due annually through 2031	38,600,000		400,000	38,200,000
Birmingham Hospital Revenue Bonds Series 2000D, variable interest rate (3.80% at September 30, 2007), due annually through 2031	74,100,000		1,650,000	72,450,000
Birmingham General Revenue Bonds Series 2001, 5% to 5.25% due annually through 2027	2,551,313		161,695	2,389,618
Birmingham General Revenue Bonds Series 2003B, 2% to 3% due annually through 2009	1,425,908		459,500	966,408
Birmingham Hospital Revenue Bonds Series 2004A, 3.125% to 5% due annually through 2014	35,490,000		3,740,000	31,750,000
Birmingham Hospital Revenue Bonds Series 2006A, 4% to 5% due annually through 2041	245,735,000		410,000	245,325,000
	\$ 509,395,127	\$	\$ 7,044,088	\$ 502,351,039
Less: unamortized bond discount				10,153,762
Total Hospital debt				\$ 492,197,277
Less: current portion				7,343,269
Total Hospital debt, noncurrent				\$ 484,854,008

Total

Leases Payable for purchase of equipment, 3.75% to 5.04%, due various dates through 2010	\$ 5,763,043	\$ 675,574	\$ 1,759,802	\$ 4,678,815
Lease payable Medical Advancement Foundation, variable rate interest, (4.13% at September 30, 2007) due annually through 2030	20,675,000		455,000	20,220,000
Birmingham General Revenue Bonds Series 1993B, variable rate interest (3.91% at September 30, 2007), due annually through 2013	8,000,000		900,000	7,100,000
Birmingham Hospital Revenue Bonds Series 2000B, variable interest rate (3.86% at September 30, 2007), principal due annually from 2016 through 2031	107,800,000			107,800,000
Birmingham Hospital Revenue Bonds Series 2000C, variable interest rate (3.88% at September 30, 2007), due annually through 2031	38,600,000		400,000	38,200,000
Birmingham Hospital Revenue Bonds Series 2000D, variable interest rate (3.80% at September 30, 2007), due annually through 2031	74,100,000		1,650,000	72,450,000
Birmingham General Revenue Bonds Series 2001, 5% to 5.25% due annually through 2027	47,100,000		2,195,000	44,905,000
Birmingham General Revenue Bonds Series 2002, 2.625% to 3.8%, due annually through 2013	8,605,000		970,000	7,635,000
Birmingham General Revenue Bonds Series 2003A, 2.5% to 4.5% due annually through 2027	67,145,000		2,285,000	64,860,000
Birmingham General Revenue Bonds Series 2003B, 2% to 3% due annually through 2009	15,640,000		5,040,000	10,600,000
Birmingham Hospital Revenue Bonds Series 2004A, 3.125% to 5% due annually through 2014	35,490,000		3,740,000	31,750,000
Birmingham General Revenue Bonds Series 2005A, 3.25% to 5% principal due annually from 2007 through 2020	60,375,000		3,755,000	56,620,000
Birmingham General Revenue Bonds Series 2005B, 3% to 4.5% principal due annually from 2008 through 2027	53,525,000			53,525,000
Birmingham Hospital Revenue Bonds Series 2006A, 4% to 5% due annually through 2041	245,735,000		410,000	245,325,000
	\$ 788,553,043	\$ 675,574	\$ 23,559,802	\$ 765,668,815
Less: unamortized bond discount				11,157,300
Total debt				\$ 754,511,515
Less: current portion				24,108,525
Total debt, noncurrent				\$ 730,402,990

September 30, 2006:**University and Other Nonmajor Funds**

	Beginning Balance	New Debt	Principal Repayment	Ending Balance
Leases Payable for purchase of equipment, 3.68% to 5.45%, due various dates through 2010	\$ 2,728,731	\$ 1,004,220	\$ 1,662,814	\$ 2,070,137
Lease Payable Medical Advancement Foundation, variable rate interest, (3.21% at September 30, 2006) due annually through 2030	21,105,000		430,000	20,675,000
Birmingham General Revenue Bonds Series 1993B, variable rate interest (3.58% at September 30, 2006), due annually through 2013	8,800,000		800,000	8,000,000
Birmingham General Revenue Bonds Series 2001, 4% to 5.25%, due annually through 2027	46,512,959		1,964,272	44,548,687
Birmingham General Revenue Bonds Series 2002, 2.5% to 3.8%, due annually through 2013	9,555,000		950,000	8,605,000
Birmingham General Revenue Bonds Series 2003A, 2% to 5% due annually through 2027	69,335,000		2,190,000	67,145,000
Birmingham General Revenue Bonds Series 2003B, 2% to 3% due annually through 2009	18,703,710		4,489,618	14,214,092
Birmingham General Revenue Bonds Series 2005A, 3% to 5% due annually through 2007 through 2020	60,375,000			60,375,000
Birmingham General Revenue Bonds Series 2005B, 3% to 4.5% principal due annually through 2008 through 2027		53,525,000		53,525,000
	\$ 237,115,400	\$ 54,529,220	\$ 12,486,704	\$ 279,157,916
Less: unamortized bond discount				1,352,142
Total University and Other Nonmajor Funds debt				\$ 277,805,774
Less: current portion				16,376,359
Total University and Other Nonmajor Funds debt, noncurrent				\$ 261,429,415

