

AUDITED FINANCIAL STATEMENTS AND
REPORTS AND SCHEDULE REQUIRED BY
THE UNIFORM GUIDANCE

University of Puerto Rico
Year Ended June 30, 2024
With Reports of Independent Auditors



University of Puerto Rico

Audited Financial Statements and
Reports and Schedule Required by the Uniform Guidance

Year Ended June 30, 2024

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Financial Statements



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Ernst & Young LLP
235 Federico Costa Street
Parque Las Américas 1, Suite 410
San Juan, PR 00918

Tel: +1 787 759 8212
Fax: +1 787 753 0808
ey.com

Report of Independent Auditors

Governing Board
University of Puerto Rico

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, and the aggregate discretely presented component units of the University of Puerto Rico (the “University”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the University at June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Molecular Sciences Research Center, Inc. as of and for the year ended June 30, 2024, which financial statements reflect total assets constituting 0.369%, total net position constituting 0.678% and total revenues constituting 0.134%, of the related University’s Primary Government totals as of and for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Molecular Sciences Research Center, Inc. is based solely on the report of other auditors. In addition, we did not audit the financial statements of Servicios Médicos Universitarios, Inc. (the “Hospital”), University of Puerto Rico Parking System, Inc., and Material Characterization Center, Inc., which represent 100% of the aggregate discretely presented component units, as of June 30, 2024. The financial statements of Servicios Médicos Universitarios, Inc and Material Characterization Center, Inc were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to amounts included for the aggregate discretely presented component units, is based solely on the reports of the other auditors. The financial statements of University of Puerto Rico Parking System, Inc. were audited by other auditors whose report has been furnished to us, included an emphasis of a matter paragraph regarding the restatement of beginning balance of net assets due to correction of a prior period error. Our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based solely on the report of the other auditors.



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Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Molecular Sciences Research Center, Inc., Servicios Médicos Universitarios, Inc. (the "Hospital"), University of Puerto Rico Parking System, Inc. and Material Characterization Center, Inc. were not audited in accordance with Governmental Auditing Standards.

Substantial Doubt About the University's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the University will continue as a going concern. As discussed in Note 21 to the financial statements, the University is highly dependent of the Commonwealth of Puerto Rico (the Commonwealth) appropriations to finance its operations, has recurring losses from operations, net capital deficiency, is negotiating its debt, and has stated that substantial doubt exists about the University's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plan regarding these matters are also described in Note 21. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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



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In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-24, schedule of changes in the University's net pension liability and related ratios on page 110, schedule of the University's contributions- pension plan on page 111, and the schedule of changes in the University's total postemployment benefits other than pensions (OPEB) liability and related ratios on page 116 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of changes in the university's sinking fund reserve but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.



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In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control over financial reporting and compliance.

Ernst + Young LLP

March 31, 2025



DLLP50-284

University of Puerto Rico



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

Overview of the Basic Financial Statements

This Management's Discussion and Analysis (MD&A) provides a narrative overview and analysis of the financial activities of the University of Puerto Rico (the University) for the fiscal year ended June 30, 2024. The MD&A serves as an introduction to the University's financial statements, which include the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position (Deficit); Statement of Cash Flows; and the Notes to the Financial Statements. The University may also present additional information to supplement the basic financial statements.

The MD&A is intended to help readers in identifying significant financial trends, provide an overview of financial activities, and summarize key operating results. As this discussion is summarized, readers are encouraged to review the financial statements, accompanying notes and the required supplementary information in their entirety to obtain a comprehensive understanding of the University's financial position.

The University follows accounting and reporting policies that conform to generally accepted accounting principles (GAAP) in the United States of America, as applicable to governmental entities, in accordance with the Governmental Accounting Standards Board (GASB). GASB establishes authoritative accounting and financial reporting standards for governmental entities. For financial reporting purposes, the University is classified as a special-purpose government engaged only in business-type activities, as defined by GASB Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services. Accordingly, the University's financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, meaning revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows.

The Statement of Net Position presents information on the University's assets, liabilities and deferred inflows and outflows of resources at the end of the fiscal year. The difference between assets plus deferred outflows of resources and liabilities and deferred inflows of resources represents the University's net position. Over time, changes in net position may serve as an indicator of whether the University's financial health is improving or deteriorating. Net position is categorized as net investment in capital assets, restricted, or unrestricted. Restricted net position, which may be expendable or nonexpendable, consists of assets with external constraints imposed by law, donors, or contractual obligations. Unrestricted net position, while generally designated for specific purposes, remains available to meet financial obligations.

The Statement of Revenues, Expenses and Changes in Net Position (Deficit) reports financial performance over the fiscal year, detailing changes in net position. Revenues and expenses are recorded when transactions occur, regardless of when cash is received or disbursed. Operating revenues include amounts earned from providing services, such as tuition, patient services, grants, contracts, and auxiliary enterprises. Operating expenses consist of the costs incurred to fulfill the University's educational and research mission. Non-operating revenues include funds received that are not related to core operations, such as state appropriations, investment income, and gifts. This statement also includes other revenues, expenses, gains, and losses, such as capital contributions and adjustments for extraordinary events, which further impact the University's financial position.



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The Statement of Cash Flows presents changes in cash and cash equivalents resulting from operating, non-capital and capital financing, and investing activities. It provides insights into the University's liquidity by detailing cash receipts and cash disbursements during the fiscal year.

The Notes to the Financial Statements offer additional explanations and disclosures that are essential for a full understanding of the financial data presented. These notes provide context on accounting policies, financial commitments, and other relevant details necessary for an accurate financial analysis.

The Required Supplementary Information (RSI) consists of three schedules, which include: (i) two supplementary schedules related to the University's Employees Retirement Plan, as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27* (GASB 68); and (ii) one supplementary schedule pertaining to the University's Postemployment Benefits Other Than Pensions (OPEB) Program, as required by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

The Other Financial Information includes the Schedule of Changes in Sinking Fund Reserves, detailing the University's debt service reserves and financial commitments related to long-term obligations.

The University of Puerto Rico

The University of Puerto Rico (the University), founded in 1903, is a state-supported university system created by Law No. 1 of January 20, 1966, "Law of the University of Puerto Rico" or "Act No. 1", as amended. The University's mission is to serve the people of Puerto Rico, contribute to the development and preservation of Puerto Rican culture, and uphold fundamental, ethical, and aesthetic values while remaining committed to the ideals of a democratic society. To fulfill its mission, the University strives to provide high-quality education and advance knowledge in the Arts, Sciences, and Technology.

The University operates as a public corporation of the Commonwealth of Puerto Rico (the Commonwealth) and is governed by a fourteen-member Governing Board. The governing structure includes eight members appointed by the Governor of Puerto Rico, confirmed by the Senate of Puerto Rico for a six-year term. The remaining six members include two tenured professors and two full-time students, who serve one-year terms, as well as two ex-officio members: the Secretary of the Department of Education of the Commonwealth and the Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF, by its Spanish acronym), or their designees.

As a public institution, the University is exempt from the payment of taxes on its revenues and properties. For financial reporting purposes, the University is classified as a discretely presented major component unit of the Commonwealth, in accordance with GASB standards. This classification reflects the University's significant financial relationship with the Commonwealth while maintaining a separate legal status.

The University of Puerto Rico is the largest and oldest higher education institution in Puerto Rico, with a high-standard reputation for academic excellence. The University's primary source of revenues is Commonwealth appropriations, supplemented by tuition, federal grants, patient services, auxiliary enterprises, interest income, and other sources.



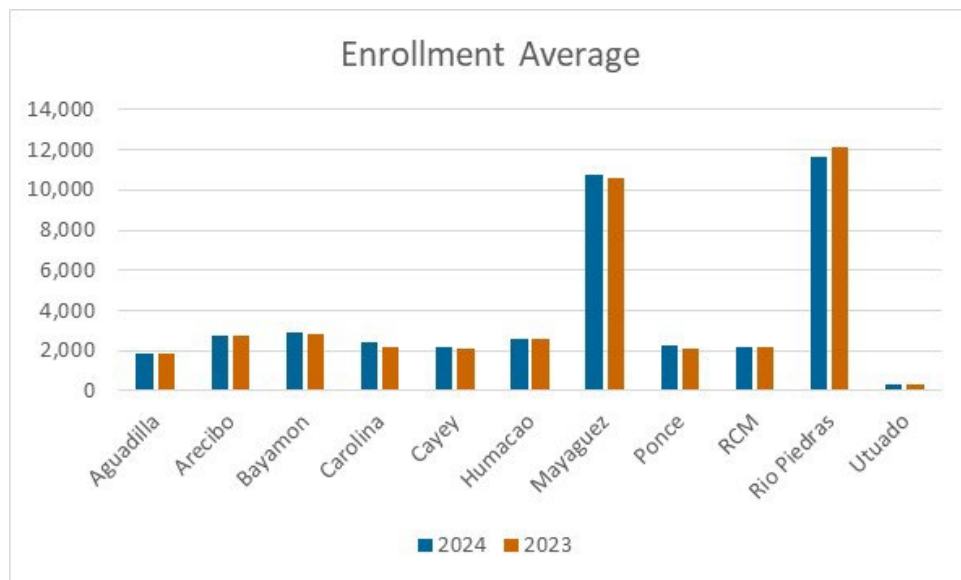
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For the Year Ended June 30, 2024

A key strength of the University is its ability to attract federal funding for research, training, and public services. It secures sponsorships from a broad range of federal agencies across disciplines, including Sciences, Health Sciences, Engineering, Technology, and the Arts. The University continues to expand and diversify its funding sources to support its mission and strategic priorities.

The University of Puerto Rico system consists of eleven campuses: Río Piedras, Mayagüez, Medical Sciences (RCM, by its Spanish acronym), Cayey, Humacao, Ponce, Bayamón, Aguadilla, Arecibo, Carolina and Utuado. All eleven campuses are accredited by the Middle States Commission on Higher Education, ensuring compliance with academic and institutional standards.