Hospital

Lease Payable, 3.75% due monthly at through 2019	\$ 3,907,608	\$	\$ 214,702	\$ 3,692,906
Birmingham Hospital Revenue Bonds Series 2000A, 4.9% to 5.875% due annually through 2031	146,190,000		146,190,000	
Birmingham Hospital Revenue Bonds Series 2000B, variable interest rate (3.58% at September 30, 2006), principal due annually from 2016 through 2031	107,800,000			107,800,000
Birmingham Hospital Revenue Bonds Series 2000C, variable interest rate (3.58% at September 30, 2006), due annually through 2031	39,000,000		400,000	38,600,000
Birmingham Hospital Revenue Bonds Series 2000D, variable interest rate (3.65% at September 30, 2006), due annually through 2031	75,657,000		1,575,000	74,100,000
Birmingham General Revenue Bonds Series 2001, 4% to 5.25% due annually through 2027	2,707,041		155,728	2,551,313
Birmingham General Revenue Bonds Series 2003B, 2% to 3% due annually through 2009	1,876,290		450,382	1,425,908
Birmingham Hospital Revenue Bonds Series 2004A, 2% to 5% due annually through 2014	39,120,000		3,630,000	35,490,000
Birmingham Hospital Revenue Bonds Series 2006A, 4% to 5% due annually through 2041		245,735,000		245,735,000
	\$ 416,275,939	\$ 245,735,000	\$ 152,615,812	\$ 509,395,127
Less: unamortized bond discount				10,494,920
Total Hospital debt				\$ 498,900,207
Less: current portion				7,044,087
Total Hospital debt, noncurrent				\$ 491,856,120

Total

Leases Payable for purchase of equipment, 3.68% to 5.45%, due various dates through 2010	\$ 6,636,339	\$ 1,004,220	\$ 1,877,516	\$ 5,763,043
Lease payable Medical Advancement Foundation, variable rate interest, (3% at September 30, 2006) due annually through 2030	21,105,000		430,000	20,675,000
Birmingham General Revenue Bonds Series 1993B, variable rate interest (2.76% at September 30, 2005), due annually through 2013	8,800,000		800,000	8,000,000
Birmingham Hospital Revenue Bonds Series 2000A, 4.9% to 5.875% due annually through 2031	146,190,000		146,190,000	
Birmingham Hospital Revenue Bonds Series 2000B, variable interest rate (3.58% at September 30, 2006), principal due annually from 2016 through 2031	107,800,000			107,800,000
Birmingham Hospital Revenue Bonds Series 2000C, variable interest rate (2.60% at September 30, 2005), due annually through 2031	39,000,000		400,000	38,600,000
Birmingham Hospital Revenue Bonds Series 2000D, variable interest rate (2.77% at September 30, 2005), due annually through 2031	75,675,000		1,575,000	74,100,000
Birmingham General Revenue Bonds Series 2001, 4% to 5.25% due annually through 2027	49,220,000		2,120,000	47,100,000
Birmingham General Revenue Bonds Series 2002, 2.5% to 3.8%, due annually through 2013	9,555,000		950,000	8,605,000
Birmingham General Revenue Bonds Series 2003A, 2% to 5% due annually through 2027	69,335,000		2,190,000	67,145,000
Birmingham General Revenue Bonds Series 2003B, 2% to 3% due annually through 2009	20,580,000		4,940,000	15,640,000
Birmingham Hospital Revenue Bonds Series 2004A, 2% to 5% due annually through 2014	39,120,000		3,630,000	35,490,000
Birmingham General Revenue Bonds Series 2005A, 3% to 5% principal due annually from 2007 through 2020	60,375,000			60,375,000
Birmingham General Revenue Bonds Series 2005B, 3% to 4.5% principal due annually from 2008 through 2027		53,525,000		53,525,000
Birmingham Hospital Revenue Bonds Series 2006A, 4% to 5% due annually through 2041		245,735,000		245,735,000
	\$ 653,391,339	\$ 300,264,220	\$ 165,102,516	\$ 788,553,043
Less: unamortized bond discount				11,847,062
Total debt				\$ 776,705,981
Less: current portion				23,420,446
Total debt, noncurrent				\$ 753,285,535

Maturities and interest on notes, leases, and bonds payable for the next five years and in the subsequent five-year incremental periods are presented in the table below. Future interest payments for variable rate debt are computed by applying the rate in effect at September 30, 2007.

University and Other Nonmajor Funds					
Year	Principal		Interest		Total
2008	\$	16,765,257	\$	10,136,603	\$ 26,901,860
2009		16,094,979		9,598,651	25,693,630
2010		16,259,696		9,036,810	25,296,506
2011		14,094,702		8,483,437	22,578,139
2012		14,565,346		7,922,265	22,487,611
2013-2017		72,568,842		30,168,507	102,737,349
2018-2022		58,488,954		16,119,180	74,608,134
2023-2027		41,800,000		5,979,429	47,779,429
2028-2032		12,680,000		442,170	13,122,170
Total University	\$	263,317,776	\$	97,887,052	\$ 361,204,828

Hospital					
Year	Principal		Interest		Total
2008	\$	7,343,269	\$	22,401,170	\$ 29,744,439
2009		7,662,541		22,077,718	29,740,259
2010		7,997,038		21,736,022	29,733,060
2011		8,293,416		21,430,319	29,723,735
2012		8,673,438		21,047,509	29,720,947
2013-2017		49,476,949		98,963,822	148,440,771
2018-2022		58,219,388		88,233,581	146,452,969
2023-2027		68,975,000		76,011,005	144,986,005
2028-2032		82,140,000		61,621,150	143,761,150
2033-2037		102,010,000		41,188,750	143,198,750
2038-2041		101,560,000		13,004,250	114,564,250
Total Hospital	\$	502,351,039	\$	487,715,296	\$ 990,066,335

Total					
Year	Principal		Interest		Total
2008	\$	24,108,526	\$	32,537,773	\$ 56,646,299
2009		23,757,520		31,676,369	55,433,889
2010		24,256,734		30,772,832	55,029,566
2011		22,388,118		29,913,756	52,301,874
2012		23,238,784		28,969,774	52,208,558
2013-2017		122,045,791		129,132,329	251,178,120
2018-2022		116,708,342		104,352,761	221,061,103
2023-2027		110,775,000		81,990,434	192,765,434
2028-2032		94,820,000		62,063,320	156,883,320
2033-2037		102,010,000		41,188,750	143,198,750
2038-2041		101,560,000		13,004,250	114,564,250
Total UAB	\$	765,668,815	\$	585,602,348	\$ 1,351,271,163

In October 2005, UAB issued \$53,525,000 in Series 2005B General Revenue Bonds. The bonds pay interest at varying rates from 3.0% to 4.5% with principal due annually through October 1, 2027. The proceeds of this offering are being used for the purpose of constructing facilities, additions and improvements at UAB; funding capitalized interest on a portion of the Series 2005B Bonds through October 1, 2007; and paying costs and expenses associated with this issuance. In September 2006, UAB issued \$245,735,000 in Series 2006A Hospital Revenue Bonds. The bonds pay interest at varying rates from 4% to 5% with principal annually through September 1, 2041. The proceeds from this offering are being used for the purpose of advance refunding of \$143,525,000 of Series 2000A Hospital Revenue Bonds and the remainder to finance capital improvements for the Hospital. UAB incurred an economic gain of \$7,889,000 and a deferred accounting loss of \$11,281,000 on the advance refunding portion of the 2006A Bonds.

The University defeased certain indebtedness by depositing funds in escrow trust accounts sufficient to provide for the subsequent payment of principal and interest on the defeased indebtedness. Under the trust agreements, all funds deposited in the trust accounts are invested in obligations of the U.S. government. Neither the assets of the trust accounts nor the defeased indebtedness are included in the accompanying statement of net assets as of September 30, 2007 and 2006. The principal outstanding on the defeased indebtedness at September 30, 2007 and 2006, respectively, was approximately \$196,775,000 and \$202,970,000 (\$56,045,000 and \$59,445,000 related to University and \$140,730,000 and \$143,525,000 related to Hospital, respectively).