For the fiscal years 2024 and 2023, the University of Puerto Rico maintained a consistent enrollment trend across its eleven campuses. Enrollment figures per campus were as follows:

	<u>Aguadilla</u>	<u>Arecibo</u>	<u>Bayamon</u>	<u>Carolina</u>	<u>Cayey</u>	<u>Humacao</u>	<u>Mayaguez</u>	<u>Ponce</u>	<u>RCM</u>	<u>Rio Piedras</u>	<u>Utuado</u>	<u>Total</u>
2024	1,865	2,771	2,904	2,387	2,179	2,577	10,730	2,266	2,161	11,660	304	41,804
2023	1,875	2,729	2,828	2,187	2,107	2,550	10,633	2,085	2,223	12,111	303	41,631



While campuses experienced minor fluctuations in enrollment, overall student enrollment remained stable, reinforcing the University's sustained role as the leading public higher education institution in Puerto Rico.

The Río Piedras and Mayagüez campuses continued to enroll the largest number of students, collectively accounting for 54% of the total student body. RCM and other specialized campuses also maintained steady enrollment levels, underscoring the University's broad academic reach and diverse program offerings.

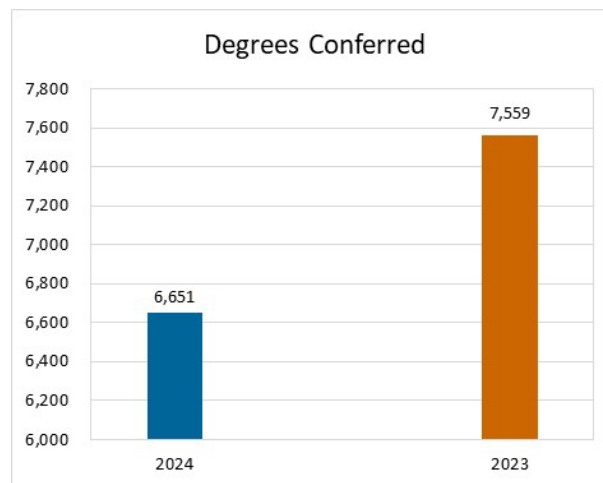


University of Puerto Rico
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Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

These enrollment trends highlight the University's commitment to accessibility and academic excellence, ensuring that higher education remains available to students across the island. The institution continues to implement initiatives aimed at enhancing student retention and academic success, further strengthening its position as a premier center for learning and research.

For the fiscal years 2024 and 2023, the University conferred an average of 6,651 and 7,559 degrees, respectively, across its eleven campuses. This represents a decrease of approximately 12% in the total number of degrees awarded. The decline may reflect factors such as shifts in enrollment trends, changes in academic program demand, and broader demographic or economic influences affecting higher education completion rates.

Despite this variation, the University remains deeply committed to academic excellence and student success. It continues to enhance its programs and resources to support student retention and degree completion, ensuring that students receive the highest quality education while adapting to changing higher education landscapes.



The Financial Reporting Entity

Reporting Entity

The University of Puerto Rico constitutes a comprehensive reporting entity, including blended and discretely presented component units, for which the University maintains financial accountability.

Primary Government

The primary government represents the University of Puerto Rico along with its blended component units. The definition of the reporting entity is based on the principle of financial accountability, meaning the University is responsible for the organizations that form part of its reporting structure. Additionally, the University is accountable for legally separate entities when it appoints a voting majority of their governing bodies and either exercises control over their operations or has the potential to receive financial benefits or assume financial burdens from these entities.



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Blended Component Units

Blended component units are legally separate entities, financially integrated with the University, and function as extensions of its operations. These entities include Desarrollos Universitarios, Inc. (DUI) and Molecular Science Research Center, Inc. (MSRC). Since their debts are expected to be repaid entirely or almost entirely with the University's resources, they are included within the University's primary government financial statements rather than being reported separately.

Discretely Presented Component Units

These component units, which also function as an extension of the University's operations, are legally separate from the University but are reported as discretely presented entities because the University either appoints most of their governing boards, exerts influence over their operations, or has a financial interest in their activities. These entities include Servicios Médicos Universitarios, Inc. (SMU), University of Puerto Rico Parking System, Inc. (UPRPS), and Materials Characterization Center (MCC). Unlike blended component units, these organizations are presented separately from the primary government in the financial statements to reflect their distinct financial and operational structures.

This financial reporting structure ensures that all entities under the University's scope of financial accountability are properly classified and transparently presented, in full compliance with GASB guidelines.

Financial Highlights

As of June 30, 2024, the Primary Government reported a net deficit of \$910.3 million, which is comprised of \$1.7 billion in total assets and \$224 million in deferred outflows of resources, less \$2.6 billion in total liabilities and \$229.2 million in deferred inflows of resources.

The net deficit of \$ 910.3 million is distributed as follows: net investment in capital assets of \$489 million, restricted net position of \$417.2 million, and unrestricted deficit of \$1.8 billion.

The total revenues for fiscal year 2024 were approximately \$1.3 billion, reflecting an increase of \$124.5 million (11%) from prior year's amount of approximately \$1.2 billion. This increase can be attributed to a \$32.7 million (21%) increase in governmental grants and contracts, along with a \$89.8 million (16%) increase in Commonwealth appropriations, which collectively enhanced the University's financial position for the year. Total operating expenses increased by \$70 million (9%), rising from \$785.1 million in fiscal year 2023 to \$855.1 million in fiscal year 2024. This increase was primarily driven by a decline in pension credit, which decreased by \$41.3 million (17%), along with an additional \$27.6 million attributed to increases in salaries, financial aid, and supplies and other services. As a result, the net deficit decreased favorably by \$429.3 million for fiscal year 2024.



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The University's operating loss for the fiscal year ending June 30, 2024, was approximately \$445.8 million, an increase of \$30.6 million (7%) when compared to the operating loss of about \$415.2 million for the fiscal year ended June 30, 2023. Total operating revenues for fiscal year 2024 reached approximately \$409.3 million, which represents an increase of \$39.4 million (11%) compared to the \$369.9 million reported in fiscal year 2023. In contrast, total operating expenses increased by \$70 million (9%) in fiscal year 2024.

Net investment income increased by \$10.7 million, driven by higher rates on interest-bearing investments. Nevertheless, contributions to the permanent endowment created by the "Law of the Scholarship Fund to Mitigate the Increase in Tuition Costs of the Fiscal Plan," enacted in 2022, saw a substantial decrease of \$50.7 million.

The University's cash and cash equivalents position increased by \$326.9 million, while investments declined by \$320.1 million. These changes were primarily the result of the maturity of short-term investments that were not renewed and were subsequently transferred and classified as restricted cash and cash equivalents.

As of June 30, 2024, the University's unearned revenues amounted to \$109.5 million, of which \$73.1 million corresponds to FEMA. During the year, the University of Puerto Rico continued executing its disaster recovery plan, securing FEMA funding and other disaster-relief grants to support infrastructure repairs following Hurricanes Irma, Maria, and Fiona, as well as the damage caused by the 2020 earthquakes. The University expects to receive \$1.2 billion over a period of fifteen years for permanent restoration projects approved by FEMA. The University remains committed to maximizing disaster recovery resources while ensuring financial stability and compliance with federal funding requirements.

Overall Financial Position and Results of Operations

The following discussion and analysis provide readers of the financial statements with a summary of key factors that influenced the University's financial position and operating results. This section highlights significant changes in the Statement of Net Position (Deficit) and the Statement of Revenues, Expenses, and Changes in Net Position (Deficit), offering insights into the financial health and performance of the University for the fiscal year. The University's financial position continued to stabilize in fiscal year 2024, reflecting improvements in net position and a reduction in overall deficit. The Statement of Net Position (Deficit) and the Statement of Revenues, Expenses, and Changes in Net Position (Deficit) highlight key financial trends and performance indicators.



University of Puerto Rico
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For the Year Ended June 30, 2024

Condensed Statement of Net Position (in thousands)

	June 30	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 290,867	\$ 158,710
Investments	64,412	206,463
Accounts receivable, net	38,590	23,461
Due from, net:		
Commonwealth of Puerto Rico	44,938	12,307
Federal government	57,753	58,047
Component units	392	468
Other governmental entities	6,348	393
Prepays and other assets	11,443	10,571
Total current assets	514,743	470,420
Non-current assets:		
Cash and cash equivalents	214,410	19,686
Investments	222,431	400,442
Due from component units, net	3,952	—
Capital assets, net	753,189	740,007
Other assets	10,209	14,052
Total non-current assets	1,204,191	1,174,187
Total assets	1,718,934	1,644,607
Deferred outflows of resources	223,971	265,795
Total assets and deferred outflows of resources	1,942,905	1,910,402
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	89,353	82,299
Due to:		
Commonwealth of Puerto Rico	26,789	27,121
Component units	666	1,693
Other governmental entities	3,335	3,807
Unearned revenues	109,506	102,486
Long-term debt	34,475	32,893
Other	27,895	33,375
Total current liabilities	292,019	283,674
Non-current liabilities:		
Long-term debt, net of current portion	247,270	282,954
Other long-term liabilities	202,739	193,418
Net pension liability	1,690,923	1,752,230
OPEB liability	191,138	198,788
Total non-current liabilities	2,332,070	2,427,390
Total liabilities	2,624,089	2,711,064
Deferred inflows of resources	229,177	539,054
Total liabilities and deferred inflows of resources	2,853,266	3,250,118
Net position (deficit)		
Net investment in capital assets	489,034	444,796
Restricted:		
Non-expendable	342,970	338,181
Expendable	74,277	73,803
Unrestricted (deficit)	(1,816,642)	(2,196,496)
Total net position (deficit)	\$ (910,361)	\$ (1,339,716)



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For the Year Ended June 30, 2024

Financial Position Overview

As of June 30, 2024, total assets amounted to approximately \$1.7 billion, representing a \$74.3 million increase from \$1.6 billion in fiscal year 2023. Current assets increased by \$44.3 million, growing from \$470.4 million in fiscal year 2023 to \$514.7 million in fiscal year 2024. The net effect of the annual movement of current cash and cash equivalents and investments was a decrease of \$9.9 million. Also, due from governmental entities rose by \$38.3 million (54%) when compared to fiscal year 2023.

Total liabilities decreased by approximately \$87 million (3%), from \$2.7 billion in fiscal year 2023 to \$2.6 billion in fiscal year 2024. The primary source of this decrease was reductions in long-term debt and net pension liability, reflecting the University's efforts to manage its obligations more efficiently. Additionally, deferred inflows of resources saw a substantial decline of \$309.9 million, dropping from \$539 million in fiscal year 2023 to \$229.2 million in fiscal year 2024, mainly as a result of pension-related adjustments. Furthermore, the net pension liability decreased by \$61.3 million in fiscal year 2024, primarily driven by a significant increase in the net investment income generated by the plan's investments.