The Hospital Series 2000A, 2000B, 2000C, 2000D, 2004A, 2006A Revenue Trust Indentures contain certain restrictive covenants (see Note 10). The Hospital's management believes that it was in compliance with respect to these covenants at September 30, 2007 and 2006.

(9) Other Noncurrent Liabilities

The activity with respect to other noncurrent liabilities not presented as part of Note 19 for the year ended September 30, 2007 and 2006, is as follows:

September 30, 2007	Beginning Balance	Additions	Deductions	Ending Balance
University and Other Nonmajor Funds				
Advances federal loans	\$ 16,558,056	519,659	\$ (655,092)	\$ 16,422,623
Other noncurrent liabilities	1,181,183	410,672	(745,238)	846,617
Total advances federal loans and other noncurrent liabilities	\$ 17,739,239	\$ 930,331	\$ (1,400,330)	\$ 17,269,240

September 30, 2006	Beginning Balance	Additions	Deductions	Ending Balance
University and Other Nonmajor Funds				
Advances federal loans	\$ 16,717,093	\$ 490,486	\$ (649,523)	\$ 16,558,056
Other noncurrent liabilities	64,602,210	18,774,934	(82,195,961)	1,181,183
Total advances federal loans and other noncurrent liabilities	\$ 81,319,303	\$ 19,265,420	\$ (82,845,484)	\$ 17,739,239

(10) Pledged Revenues

Pledged revenues, adjusted operating expenses, and historical debt service coverage ratio for 2007 and 2006, as defined by the Series 2000A, 2000B, 2000C, 2000D, 2004A and 2006A Hospital Revenue Trust Indentures, are as follows:

Hospital Bonds	2007	2006
Total pledged revenues	\$ 889,840,421	\$ 807,509,972
Adjusted operating expense	771,005,812	716,153,467
Net facilities income	\$ 118,834,609	\$ 91,356,505
Maximum debt service coverage	\$ 29,937,750	\$ 29,937,750
Historical debt service coverage ratio	3.97:1	3.05:1

Pledged revenues for 2007 and 2006, as defined by the Series 1993B, 2001, 2002, 2003A, 2003B, 2005A and 2005B General Revenue Trust Indentures, are as follows:

University Bonds	2007	2006
Tuition fees	\$ 97,410,523	\$ 96,756,357
Indirect cost recovery	80,506,110	81,572,348
Sales and service of educational activities	48,085,633	48,988,217
Auxiliary sales and service	22,757,692	20,743,394
Endowment and investment income	34,675,717	54,584,632
Other sources	44,889,697	38,396,761
Total Pledged Revenues	\$ 328,325,372	\$ 341,041,709

(11) Employee Benefits

Retirement and Pension Plans

Most employees of UAB participate in the Teachers' Retirement System of Alabama (TRS), a cost-sharing, multiple-employer public retirement system. Certain employees also participate in an optional plan with the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF). TRS is a defined benefit plan and the TIAA-CREF programs are defined contribution plans.

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

Covered employees are required by law to contribute to TRS. UAB, as the employer, contributes to TRS. The contribution requirements for fiscal years 2007,

and 2006, respectively, were approximately \$99,552,000 and \$85,868,000, which consisted of \$64,871,000, and \$53,252,000 from UAB and \$36,669,000 and \$32,616,000, from employees. UAB's contribution was 9.36%, and 8.17%, of salaries and wages for covered employees in 2007, and 2006. The contribution by law enforcement employees is 6% of earned compensation. The contribution by all other employees is 5% of earned compensation. All regular employees of UAB are members of TRS, with the exception of temporary employees who, by definition, are those employees hired for a predetermined period of employment of less than one year and employees working less than one half of a regular schedule.

The 10-year historical trend information shows TRS's progress in accumulating sufficient assets to pay benefits when due and the significant actuarial assumptions used to compute the pension benefit obligation, including the discount rate, projected salary increases, and postretirement benefit increases presented in the September 30, 2006, annual financial report of the TRS. That report is publicly available and may be obtained by contacting TRS.