As a result, the University's total net deficit improved by \$429.3 million, from \$1.3 billion in fiscal year 2023 to \$910.3 million in fiscal year 2024, indicating continuous progress in pursuing financial stability.

Capital Assets

Capital assets are comprised of land and land improvements, buildings, infrastructure, and equipment that are used to support the University's mission to provide high quality education. Structures are used as research and learning facilities in the Arts, Sciences and Technology, along with equipment and right to use leased assets.

For the fiscal year ended June 30, 2024, significant additions of capital assets included renovations and rehabilitation of existing facilities, restoration of historic buildings, and new equipment to accommodate advances in technology, evolving educational standards, and compliance with modern building codes.

As of June 30, 2024, the University's capital assets, net of accumulated depreciation and amortization, totaled approximately \$753.2 million compared to \$740 million as of June 30, 2023.

Furthermore, as of June 30, 2024, the University had outstanding construction commitments totaling approximately \$45 million.

University Debt

Long-term debt obligations include the University's revenue and AFICA bonds, which amounted, as of June 30, 2024, to approximately \$237.7 million and \$44 million, respectively, for a total debt of \$281.6 million. This represents a decrease of \$34 million from the prior year due to scheduled service payments.



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The University's revenue bonds proceeds were mainly used to finance new activities in connection with its educational facilities construction program and to cancel and refinance previous debts incurred. The AFICA bonds were primarily issued to finance the development, construction, and equipment of Plaza Universitaria, a residential and commercial facility for the use of students and other entities conducting business with the University. Both types of bonds were rated "CC" by Standard & Poor's Ratings Services (S&P) in January 2021. There has not been a rating revision since then.

University's Standstill Agreement

On June 29, 2017, the University and the Trustee for the University of Puerto Rico Refunding Bonds Series P and Q ("University Bonds") entered into a standstill agreement (the Standstill Agreement), pursuant to which the University agreed to transfer to a segregated account, for the benefit of the holders of the University Bonds, certain amounts of pledged revenues on the condition that, during the covered period of the Standstill Agreement, the Trustee would not institute, commence, or continue any legal proceeding against the University, the Commonwealth, or any of its agencies, instrumentalities, or municipalities thereof, to enforce rights related to University Bonds. The Standstill Agreement has been subject to twenty-two extensions. The latest extension is through July 1, 2025. Pursuant to the Standstill Agreement, as extended, during the compliance period, holders of the majority of the bonds and the Trustee, at the direction of the University's bondholders, will negotiate in good faith toward a restructuring of the bonds. The monthly payments of pledged revenues transferred to the Trustee are applied in accordance with the Trust Agreement governing the Series P and Q Bonds during the new Compliance Period, as extended.

The Trust Agreements governing the University's revenue and AFICA bonds require a ratio of total pledged revenues plus interest earned on reserve accounts to principal and interest requirements for the University's bonds of at least 1.5 to 1 (total debt service coverage ratio). As of June 30, 2024, the University's total debt service coverage ratio was 4.17.

The University has complied with and has made all transfers due under the Standstill Agreement, as extended. In addition, the Trustee, on behalf of the University, has paid, as agreed, the scheduled principal and interest payments on the outstanding University Bonds. As a result, The Trustee has not instituted nor commenced any legal proceedings.

Operating Results and Revenue Trends

Total operating revenues increased by \$39.4 million, rising from \$369.9 million in fiscal year 2023 to \$409.3 million in fiscal year 2024. This growth was largely driven by an increase in governmental grants and contracts, which grew by \$32.7 million from \$157.5 million in fiscal year 2023 to \$190.2 million in fiscal year 2024. Tuition and fees, net, declined by \$4.8 million, decreasing from \$81.4 million in fiscal year 2023 to \$76.7 million in fiscal year 2024. Additionally, other operating revenues experienced a drop of \$4.5 million (11%), falling from \$39.2 million in fiscal year 2023 to \$34.7 million in fiscal year 2024.



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Total operating expenses increased by \$70 million, rising from \$785.1 million in fiscal year 2023 to \$855.1 million in fiscal year 2024. This increase was primarily driven by a decrease of \$41.3 million in the pension credit reported for fiscal year 2024. Additionally, salary expenses grew by \$9.8 million, increasing from \$519.1 million in fiscal year 2023 to \$529 million in fiscal year 2024. Finally, expenditures on scholarships and fellowships rose by \$11.4 million, from \$117.4 million to \$128.8 million.

As a result, the University's operating loss increased by \$30.5 million, rising to \$445.8 million in fiscal year 2024, compared to an operating loss of \$415.2 million in fiscal year 2023.

Non-operating Revenues (Expenses) and Other Changes in Net Position

Net non-operating revenues increased by \$85.1 million, rising from \$776.6 million in fiscal year 2023 to \$861.8 million in fiscal year 2024, reflecting continued financial support from the Commonwealth and Federal government. Commonwealth appropriations increased by \$89.8 million, rising from \$552.7 million in 2023 to \$642.5 million in 2024. While Federal Pell Grant funds increased by \$13.4 million from \$150.9 million in fiscal year 2023 to \$164.3 million in fiscal year 2024. However, CARES Act funds decreased by \$30 million (66%), declining from \$45.5 million in fiscal year 2023 to \$15.5 million in fiscal year 2024.

Unearned revenues increased by \$7 million in fiscal year 2024, primarily due to the receipt of Commonwealth funds designated for training and seminars for governmental employees.

Overall, the University's net position improved by \$429.3 million, reducing the deficit from \$1.3 billion in fiscal year 2023 to \$910.3 million as of June 30, 2024. The net position comprises a net investment in capital assets of approximately \$489 million, a restricted net position of \$417.2 million, and an unrestricted net deficit of approximately \$1.8 billion.



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Condensed Statement of Revenues, Expenses and Changes in Net Position (Deficit) (in thousands)

	Years Ended June 30	
	2024	2023
Operating revenues:		
Tuition and fees, net	\$ 76,656	\$ 81,445
Governmental grants and contracts, net	190,192	157,459
Net patient services revenue and other, net	107,761	91,784
Other operating revenues, net	34,721	39,215
Total operating revenues	409,330	369,903
Operating expenses:		
Salaries	528,986	519,143
Benefits:		
Pension (credit) and OPEB expense	(200,678)	(241,982)
Other benefits	134,196	139,771
Scholarships and fellowships	128,786	117,388
Supplies, other services, and utilities	146,051	139,740
Depreciation, amortization, and other operating expenses	117,811	111,078
Total operating expenses	855,152	785,138
Operating loss	(445,822)	(415,235)
Non-operating revenues (expenses):		
Commonwealth and other appropriations	642,542	552,690
Federal grants:		
Federal Pell Grant program	164,312	150,917
CARES Act	15,511	45,510
Federal Emergency Management Agency ("FEMA")	4,745	4,719
Other	34,659	22,774
Net non-operating revenue	861,769	776,610
Income before other changes in net position	415,947	361,375
Other changes in net position:		
Capital grant contributions	13,078	2,072
Additions to term and permanent endowments - Commonwealth of PR	330	51,040
Total other changes in net position	13,408	53,112
Change in net position	429,355	414,487
Net position (deficit) - beginning of year, as restated	(1,339,716)	(1,754,203)
Net position (deficit) - end of year	\$ (910,361)	\$ (1,339,716)



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Revenues

Approximately 80% of the University's total revenues (including both operating and non-operating) are derived from Commonwealth and Federal appropriations, grants, and contracts. The remaining revenues primarily consist of tuition and fees, net patient services, and other auxiliary sources.

The increase in revenues of \$124.5 million is primarily attributable to a \$122 million rise in federal grants, Commonwealth appropriations and net patient services.

Tuition and Fees

Tuition and fees decreased by \$4.8 million (6%) in fiscal year 2024 caused by a slight decline in the number of credit hours enrolled by the students, and an increase in the scholarship allowances awarded in fiscal year 2024. This decrease was offset by the tuition rate adjustments implemented in fiscal year 2023, which included increases in the per-credit cost for undergraduate and graduate student programs.

The tuition fees per credit during fiscal years 2024 and 2023 were as follows:

Degree Program	Tuition per Credit
Undergraduate	\$ 157
Masters	205
Doctoral	215
Juris Doctor	305

Degree of Medical Doctor (MD) is approximately \$17.5 thousand annually.

In 2019, the University initiated a gradual tuition and fee increase plan in alignment with its certified fiscal plans. However, the Governing Board of the University froze tuition increases for fiscal year 2024, maintaining the same rates as in fiscal year 2023.

Even though the net tuition and fees revenue decreased in fiscal year 2024, the student body grew by 173 students, increasing from 41,631 students in fiscal year 2023 to 41,804 students in fiscal year 2024.

Net Patient Services Revenue

Patient service revenue is primarily generated from medical services, including laboratory services, provided by faculty members at the University's Medical Sciences Campus.

Net patient services and other related revenues totaled \$107.8 million in fiscal year 2024, compared to \$91.8 million in fiscal year 2023, representing an increase of \$16 million (17%). This increase is due to a rise in the billed medical services during fiscal year 2024, which was partially offset by a decrease in the capitated contracts for medical services.



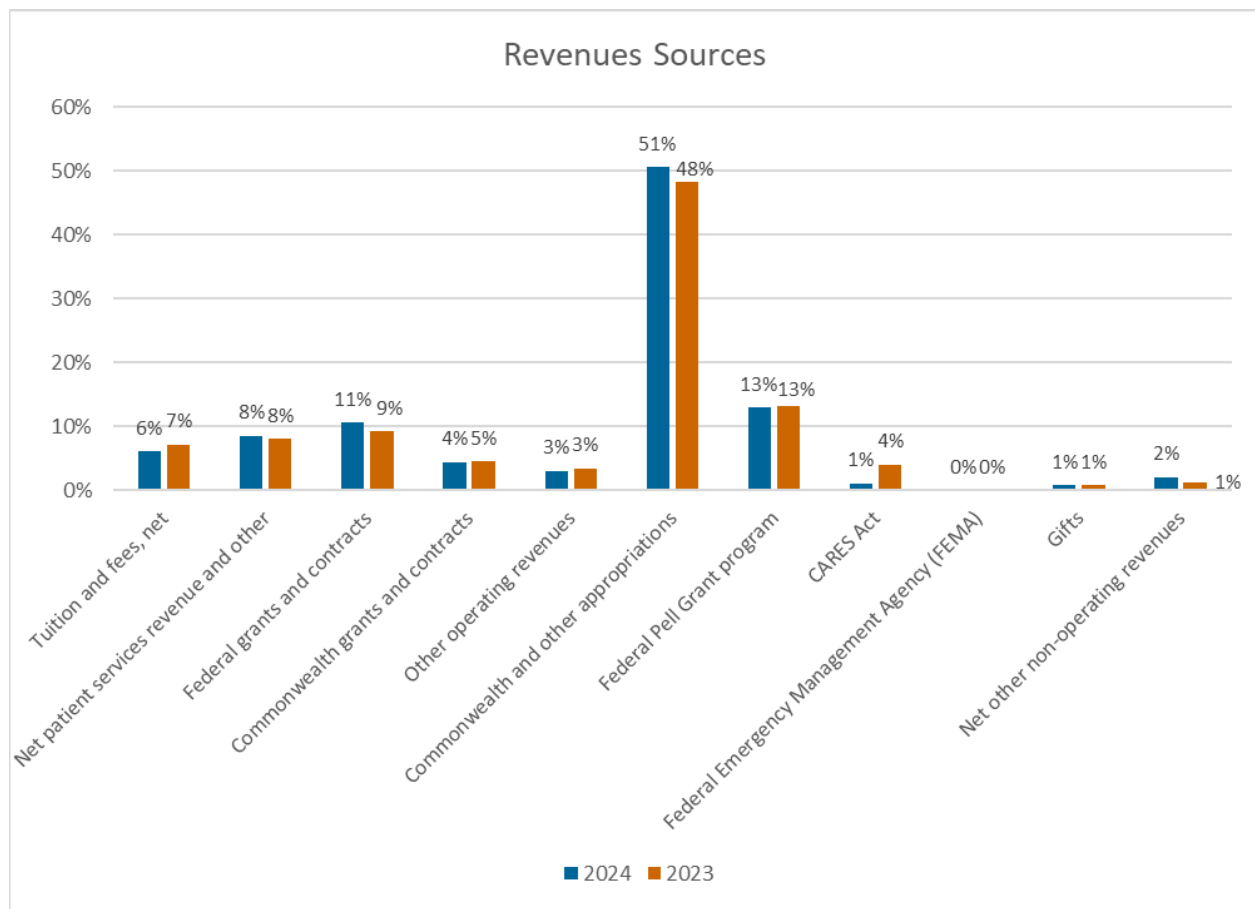
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Net Non-operating Revenues

Commonwealth appropriations are a significant funding source for the University, primarily supporting operational expenses. These appropriations are established under Act No. 1 of 1966 and were further addressed in Act No. 53 of 2021, which set a fixed Commonwealth appropriation of \$500 million annually for the University from fiscal years 2023 through 2027.

For fiscal year 2024, Commonwealth appropriations increased by \$89.8 million compared to fiscal year 2023. This increase is mainly attributable to additional budgetary allocations in the amount of \$73 million approved by the Financial Oversight and Management Board for Puerto Rico (FOMB) as a result of the University's accomplishment of certain specific budgetary and operational milestones. Beyond fiscal year 2027, Commonwealth appropriations for the University's operational expenses will be indexed to inflation, ensuring sustained funding adjustments based on economic conditions.

The following charts present a comparative analysis of the Primary Government's revenues (both operating and non-operating) for the fiscal years ended June 30, 2024, and 2023:



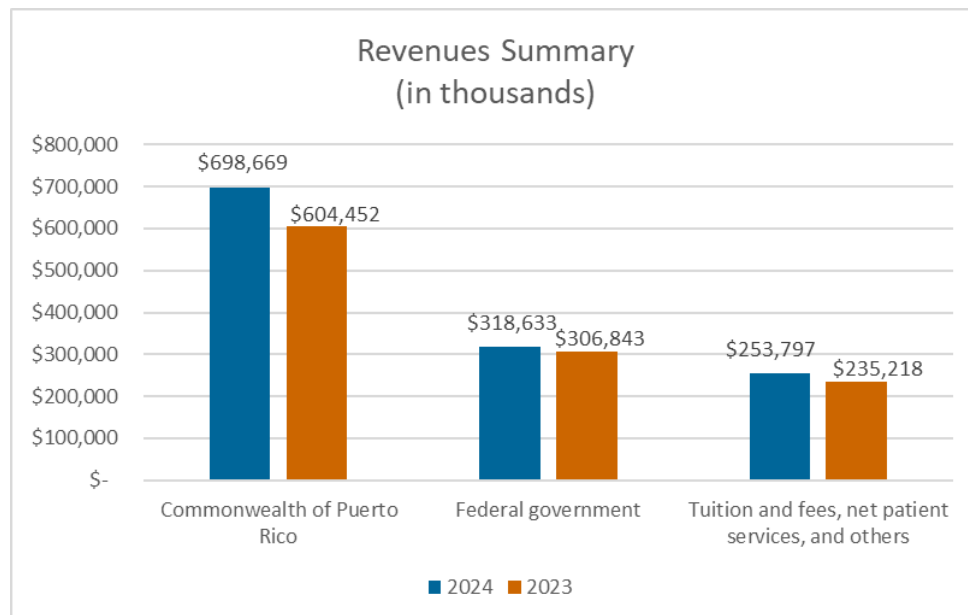


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	<u>2024</u>		<u>2023</u>	
Tuitions and fees, net	\$ 76,656	6%	\$ 81,445	7%
Net patient service revenue and other	107,761	8%	91,784	8%
Federal grants and contracts	134,065	11%	105,697	9%
Commonwealth grants and contracts	56,127	4%	51,762	5%
Other operating revenues	34,721	3%	39,215	3%
Commonwealth and other appropriations	642,542	51%	552,690	48%
Federal Pell Grant program	164,312	13%	150,917	13%
CARES Act	15,511	1%	45,510	4%
Federal Emergency Management Agency (FEMA)	4,745	0%	4,719	0%
Gifts	9,410	1%	8,829	1%
Other non-operating revenues	25,249	2%	13,945	1%
	<u>\$ 1,271,099</u>		<u>\$ 1,146,513</u>	

The Primary Government's major sources of revenue for fiscal years 2024 and 2023 are the following:

	<u>2024</u>	<u>2023</u>
Commonwealth of Puerto Rico	\$ 698,669	\$ 604,452
Federal government	318,633	306,843
Tuition and fees, net patient services, and others	253,797	235,218
	<u>\$ 1,271,099</u>	<u>\$ 1,146,513</u>



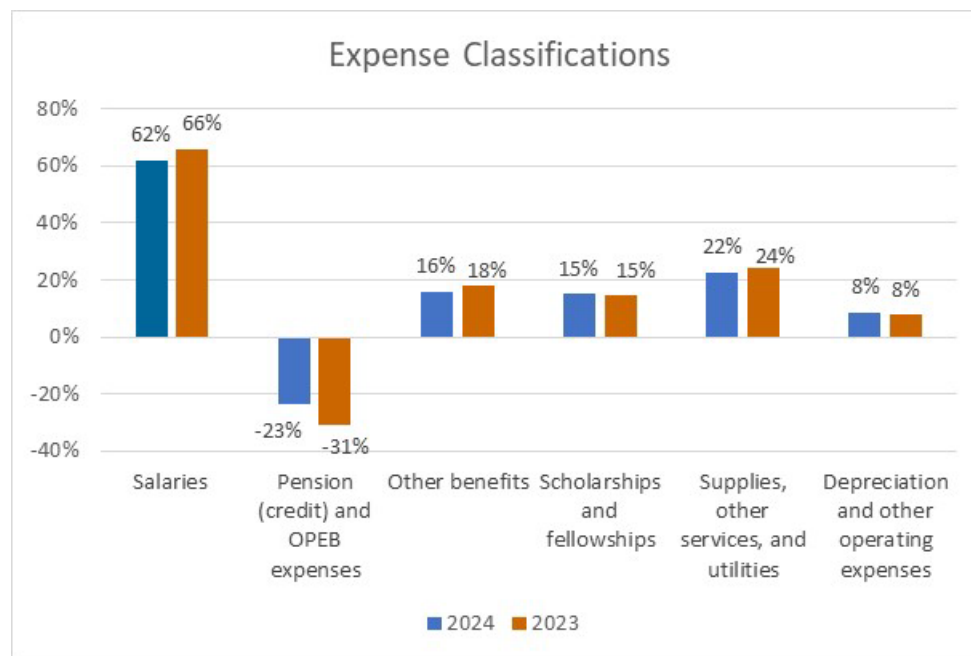


University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2024

Operating Expenses

Salaries amounted to \$529 million in fiscal year 2024, resulting in an increase of \$9.8 million (2%) when compared to fiscal year 2023. The average salary and benefits per employee were \$56,691 in fiscal year 2024, compared to \$56,135 in fiscal year 2023. The University's total workforce increased by 85 positions, from approximately 9,248 employees as of June 30, 2023, to 9,333 employees as of June 30, 2024.