As previously noted, some employees participate in the optional TIAA-CREF programs, which are defined contribution plans. In defined contribution plans, benefits depend solely on amounts contributed plus investment earnings. All full-time regular monthly employees are eligible to participate from the date of employment. UAB contributes a matching amount of up to 5% of total salaries for participating employees. UAB's contribution is funded as it accrues and, along with that of the employee, is immediately and fully vested. The contributions for 2007 and 2006, respectively, excluding employee amounts not eligi-



ble for matching, were approximately \$28,300,000 and \$26,558,000 which included approximately \$14,150,000 and \$13,279,000 each from UAB and its employees.

UAB's total salaries and wages for fiscal year 2007 and 2006, respectively, were approximately \$797,572,000 and \$749,709,000 (\$493,248,000 and \$470,269,000 and \$304,324,000 and \$279,440,000 for the University and Hospital, respectively.) Total salaries and wages during fiscal years 2007 and 2006, respectively, for covered employees participating in TRS were approximately \$693,064,000 and \$651,797,000, respectively. Total salaries and wages during fiscal years 2007 and 2006 for covered employees participating in TIAA CREF were approximately \$292,770,000 and \$274,884,000, respectively.

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

Postretirement Benefits

Certain retired employees may elect to continue to participate in UAB's group health plan until they are eligible for Medicare by paying the full cost of the plan premium. Retired employees age 65 or older who are eligible for Medicare must enroll in the Medicare Coordinated Plan under which Medicare is the primary insurer and UAB's health care plan becomes the secondary insurer. Despite the availability of the UAB plan, most retirees elect to participate in the Public Education Employees Health Insurance Plan (PEEHIP) with TRS, in which case the retirees pay their premiums directly to TRS.

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

SRI provides postretirement life insurance and medical benefit coverage to certain eligible employees. The detail of this postretirement benefit are presented in SRI's annual report.

Compensated Absences

Certain UAB employees accumulate vacation and sick leave at varying rates depending upon their years of continuous service and their payroll clas-

sification, subject to maximum limitations. Upon termination of employment, employees are paid all unused accrued vacation at their regular rate of pay up to a designated maximum number of days. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, the financial statements include accruals of \$51,716,100 and \$27,677,200 (\$42,188,700 and \$20,307,500 related to the University and \$9,527,400 and \$7,369,700 related to the Hospital) as of September 30, 2007 and 2006, respectively, for accrued vacation pay and salary-related payments associated with vacation pay. There is no such accrual recognized for sick leave benefits because there is no terminal cash benefit available to employees for accumulated sick leave.

(12) Federal Direct Student Loan Program

The Federal Direct Student Loan Program (FDSLP) was established under the Higher Education Act of 1965, as amended in the Student Loan Reform Act of 1993. The FDSLP enables an eligible student or parent to obtain a loan to pay for the student's cost of attendance directly through the university rather than through private lenders. UAB began participation in the FDSLP on July 1, 1994. As a university qualified to originate loans, UAB is responsible for handling the complete loan process, including funds management, as well as promissory note functions. UAB is not responsible for collection of these loans. During the years ended September 30, 2007 and 2006, respectively, UAB disbursed approximately \$76,850,000 and \$72,107,000 under the FDSLP.

(13) Grants and Contracts

At September 30, 2007 and 2006, UAB had been awarded approximately \$376,739,000 (unaudited) and \$409,824,000 (unaudited) in grants and contracts which had not been expended. These awards, which represent commitments of sponsors to provide funds for specific research, training, and service projects, have not been reflected in the financial statements.



(14) Net Patient Service Revenue

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

- Medicare—Substantially all acute-care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Additionally, the Hospital is reimbursed for both its direct and indirect medical education costs (as defined), principally based on per-resident prospective payment amounts and certain adjustments to prospective rate-per-discharge operating reimbursement payments. The Hospital generally is reimbursed for certain retroactively settled items at tentative rates with final settlement determined after submission of annual cost reports by the Hospital and audits by the Medicare fiscal intermediary. The Hospital's cost reports have been audited and settled for all fiscal years through 2005. Revenue from the Medicare program accounted for approximately 28% of the Hospital's net patient service revenue for the years ended September 30, 2007 and 2006.
- Blue Cross—Inpatient services rendered to Blue Cross subscribers are paid at a prospectively determined per diem rate. Outpatient services are reimbursed under a cost reimbursement methodology. For outpatient services, the Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by Blue Cross. The Hospital's Blue Cross cost reports have been audited and settled for all fiscal years through 2006. Revenue from the Blue Cross program accounted for approximately 26% of the Hospital's net patient service revenue for the years ended September 30, 2007 and 2006.
- Medicaid—Inpatient services rendered to Medicaid program beneficiaries are reimbursed at all-