The following illustration presents the Primary Government's major operating expenses by natural classification, for the fiscal years ended June 30, 2024, and 2023:

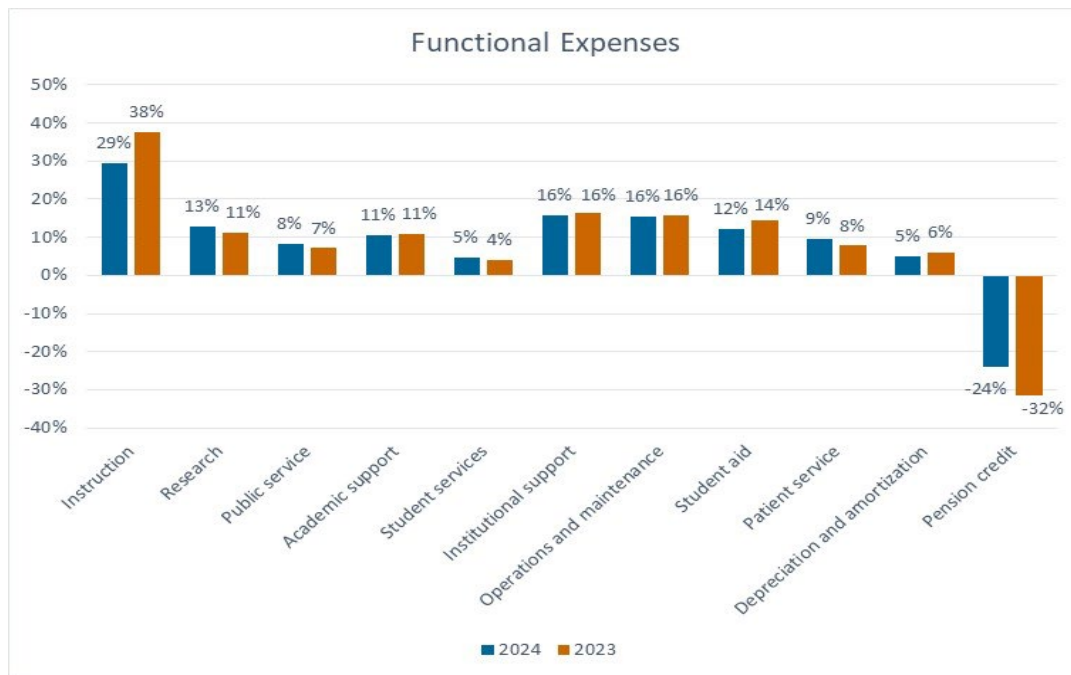


	2024		2023	
Salaries	\$	528,986	62%	\$ 519,143 66%
Pension (credit) and OPEB expenses		(200,678)	-23%	(241,982) -31%
Other benefits		134,196	16%	139,771 18%
Scholarships and fellowships		128,786	15%	117,388 15%
Supplies, other services, and utilities		192,078	22%	190,467 24%
Depreciation and other operating expenses		71,784	8%	60,351 8%
	\$	855,152	100%	\$ 785,138 100%



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The functional classification of expenses categorizes the University's expenditure based on the operational activities they support. The following illustration presents the major functional uses of the University's expenses for the fiscal year June 30, 2024:



Functional Classification	2024		2023	
Instruction	\$	251,019 29%	\$	295,205 38%
Research		110,545 13%		88,665 11%
Public service		71,190 8%		56,322 7%
Academic support		89,874 11%		86,078 11%
Student services		39,529 5%		31,894 4%
Institutional support		135,485 16%		129,434 16%
Operations and maintenance		133,187 16%		124,053 16%
Student aid		104,721 12%		113,040 14%
Patient service		80,967 9%		61,473 8%
Depreciation and amortization		43,967 5%		46,482 6%
Pension credit		(205,332) -24%		(247,508) -32%
	\$	855,152 100%	\$	785,138 100%

Capital Grant Contributions and Additions to Term and Permanent Endowments

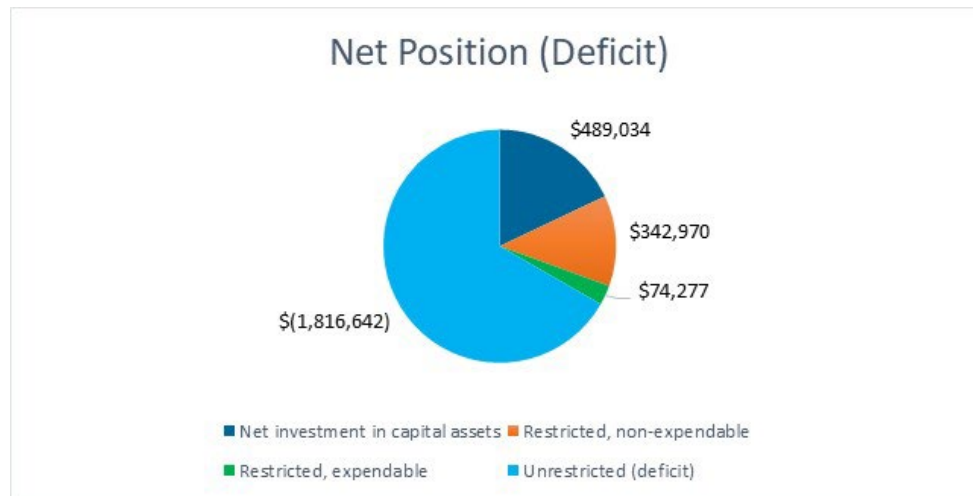
Capital grant contributions consisting of federal funds amounted to \$13 million in fiscal year 2024, representing an increase of approximately \$11 million when compared to fiscal year 2023. However, contributions to the permanent endowment created by the "Law of the Scholarship Fund to Mitigate the Increase in Tuition Cost of the Fiscal Plan" enacted in 2022, saw a substantial decrease of \$50.7 million.



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Analysis of Net Position

The major classifications of the net position (deficit) as of June 30, 2024, are shown in the following illustration:



Net investment in capital assets consists of the University's capital assets less accumulated depreciation and amortization, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows and inflows of resources that are directly tied to capital assets transactions must be included in this component of net position. To the extent proceeds from issuance of debt have been received but not yet expended for capital assets or deferred inflow of resources attributable to the unspent amount, such amounts are not included as a component of net investment in capital assets.

Restricted, nonexpendable net position consists of restricted, nonexpendable assets reduced by liabilities and deferred inflows of resources related to those assets. They include endowments and similar types of funds for which donors or other outside sources have stipulated, as a condition of the donation, that the principal cannot be spent and must be invested for the purpose of producing present and future income, which may either be expended or added to the principal.

Restricted, expendable net position consists of restricted, expendable assets reduced by liabilities and deferred inflows of resources related to those assets. They include resources that the University is legally or contractually obligated to spend in accordance with the restrictions imposed by external third parties.

Unrestricted net position is the portion of net position that is not invested in capital assets nor legally restricted for specific uses. It represents available resources derived from student tuition and fees, patient services, state appropriations, sales and services of educational activities, and auxiliary enterprises that can be used for operations, contingencies, or future needs. Auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff. Unrestricted net position may be designated for specific purposes by action of management or the Governing Board of the University.



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Going Concern

These financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) assuming the University will continue as a going concern. The University faces risks and uncertainties, including liquidity risk, which is the risk of not having sufficient liquid financial resources to meet obligations when they come due. The risks and uncertainties facing the University together with other factors further described in Note 21 of the financial statements, have led management to conclude that there is substantial doubt as to the ability of the University to continue as a going concern in accordance with GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards* (GASB 56), Going Concern Considerations Section.

GASB 56 states that the continuation of a legally separate governmental entity as a going concern is assumed unless substantial doubt exists. Financial statement preparers must assess whether there is significant doubt about the government's ability to continue as a going concern for 12 months beyond the date of the financial statements. If events could raise substantial doubt shortly thereafter, they should also be taken into consideration. Indicators such as negative trends in operating losses and negative cash flows, possible financial difficulties such as nonpayment or default/restructuring of debt, noncompliance with capital or reserve requirements, and internal or external matters impacting the governmental entity's ability to meet its obligations as they become due, are factors that are considered in this evaluation.

Based on this guidance, the University prepared the following declarations:

The University encounters significant risks and uncertainties, particularly liquidity risk, which pertains to insufficient liquid resources to fulfill obligations as they arise. These challenges, along with other factors outlined in Note 21 of the financial statements, have led management to express substantial doubt regarding the University's ability to continue as a going concern, in accordance with GASB 56.

The University heavily relies on appropriations from the Commonwealth to fund its operations. However, it is important to recognize the ongoing efforts to enhance financial stability. While the University remains reliant on appropriations from the Commonwealth, it benefits from a supportive legislative environment and emerging strategies aimed at improving its fiscal health.

The Commonwealth's Financial Condition

For years, the Commonwealth has faced a fiscal and liquidity crisis, marked by governmental deficits, economic recession, high unemployment, population decline, and substantial debt obligations. In response to this crisis, Congress enacted the U.S. Congress Puerto Rico Oversight, Management, and Economic Stability Act ("PROMESA"), which established the Financial Oversight and Management Board (Oversight Board) for Puerto Rico.



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Since its enactment on June 30, 2016, PROMESA has provided a structured mechanism for the Commonwealth and its entities, including the University, to manage their debts under federal oversight. This framework aims to cultivate fiscal responsibility while enabling the Commonwealth to address its financial commitments effectively. PROMESA pursues to instill fiscal and economic discipline in Puerto Rico through the establishment of an Oversight Board and provide temporary relief from creditor lawsuits and outlines two distinct methods for adjusting unsustainable debt.

The first method involves a streamlined process to modify financial debt with the consent of a supermajority of affected creditors (Title VI of PROMESA). This approach offers the advantage of speed compared to traditional in-court restructuring processes. The second method is a court-supervised debt-adjustment process modeled after Chapter 9 of the U.S. Bankruptcy Code (Title III of PROMESA). This process includes a "cram-down" provision, granting the Oversight Board significant control over the adjustment process while incorporating safeguards for creditor interests.

Following extensive negotiations, the Commonwealth enacted the Law to End the Bankruptcy of Puerto Rico (Act No. 53 of 2021) on October 26, 2021. This law facilitated the issuance of New General Obligation Bonds and Contingent Value Instruments (CVIs), necessary for implementing the restructuring strategies outlined in the Seventh Amended Plan of Adjustment. The confirmation of this plan by the Title III Court on January 18, 2022, and its subsequent effectiveness on March 15, 2022, exemplified the Commonwealth's commitment to overcoming its fiscal challenges and emerging from Title III of PROMESA with renewed capability.

As the University of Puerto Rico continues to navigate its financial landscape, it remains confident in its capacity to sustain operations and fulfill its mission, supported by a collaborative Commonwealth, strategic planning, and a commitment to fiscal prudence.

Economic Outlook

The University's total annual budget for the fiscal year ending June 30, 2025, is \$1.256 billion, representing a 0.3% increase compared to the fiscal year 2024 budget. This modest increase reflects the University's ongoing commitment to maintaining financial stability while adapting to evolving economic conditions.

Tuition and fees revenue for the fiscal year 2025 is projected to be \$192.6 million, which represents a 4% decrease from the prior year. This decline is attributed to a 1% reduction in total enrollment, with the University expecting 41,313 students for the fiscal year 2025, compared to 41,804 students in fiscal year 2024. Despite this decrease in enrollment, the University has maintained stable tuition rates, with per credit tuition remaining unchanged for fiscal year 2025.

Net patient services revenue is budgeted at \$84.2 million, marking a significant 37% increase over the amount budgeted for fiscal year 2024. For the fiscal year 2024, actual revenues in this category totaled \$107.8 million, which surpassed the budgeted amount.



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Commonwealth appropriations, grants, and contracts, which account for approximately 50% of the University's total revenue, are budgeted at \$633.5 million for fiscal year 2025, representing a 1% increase over the fiscal year 2024 budget. For the fiscal year 2024, actual revenues in this category were approximately \$698.7 million, which included \$73 million in one-time funding related to the achievement of milestones set by the Oversight Board. The slight increase in appropriations for fiscal year 2025 reflects continued support from the Commonwealth.

In terms of economic conditions, the annual inflation rate for the United States for the twelve months ending December 31, 2024, was recorded at 2.9%, indicating a relatively stable but moderate increase in consumer prices across the nation. In Puerto Rico, the annual inflation rate for the same period was 1.6%, reflecting a more controlled inflationary environment compared to the U.S. mainland. These inflation rates are expected to influence future financial planning, particularly with respect to operational costs, purchasing power, and the affordability of services provided by the University.

Request for Information

This financial report is designed to provide a general overview of the University's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer. The executive offices of the University are located at 1187 Flamboyán Street, Jardín Botánico Sur, San Juan, Puerto Rico 00926.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Net Position (Deficit)
As of June 30, 2024 (in thousands)

	Primary Government	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 159,193	\$ 5,957
Restricted cash and cash equivalents	131,674	—
Restricted investments deposited with trustees and others	64,412	—
Accounts receivable, net	38,590	11,897
Employee retention credits receivable	—	64
Due from, net:		
Commonwealth of Puerto Rico	44,938	—
Federal government	57,753	—
Primary government	—	666
Component units	392	—
Other governmental entities	6,348	—
Lease receivable	760	—
Inventories	1,667	1,133
Prepaid expenses and other assets	9,016	1,093
Total current assets	514,743	20,810
Non-current assets:		
Restricted cash and cash equivalents	214,410	8,207
Restricted investments:		
Endowment funds	130,413	—
Deferred compensation plan	88,698	—
Other long-term investments	3,320	—
Due from Commonwealth of Puerto Rico, net	—	265
Due from component units, net	3,952	—
Lease receivable	1,932	171
Notes receivable, net	5,931	—
Right of use subscription assets, net	2,236	—
Capital assets:		
Land and other non-depreciable assets	93,292	—
Depreciable assets (net of accumulated depreciation and amortization)	659,897	27,296
Other assets	110	—
Total non-current assets	1,204,191	35,939
Total assets	1,718,934	56,749
Deferred outflows of resources:		
Pension activities	203,324	—
OPEB activities	20,231	—
Deferred refunding loss	416	—
Total deferred outflows of resources	223,971	—
Total assets and deferred outflows of resources	\$ 1,942,905	\$ 56,749

Continues



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Net Position (Deficit)
As of June 30, 2024 (in thousands)

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 89,353	\$ 8,121
Due to:		
Commonwealth of Puerto Rico	26,789	—
Primary government	—	2,300
Component units	666	—
Other governmental entities	3,335	—
Unearned revenues	109,506	202
Current portion of long-term debt:		
Notes payable and others	—	656
Bonds payable	34,475	—
Other current liabilities:		
Lease liability	1,511	95
Subscription liability	1,207	—
Claims liability	240	—
Compensated absences	24,937	—
Total current liabilities	292,019	11,374
Non-current liabilities:		
Long-term debt, net of current portion:		
Notes payable and others	116	4,407
Bonds payable	247,154	—
Due to Primary government	—	5,150
Other long-term liabilities, net of current portion:		
Lease liability	4,524	123
Subscription liability	671	—
Deferred compensation plan	88,698	—
Claims liability	7,886	2,369
Compensated absences	100,960	—
Net pension liability	1,690,923	—
Other postemployment benefits (OPEB) liability	191,138	—
Total non-current liabilities	2,332,070	12,049
Total liabilities	2,624,089	23,423
Deferred inflows of resources:		
Pension activities	187,723	—
OPEB activities	38,991	—
Leases	2,463	—
Total deferred inflows of resources	229,177	—
Total liabilities and deferred inflows of resources	2,853,266	23,423
Net position (deficit)		
Net investment in capital assets	489,034	27,467
Restricted, non-expendable:		
Scholarships and fellowships	251,335	—
Research	52,448	—
Other	39,187	—
Restricted, expendable:		
Loans	13,184	—
Capital projects	5,971	—
Debt service	55,122	—
Unrestricted (deficit)	(1,816,642)	5,859
Total net position (deficit)	\$ (910,361)	\$ 33,326

See accompanying notes to financial statements.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Revenues, Expenses and Changes in Net Position (Deficit)
For the Year Ended June 30, 2024 (in thousands)

	Primary Government	Component Units
Operating revenues:		
Tuitions and fees, net	\$ 76,656	\$ —
Net patient service revenue and other, net	107,761	66,057
Federal grants and contracts	134,065	—
Commonwealth grants and contracts, net	56,127	—
Non-governmental grants and contracts, net	8,214	—
Sales and services of educational departments	8,644	—
Auxiliary enterprises, net	900	4,464
Other operating revenues	16,963	3,238
Total operating revenues	409,330	73,759
Operating expenses:		
Salaries:		
Faculty	341,660	—
Non-faculty	187,326	22,149
Benefits:		
Pension credit	(205,332)	—
OPEB expense	4,654	—
Other benefits	134,196	3,605
Scholarships and fellowships	128,786	—
Supplies and other services	146,051	30,409
Utilities	46,027	4,305
Depreciation and amortization	47,867	2,726
Other expenses	23,917	5,201
Total operating expenses	855,152	68,395
Operating income (loss)	(445,822)	5,364
Non-operating revenues (expenses):		
Commonwealth and other appropriations	642,542	—
Federal grants:		
Federal Pell Grant program	164,312	—
CARES Act	15,511	—
Federal Emergency Management Agency (FEMA)	4,745	—
Gifts	9,410	—
Net investment income	39,122	—
Interest expense	(14,769)	(59)
Other	896	—
Net non-operating revenues	861,769	(59)
Income before other changes in net position	415,947	5,305
Other changes in net position:		
Capital grant contributions	13,078	—
Additions to term and permanent endowments	330	—
Total other changes in net position	13,408	—
Change in net position	429,355	5,305
Net position (deficit) - beginning of year, as restated	(1,339,716)	28,021
Net position (deficit) - end of year	\$ (910,361)	\$ 33,326

See accompanying notes to financial statements.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Cash Flows
For the Year Ended June 30, 2024 (in thousands)

	Primary Government
Cash flows from operating activities	
Tuition and fees	\$ 76,501
Grants and contracts	209,888
Patient services	100,458
Payments to employees	(530,336)
Payments for benefits	(258,582)
Payments for scholarships and fellowships	(127,983)
Payments to suppliers	(162,544)
Payments for utilities	(46,016)
Loans issued to students net of collection of loans	3,394
Auxiliary enterprises	823
Sales and services educational departments and others	7,584
Net cash used in operating activities	(726,813)
Cash flows from non-capital financing activities	
Commonwealth and other appropriations	599,377
Federal grants:	
Federal Pell Grant program	164,312
CARES Act	15,511
FEMA	2,654
Endowment gifts	330
Federal direct student loan program receipts	56,133
Federal direct student loan program disbursements	(56,133)
Gifts and grants for other than capital purposes	9,410
Other non-operating receipts, net	897
Net cash provided by non-capital financing activities	792,491
Cash flows from capital and related financing activities	
Purchases of capital assets	(54,567)
Disbursements for subscription-based information technology	(2,320)
Federal government capital contributions	13,078
Principal paid on capital debt and financed purchases	(38,441)
Interest paid on capital debt and financed purchases	(9,058)
Principal and interest paid on leases	1,113
Principal and interest received on leases	(1,927)
Increase in deposits with trustees and others	(1,406)
Net cash used in capital and related financing activities	(93,528)
Cash flows from investing activities	
Proceeds from sales and maturities of investments	388,521
Purchases of investments	(56,895)
Collections of interest and dividend income on investments	22,958
Advances to the University of Puerto Rico Retirement System	147
Net cash provided by investing activities	354,731
Net change in cash and cash equivalents	326,881
Cash and cash equivalents:	
Beginning of year	178,396
End of year	\$ 505,277

Continues



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Cash Flows
For the Year Ended June 30, 2024 (in thousands)

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (445,822)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	47,867
Provision for allowances doubtful accounts	11,427
Changes in operating assets and liabilities and deferred outflows and inflows of resources:	
Decrease (increase) in:	
Grants and contracts receivables	(32,297)
Prepaid expenses, inventories and other	13,774
Deferred outflows of resources from pension activities	36,195
Deferred outflows of resources from OPEB activities	5,475
Increase (decrease) in:	
Accounts payable and accrued liabilities	10,022
Unearned revenue	6,038
Net pension liability	(61,307)
OPEB liability	(7,650)
Deferred inflows of resources from pension activities	(305,598)
Deferred inflows of resources from OPEB activities	(4,590)
Deferred inflows related to leases	(347)
Net cash used in operating activities	<u>\$ (726,813)</u>
Supplemental schedule of non-cash investing, capital and financing activities	
Increase in fair value of investments	<u>\$ 8,410</u>
Amortization of:	
Bonds premiums, net of discounts	<u>\$ 1,173</u>
Deferred refunding loss	<u>\$ 153</u>

See accompanying notes to financial statements.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements
June 30, 2024

1. Reporting Entity Organization

The University of Puerto Rico (the University) was founded in 1903, as a state supported university system established under Act. No. 1 of January 20, 1966, as amended, known as the “Law of the University of Puerto Rico”. The University’s mission is to serve the people of Puerto Rico by providing high-quality education, fostering research and innovation in the Arts, Sciences, and Technology, and preserving and promoting Puerto Rican culture while upholding democratic and ethical values. The University is the oldest and largest institution of higher education in Puerto Rico with a long-standing history of academic excellence.

The University is a public corporation of the Commonwealth of Puerto Rico (the Commonwealth) and is governed by a fourteen-member Governing Board. Eight members are appointed by the Governor of Puerto Rico, confirmed by the Senate of Puerto Rico for a six-year term. The remaining six members consists of two tenured professors and two full-time students, who serve one-year terms, as well as two ex-officio members: the Secretary of the Department of Education of the Commonwealth and the Executive Director of the Puerto Rico Fiscal Agency and Financial Advisory Authority (AAFAF, by its Spanish acronym), or their designees.