inclusive prospectively determined per diem rates. Outpatient services are reimbursed based on an established fee schedule. The Hospital qualifies as a Medicaid essential provider and therefore also receives supplemental payments based on formulas established by the Alabama Medicaid Agency. As a Medicaid essential provider, the Hospital is required to make an intragovernmental transfer of funds to the State Treasurer's Office and receives corresponding supplemental payments in excess of the amounts transferred. The Hospital anticipates it will continue to be a Medicaid essential provider hospital based on the present formulas provided by the Agency and the State of Alabama. The net benefit associated with the Hospital's essential provider designation, totaling approximately \$11,103,152 and \$10,105,000 in 2007 and 2006, respectively, is included in net patient service revenue in the accompanying statements of revenues, expenses, and changes in net assets. There can be no assurance that the Hospital will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

Revenue from the Medicaid program accounted for approximately 15% of the Hospital's net patient service revenue for years ended September 30, 2007 and 2006.

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

The composition of Hospital operating revenue follows:

	2007	2006
Gross patient service revenue	\$ 2,599,308,008	\$ 2,307,695,022
Less provision for contractual and other adjustments	(1,699,597,898)	(1,488,543,980)
Less provision for bad debts	(181,652,584)	(148,690,483)
Total net patient service revenue	<u>\$ 718,597,526</u>	<u>\$ 670,460,559</u>
Capitation revenue	58,390,307	52,555,538
Other revenue	54,468,269	53,054,994
Total hospital sales revenue	<u>\$ 830,916,102</u>	<u>\$ 776,071,091</u>

(15) Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services, and supplies and equivalent service statistics. The following information measures the level of charity care provided during the year ended September 30, 2007 and 2006:

	2007	2006
Approximate charges forgone, based on established rates	\$ 124,602,000	\$ 98,665,000
Percentage of charity charges to total charges	4.8%	4.3%

(16) Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables from patients and third-party payors at September 30, 2007 and 2006, follows:

	2007	2006
Other	25%	28%
Self-pay patients	25	19
Medicare	15	20
Blue Cross	16	15
Medicaid	19	18
	<u>100%</u>	<u>100%</u>

(17) Construction Commitments and Financing

UAB has contracted for the construction and renovation of several facilities. At September 30, 2007 and 2006, the estimated remaining cost to complete the construction and renovation of these facilities was approximately \$233,745,000 (unaudited) and \$84,933,000 (unaudited), respectively, which is expected to be financed from private gifts, grants, bond proceeds, and UAB reserves.

PART IV

(18) Risk Management and Self-Insurance

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

UAB's medical malpractice liability is managed by PLTF, a professional liability trust fund. PLTF functions as a risk-sharing vehicle for UAB and more than ten nongovernmental organizations. PLTF covers liabilities of the covered parties, including UAB, arising from reported claims, claims that are incurred but not reported, and future costs of handling these claims. The liabilities are generally based on present value actuarial valuations discounted using interest rates from 4% to 5%. The discount rate used in 2007 and 2006 was 4%. The associated risks of claims are subject to aggregate limits, with excess liability coverage provided by independent insurers to protect participants against losses should a claim arise that exceeds PLTF coverage limits. Although UAB is the sponsor of PLTF, it is not the predominant participant in the fund.

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

The PLTF agreement requires 10% of all PLTF assets to be held in liquid assets. At September 30, 2007

and 2006, the liquid assets of the PLTF, as defined by the agreement, were in compliance with the agreement.

Effective September 15, 2006, the System Board and HSF Board amended the Trust agreement to institute changes to the PLTF that, when considered in connection with the joint venture guidance under GASB Statement No. 14, resulted in UAB and HSF receiving a joint venture investment in the PLTF. The resulting impact of this change is represented by a PLTF joint venture interest transfer of \$39,655,048, of which \$ 19,022,471 is included in the Hospital column of the Statement of Revenues, Expenses, and Changes in Net Assets for the year ended September 30, 2006. UAB will account for its investment in the PLTF, in the Hospital column, using the equity method of accounting.

General liability is subject to various claims and aggregate limits, with excess liability coverage provided by an independent insurer. General liability and employee health care claims and expenses are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The general liability liabilities are generally based on actuarial valuations and are reported at presented value. The discount rate used for the general liability was 4% in 2007 and 2006.

In addition, SRI is self-insured for active employees health care and dental coverage.

Changes in the total self-insured liabilities for the year ended September 30, 2007 and 2006 are presented as follows:

	2007	2006
University and Other Nonmajor Funds		
Balance, beginning of year	\$ 5,711,557	\$ 87,598,179
Claims incurred and changes in estimates	26,634,794	34,359,573
Claim payments	(25,099,297)	(35,421,234)
Transfer of PLTF		(80,824,961)
Balance, end of year	\$ 7,247,054	\$ 5,711,557
Hospital		
Balance, beginning of year	\$ 1,683,707	\$ 1,657,265
Claims incurred and changes in estimates	20,676,279	20,684,704
Claims payments	(20,590,169)	(20,658,262)
Balance, end of year	\$ 1,769,817	\$ 1,683,707
Total UAB		
Balance, beginning of year	\$ 7,395,264	\$ 89,255,444
Claims incurred and changes in estimates	47,311,073	55,044,277
Claim payments	(45,689,466)	(56,079,496)
Transfer of PLTF		(80,824,961)
Balance, end of year	\$ 9,016,871	\$ 7,395,264



(19) Contingencies

UAB has sovereign immunity and is, therefore, in the opinion of UAB counsel, immune to ordinary tort actions including those based on medical malpractice or general injury to patients. Consequently, while UAB is sometimes named as defendant in malpractice actions and other actions for injuries arising in the Hospital, it has consistently been dismissed from those lawsuits on the basis of the sovereign immunity doctrine. That doctrine also protects UAB from vicarious liability arising from the negligence of its employees. While UAB is not aware of any impending threat to this doctrine, UAB is a named insured under the terms of the PLTF and GLTF and excess insurance purchased from commercial companies (Note 18). There are some exceptions to the sovereign immunity doctrine, most notably federal court cases arising under the federal constitution or federal statutes.

UAB is engaged in various legal actions in the ordinary course of business. Management does not believe the ultimate outcome of these actions will have a material adverse effect on the financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustments by such agencies, principally the United States Government. Any disallowed claims, including amounts already collected, may constitute a liability of UAB. The amount, if any, of expenditures that may be dis-

allowed by the grantor cannot be determined at this time, although UAB expects any such amounts to be immaterial.

In 2007, the Hospital was notified by the Office of Inspector General that certain medical treatment practices were being questioned for medical necessity. After discussions with the Office of Inspector General and evaluating the related billings the Hospital has recorded reserves and corresponding reductions of net patient service revenue related to this issue in 2007.

SRI is involved in an environmental remediation site where SRI voluntarily elected to clean up the site in accordance with applicable federal and state laws. Additionally, SRI has voluntarily elected to decommission a laboratory facility formerly used for projects involving toxic agents. Uncertainties about the status of laws and regulations, technology, the magnitude of possible contamination and the extent of the correction actions make it difficult to develop estimates of probable future remediation and decommissioning costs. While the actual costs of remediation and decommissioning may vary from management's estimates because of these uncertainties, SRI has accrued \$2,500,000 and \$2,300,000 at September 30, 2007 and 2006, respectively, included in accounts payable and accrued liabilities in the accompanying statement of net assets, based on management's best estimate of the exposures.

See note 2 for discussion of the guarantee of the UAB Highlands debt.

(20) Operating Expenses by Function

Total operating expenses by functional classification for the year ended September 30, 2007 and 2006, are as follows:

September 30, 2007	Salaries, Wages, and Benefits	Supplies and Services	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	\$ 207,479,313	\$ 30,398,675	\$	\$	\$ 237,877,988
Research	200,072,979	106,350,457			306,423,436
Public service	49,312,139	32,980,655			82,292,794
Academic support	105,445,478	219,132,997			324,578,475
Student services	13,799,278	7,979,709			21,778,987
Institutional support	76,347,450	31,988,403			108,335,853
Operations and maintenance of plant	28,350,458	34,099,267			62,449,725
Scholarships and fellowships				22,141,254	22,141,254
Hospital	425,306,740	345,699,072			771,005,812
Auxiliary	14,567,841	19,179,675			33,747,516
Depreciation and amortization			119,319,242		119,319,242
Total Operating Expenses	\$ 1,120,681,676	\$ 827,808,910	\$ 119,319,242	\$ 22,141,254	\$ 2,089,951,082