The University is exempt from federal and local income taxes on its revenues and properties. For financial reporting purposes, the University is a discretely presented major component unit of the Commonwealth in accordance with Governmental Accounting Standards Board (GASB) requirements.

The University system consists of the Central Administration and eleven campuses known as: Río Piedras, Mayagüez, Medical Sciences (RCM, by its Spanish acronym), Cayey, Humacao, Ponce, Bayamón, Aguadilla, Arecibo, Carolina and Utuado.

As required by U.S. GAAP, the financial reporting entity of the University includes all departments, funds, functions, and entities that have been determined to meet the requirements for inclusion in the University's financial reporting entity. The University has considered all potential discretely presented components units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the University are such that exclusion would cause the University’s basic financial statements to be misleading or incomplete. GASB has set forth criteria to be considered in determining financial accountability. These criteria include when the University appoints a voting majority of an organization’s governing body and it has (i) the ability to impose its will on that organization or (ii) the potential of the organization to provide specific financial benefits to, or impose specific financial burdens on, the University. In situations where the University has not appointed the voting majority of an organization’s governing body, the GASB has then provided as criteria for financial accountability the fiscal dependency of such organizations on the University and when there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the University.

The University of Puerto Rico consists of the University and its blended component units (hereafter referred as the “University”).

The University’s component units are classified as blended or discretely presented for financial reporting purposes.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

1. Reporting Entity Organization (continued)

Blended Component Units

The following component units are legally separate entities that are reported as part of the University because their debt obligations are expected to be repaid entirely or almost entirely with the University's resources.

Desarrollos Universitarios, Inc.

Desarrollos Universitarios, Inc. ("DUI") is a legally separate, not-for-profit corporation organized under the laws of the Commonwealth on January 22, 1997. DUI was created to develop, construct, and operate academic, residential, administrative, office, commercial, and maintenance facilities for students and other University-affiliated entities. DUI is fiscally dependent on the University, and its debt obligations are expected to be repaid entirely or almost entirely with the University's resources.

In October 2007, the University and DUI entered into a finance agreement for Plaza Universitaria's facilities. The University makes monthly payments in sufficient amounts to pay principal of and interest on DUI's Puerto Rico Industrial, Tourist, Educational, Medical, and Environmental Control Facilities Financing Authority (AFICA) bonds and are pledged to guarantee such payments. Under the terms of the agreement, the University makes payments directly to the AFICA bonds' Trustee. At the expiration date of the agreement, the University may purchase Plaza Universitaria for \$1. As of June 30, 2024 the balance owed on this agreement is \$35.6 million.

Complete financial statements of DUI can be obtained directly by contacting DUI's administrative offices.

Molecular Sciences Research Center, Inc.

Molecular Sciences Research Center, Inc. ("MSRC") is a legally separate, not-for profit corporation organized under the laws of the Commonwealth on March 23, 2011. MSRC operates and administers the Molecular Science Building ("MSB") located in San Juan, Puerto Rico, which serves as an advanced research facility conducting studies in protein structure and dynamics, genomics, proteomics, bio-imaging, pharmacogenetics, and neurosciences.

Since August 2019, MSRC has functioned as a separate component unit of the University. MSRC is fiscally dependent on the University, and its debt obligations are expected to be repaid entirely or almost entirely with the University's resources.

The University and MSRC have a collaboration agreement for a \$10.0 million contribution payable on instalments from fiscal year 2020 through fiscal year 2025. The agreement obliges MSRC to pay off 75% of the contribution within a 15-year period beginning in the fiscal year 2026. The MSRC records a 25% share of revenue. The long-term liability to the University is \$6.8 million as of June 30, 2024.

Complete financial statements of MSRC can be obtained directly from MSRC's administrative offices.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

1. Reporting Entity Organization (continued)

Discretely Presented Component Units

The following component units are legally separate organizations that are reported separately from the University because (i) the University appoints a voting majority of their governing boards, (ii) the University can impose its will on them, and (iii) there is a financial benefit/burden relationship.

Servicios Médicos Universitarios, Inc.

Servicios Médicos Universitarios, Inc. (“SMU”) is a legally separate, not-for-profit acute care corporation, organized under the laws of the Commonwealth on February 11, 1998. SMU was created to operate and administer a healthcare unit and to serve as the principal medical education institution of the University while providing healthcare services to the residents of Puerto Rico.

The Company operates and administrates Hospital UPR Dr. Federico Trilla (the Hospital), which was acquired by the University on March 12, 1999. The Hospital operates in Carolina, Puerto Rico, in the facilities owned by the University. The University appoints a voting majority of SMU’s board and is financially accountable for SMU. Complete financial statements of SMU can be obtained directly from SMU’s administrative offices.

University of Puerto Rico Parking System, Inc.

University of Puerto Rico Parking System, Inc. (“UPRPS”) is a legally separate, not-for-profit, non-stock corporation organized on May 5, 2000, under the laws of the Commonwealth. UPRPS was established to operate parking facilities at the Medical Sciences and Río Piedras campuses.

Since January 2021, UPRPS has served as the administrative agent responsible for the maintenance, repairs, and operations of Plaza Universitaria’s facilities. This facility consists of three adjoining buildings known as the Institutional Buildings, which shelter administrative offices, classrooms, conference rooms, libraries, and other facilities for scholastic, student and administrative use of the Río Piedras campus, and spaces for commercial use. Plaza Universitaria has three dormitory buildings and a parking facility. The University appoints a voting majority of UPRPS’s board and is financially accountable for UPRPS. Complete financial statements of UPRPS can be obtained directly from UPRPS’s administrative offices.

Materials Characterization Center, Inc.

Materials Characterization Center, Inc. (“MCC”) is a legally separate, not-for-profit entity established in March 1995, and incorporated under the laws of the Commonwealth on April 15, 1999.

MCC was created as a much needed accessible and reliable center to characterize materials chemically and physically for the pharmaceutical and manufacturing industries, as well as for other manufacturing endeavors in collaboration with the College of Natural Sciences at the Río Piedras Campus.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

1. Reporting Entity Organization (continued)

Discretely Presented Component Units (continued)

Materials Characterization Center, Inc. (continued)

The University appoints a voting majority of MCC's board and is financially accountable for MCC. Complete financial statements of MCC can be obtained directly from MCC's administrative offices.

The financial statements of the discretely presented component units have a June 30 year-end, except for MCC, which has a December 31 year-end.

2. Summary of Significant Accounting Policies

Measurement Focus and Basis of Accounting

The accounting and reporting policies of the University conform to the accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to governmental entities and prescribed by the Governmental Accounting Standards Board ("GASB").

For financial reporting purposes, the University is considered as a special-purpose governmental entity engaged solely in business-type activities, as defined under GASB Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*, an Amendment of GASB Statement No. 34.

Accordingly, the financial statements of the University are presented using the economic resources measurement focus and the accrual basis of accounting, which: (i) revenues are recognized when earned, regardless of when cash is received; (ii) and expenses are recognized when an obligation is incurred, regardless of when cash is paid.

All significant intra-entity transactions between the University and its blended component units, such as leases and notes payable obligations, have been eliminated for presentation purposes, to avoid duplicity of transactions in the financial statements.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities as of the financial statement date. These estimates also impact on the recognition of revenues and expenses during the reporting period.

Significant areas requiring estimates and judgements include but are not limited to allowance for doubtful accounts, fair value measurements of investments, depreciation of capital assets, compensated absences, pension, and other postemployment benefit (OPEB) obligations and contingent liabilities and commitments.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Use of Estimates and Assumptions (continued)

Management continuously evaluates these estimates based on historical data, industry trends, current economic conditions, and other relevant factors. Due to the inherent uncertainty in such estimates, actual results may differ from these estimates, potentially impacting the financial statements in future periods.

Cash and Cash Equivalents

The University considers all highly liquid investments with original maturity of three months or less from the date of acquisition to be cash equivalents. These typically include money market funds, short-term government securities, commercial paper, and certificates of deposit, provided they are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

Investments

Investments are reported at fair value, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, except for money market investments and deposits held in banks, which are carried at cost, in the statement of net position.

Fair value is determined using (i) the quoted market prices for publicly traded securities in active markets, (ii) independent broker/dealer quotations or pricing service organizations for other investments, and (iii) independent appraisals and market-based estimates for non-publicly traded investments, considering market prices of comparable securities.

Changes in the fair value of investments are recognized in the statement of revenues, expenses, and changes in net position as part of net investment income (loss) under non-operating activities.

Donated investments are recognized at their fair value on the date of donation. Investments in the Deferred Compensation Plan are reported at fair value, except for nonparticipating guaranteed investment contracts and money investments which are carried at cost.

Restricted Cash, Cash Equivalents, and Investments

Restricted cash, cash equivalents and investments consist of funds whose use is legally or contractually limited due to restrictions imposed by external sources, including: (i) bond covenants, which are funds restricted for capital expenditures or debt service payments to bondholders in accordance with bond agreements, (ii) endowment and similar funds, where donors or other external sources require the principal to be maintained in perpetuity, with investment income either expended or reinvested, (iii) externally restricted funds, that are resources the University is legally or contractually obligated to use in compliance with creditors, laws, or regulations of other governments, constitutional provisions, or enabling legislation, and (iv) escrow funds which are funds held in escrow accounts based on the terms and conditions of specific agreements.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Restricted Cash, Cash Equivalents, and Investments (continued)

These restricted funds are reported separately from unrestricted resources in the statement of net position to reflect their limited availability for general operations.

Receivables

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Also, this item includes unpaid medical services provided by the faculty members of the RCM of the University to the Commonwealth's health reform program patients and additional contracted services provided to the Commonwealth and SMU. Other receivables mainly consist of notes receivable, which include institutional loans, and other amounts owed by third parties.

Due from governmental entities includes amounts owed by federal, state, and local governments in connection with reimbursement of allowable expenditures made pursuant to the University's sponsored agreements. Due from the Commonwealth of Puerto Rico consists of appropriations, grants, and unremitted distributions of income to be received by the University under the Gambling Law by virtue of Act No. 36 of 2005. Finally, due from other governmental entities includes amounts owed by the University of Puerto Rico Retirement System and municipalities.