September 30, 2006	Salaries, Wages, and Benefits	Supplies and Services	Depreciation and Amortization	Scholarships and Fellowships	Total
Instruction	\$ 196,588,191	\$ 29,941,368	\$	\$	\$ 226,529,559
Research	197,409,790	131,818,567			329,228,357
Public service	46,590,868	24,245,897			70,836,765
Academic support	74,826,905	180,627,999			255,454,904
Student services	12,931,223	6,246,226			19,177,449
Institutional support	62,220,692	23,733,373			85,954,065
Operations and maintenance of plant	24,586,061	28,476,203			53,062,264
Scholarships and fellowships				20,505,063	20,505,063
Hospital	376,449,419	339,704,045			716,153,464
Auxiliary	12,394,745	16,906,054			29,300,799
Depreciation and amortization			114,968,704		114,968,704
Total Operating Expenses	\$ 1,003,997,894	\$ 781,699,732	\$ 114,968,704	\$ 20,505,063	\$ 1,921,171,393



(21) Recently Issued Pronouncements

GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Other Than Pensions*, was issued by the GASB in July 2004. This statement requires governmental entities to recognize and match other post employment benefit costs, for example health and life insurance expense, with related services received and also to provide information regarding the actuarial accrued liability and funding level of the benefits associated with past services. GASB Statement No. 45 will be effective for financial statement periods beginning after December 15, 2006. The impact that GASB Statement No. 45 will have on the UAB's financial statements is currently being evaluated. However, most retirees elect to participate in the State-sponsored PEEHIP (Note 11) which is a multi-employer plan. GASB Statement No. 45 is not expected to effect UAB's accounting for the PEEHIP. UAB is still evaluating the impact of implementation of GASB 45 on its other retirement plans. UAB is adopting GASB 45 for fiscal year ending September 30, 2008.

The GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation an amendment of GASB Statement No. 34*, in December 2004. GASB Statement No. 46 amends GASB Statement No. 34 to clarify the definition of a legally enforceable enabling legislation restriction and specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. GASB Statement No. 46 was effective for financial statement periods beginning after June 15, 2005. UAB adopted this Statement effective October 1, 2005. There was not a material impact on UAB's financial statements from the adoption of this statement.

The GASB issued Statement No. 47, *Accounting for Termination Benefits*, in July 2005. GASB Statement No. 47 establishes recognition, measurement, and disclosure requirements for both voluntary termination benefits (for example, early-retirement incentives) and involuntary termination benefits (for example, severance benefits). The requirements of GASB Statement No. 47 are effective in two parts. For termination benefits provided through an existing defined benefit OPEB plan, the provisions of this



statement should be implemented simultaneously with the requirements of GASB Statement No. 45. For all other termination benefits, this statement is effective for financial statements for periods beginning after June 15, 2005. UAB is adopting this statement in two phases. There is not expected to be a material impact on its financial statement.

In September 2006, the GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues* effecting financial statement periods beginning after December 15, 2006. GASB Statement No. 48 details criteria used to determine whether certain revenue generating transactions should be classified as a sale or a collateralized borrowing. After evaluating GASB Statement No. 48, UAB has determined it will have no material impact to its financial statements.

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued by the GASB in December 2006. This statement will require that governments provide more detailed information regarding the effect of environmental cleanups and will be effective for financial periods beginning after December 15, 2007. UAB is currently evaluating the impact that GASB Statement No. 49 will have on its financial statements.

GASB Statement No. 50, *Pension Disclosures*, was issued by the GASB in May 2007. This statement more closely aligns current pension disclosure requirements for governments with those that governments are beginning to implement for retiree health insurance and other post-employment benefits and will be effective for financial periods beginning after June 15, 2007. UAB is currently evaluating the impact that GASB Statement No. 50 will have on its financial statements.

The GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets (GASB 51)*, in June 2007. Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This reference has created questions as to whether and when intangible assets should be considered capi-



tal assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The Statement is effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. UAB is currently evaluating the impact that GASB Statement No. 51 will have on its financial statements.

The GASB issued Statement No. 52, Land and Other Real Estate Held as Investments by Endowments (GASB 52), in November 2007. Accounting standards have historically required permanent and term endowments, including permanent funds, to report land and other real estate held as investments at their historical cost. Endowments exist to invest resources for the purpose of generating income. Other entities that exist for similar purposes—pension and other postemployment benefit plans, external investment pools, and Internal Revenue Code Section 457 deferred compensation plans—however, report land and other real estate held as investments at their fair value. This Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value. The Statement is effective for financial statements for periods beginning after June 15, 2008. UAB is currently evaluating the impact that GASB Statement No. 52 will have on its financial statements.

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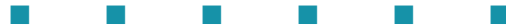
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