Receivables are stated net of estimated allowances for uncollectible accounts. The University maintains an allowance for doubtful accounts for estimated losses inherent in its nature and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivables, Commonwealth guidelines, historical losses adjusted to consider current market conditions, the amounts receivable in disputes, the current receivables aging, and current payment patterns.

The University has significant amounts receivable from the Commonwealth. The University has considered this in its estimate of the specific governmental allowance for uncollectible accounts and fully reserved for all receivables from the Commonwealth that are not expected to be collected in the twelve months period post the balance sheet date. The University reviews its allowance for doubtful accounts annually. Past due balances over a specified amount are reviewed individually for collectability. Because of uncertainties inherent in the estimation process, management's estimate of credit losses inherent in the existing accounts receivable and related allowance may change in the future.

Lease Receivable

Lease receivables represent the present value of future lease payments the University expects to receive over the lease term. These receivables are recorded in accordance with GASB Statement No. 87, *Leases*, which requires lessees and lessors to recognize lease assets and liabilities based on the present value of expected lease payments.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Lease Receivable (continued)

The University evaluates lease receivables for potential impairment and recognizes adjustments if there is a significant decline in the collectability of lease payments. Lease income is recognized systematically over the lease term.

Inventories

Inventories are stated at the lower-of-cost or net realizable value, with cost determined using the first-in, first-out (FIFO) method. Inventory primarily consists of books and educational materials held for sale or use in the University's operations.

The University periodically evaluates inventory for obsolescence or impairment, and necessary adjustments are recorded to reflect the net realizable value of inventory items.

Right-of-Use Lease Assets

In accordance with GASB Statement No. 87, *Leases* (GASB 87), the University, as a lessee, recognizes a right-of-use lease asset and a corresponding lease liability for leases that convey control of an asset over the lease term. Conversely, as a lessor, the University recognizes a lease receivable and a deferred inflow of resources.

The right-of-use lease asset represents the University's right to use the underlying asset during the lease term. It is initially measured as the present value of future lease payments, adjusted for (i) any lease payments made to the lessor before the lease commencement date, (ii) initial direct costs incurred and, (iii) less any lease incentives received.

Right-of-use lease assets are amortized over the shorter of the asset's useful life or the lease term and are subject to periodic impairment reviews.

Right-of-Use Subscription Asset

For subscription-based information technology arrangements (SBITAs) exceeding one year, the University recognizes a Right-of-Use Subscription Asset in accordance with GASB Statement No. 96. The subscription asset is initially measured as the sum of (i) the initial subscription liability (present value of future subscription payments), (ii) payments made to the vendor before the subscription term begins, (iii) capitalizable implementation costs, and (iv) less any incentives received from the vendor.

Right-of-use subscription assets are amortized over the term of the subscription and are evaluated for impairment when necessary.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Capital Assets

The University capitalizes all capital expenditures of \$5,000 or more that have a useful life of two or more years. Capital assets are recorded at cost on the date of acquisition. Donated assets are recorded at their estimated fair value at the date of donation.

Depreciation and amortization are calculated using the straight-line method over the asset's estimated useful life. For assets under finance leases, depreciation is based on the shorter of the lease term or the asset's useful life. Depreciation policy is as follows:

Capital Asset Category	Estimated Useful Life (Years)
Buildings and infrastructure	25 to 50
Land improvements	7 to 30
Equipment and library materials	5 to 20
Software	5 to 20

Capital improvements, such as major renovations that significantly enhance an asset's value or extend its useful life, are capitalized. Routine repairs and maintenance are expended in the year incurred.

Impairment of Capital Assets

A capital asset is considered impaired if (i) there is a significant decline in its service utility or (ii) the event or change in circumstances causing the decline is outside the asset's normal life cycle.

Impaired capital assets that are no longer in use are reported at the lower of carrying value or fair value.

Long-term Debt, Debt Issuance Costs and Deferred Loss on Debt Refunding

Long-term debt is reported on the statement of net position net of related discounts and premiums. These discounts and premiums incurred during debt issuance are deferred and amortized using the effective interest method. DUI amortizes long-term debt premiums and discounts using a method that closely approximates the effective interest method.

Debt issuance costs, except for portions related to prepaid insurance, are expensed as non-operating expenses in the period incurred.

For debt refunding, when the reacquisition cost of refunded debt exceeds its carrying value, the difference is recorded as a deferred outflow of resources. This amount is then amortized to operating expenses using the effective interest method over the shorter of: (i) the remaining life of the original debt, or (ii) the life of the new debt.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Unearned Revenue

Unearned revenue primarily consists of cash received in advance from grants and contract sponsors for which the University has not yet met the eligibility requirements or fulfilled the performance obligations under the terms of the agreement. These amounts are recognized as revenue when the related services are provided, or the conditions stipulated in the agreement are satisfied.

Deferred Compensation Plan

The University offers a non-qualified deferred compensation plan to certain employees of the Medical Sciences Campus, established under Certification No. 94 of the Council of Higher Education on February 13, 1984. This plan, managed by independent plan administrators, allows eligible employees to defer a portion of their salary to be received in future years.

Participants may elect to invest their deferred compensation in mutual funds and other securities, which represents varying levels of risk and return. The deferred compensation is not accessible to participants until one of the following events occurs: termination of employment, retirement, death, or an unforeseeable emergency.

All amounts deferred, along with related investments and earnings, remain the property of the University until disbursed, subject to the claims of the University's general creditors in the event of insolvency, as outlined in the Trust Agreements. Participants hold the same legal standing as general creditors, with rights equal to the fair value of their individual deferred accounts.

The University's legal counsel has determined that, while the University is not liable for investment losses, it is required to exercise due care in administering the plan, consistent with the standard of a prudent investor.

Compensated Absences

The University's compensated absences policy provides for the accrual of vacation and sick leave benefits for eligible employees.

Vacation Leave

Employees accrue 2.5 days of vacation leave per month, up to a maximum accumulation of 60 days. Unpaid vacation leave is fully vested from the first day of employment. Upon retirement, termination, or death, employees are compensated for all accumulated unpaid vacation leave at their current salary rate, regardless of years of service.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

Sick Leave

Employees accrue 1.5 days of sick leave per month, with a maximum accumulation of 90 days. Employees with at least 10 years of service are eligible to receive compensation for all accumulated unpaid sick leave upon retirement, termination, or death.

Liability Recognition

An accrual for earned sick leave is recognized only when it is probable that the benefits will be paid as termination benefits, rather than being used for absences due to illness, medical appointments, or other contingencies such as funerals. The liability for compensated absences is measured based on the University's historical experience of termination payments for sick leave, adjusted for policy changes and other relevant factors.

Additionally, the accrued compensated absences liability includes salary-related payments that are directly and incrementally associated with the payment of compensated absences.

Lease Liability

In accordance with GASB Statement No. 87, *Leases*, at the commencement of a lease, the University recognizes a lease liability measured at the present value of lease payments expected to be made over the lease term. The discount rate used to determine the present value is typically the University's incremental borrowing rate unless the interest rate implicit in the lease is readily determinable.

After initial recognition, the lease liability is reduced by the principal portion of lease payments made, while the interest portion is recognized as lease expense in the statement of revenues, expenses, and changes in net position.

Subscription Liability

In accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA), at the commencement of a subscription, the University recognizes a subscription liability measured at the present value of subscription payments expected to be made over the subscription term.

Subscription liability is subsequently reduced by the principal portion of subscription payments made, while the interest portion is recognized as subscription expense in the financial statements.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Deferred Outflows and Inflows of Resources

In accordance with GASB standards, the Statement of Net Position includes separate sections for deferred outflows of resources and deferred inflows of resources, which represent transactions that impact future reporting periods.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of assets applicable to a future period, which will be recognized as an expense or outflow of resources at the appropriate time. This classification is distinct from assets and is commonly associated with deferred losses on debt refunding, pension and OPEB-related deferred amounts and other transactions that qualify under GASB guidance.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of assets applicable to a future period, which will be recognized as revenue or an inflow of resources when earned. These typically arise from deferred gains on debt refunding, pension and OPEB-related deferred amounts and other transactions meeting GASB criteria.

Both deferred outflows and inflows of resources impact the unrestricted net position (or deficit) of the University, as they are recognized over time.

Classification of Net Position

The University's net position is classified into the following categories:

Net Investment in Capital Assets

This category represents the portion of net position related to capital assets, net of accumulated depreciation, and reduced by any outstanding debt directly attributable to the acquisition, construction, or improvement of those assets. It does not include capital assets financed with resources that are externally restricted.

Restricted Net Position

Restricted net position consists of resources that are subject to externally imposed restrictions governing their use. These restrictions may be imposed by creditors, grantors, contributors, laws, regulations, or other external entities. Restricted net position is further classified into:

Nonexpendable: Includes resources such as endowments, where principal amounts must be maintained in perpetuity and invested to generate income. The income earned may either be expended or added to the principal, depending on donors or external restrictions.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Classification of Net Position (continued)

Restricted Net Position (continued)

Expendable: Includes resources that are legally or contractually required to be spent for specific purposes as stipulated by external parties (e.g., grants, bond covenants, or donor-imposed restrictions).

Unrestricted Net Position

This category consists of net position not subject to externally imposed restrictions. While unrestricted net position may be designated for specific purposes by the University's management or Governing Board, these funds remain available to meet operational needs or other discretionary purposes at the Governing Board's discretion.

Resource Utilization Policy

When both restricted and unrestricted resources are available for an expense, it is the University's policy to utilize restricted resources first and then unrestricted resources as needed, in accordance with applicable funding agreements and financial management practices.

Classification of Revenues

In accordance with GASB standards, the University and its component units classify revenues as either operating or non-operating based on the nature of the transactions.

Operating Revenues

Operating revenues result from transactions in which the University provides goods or services in exchange for payment. These revenues are generated through the University's core mission-related activities, including student tuition and fees (net of allowances, discounts, and adjustments), auxiliary enterprises (e.g., student housing, dining services, bookstores), grants and contracts (including federal, state, and private grants for research and academic programs), and medical services and clinical operations.

Non-Operating Revenues

Non-operating revenues result from non-exchange transactions, where the University receives funds without directly providing goods or services in return. These non-operating revenues include gifts and contributions, Federal and state financial aid programs (e.g., Pell Grants), other federal grants (e.g., CARES Act funding, disaster relief assistance), Commonwealth appropriations (state funding), investment income and private donations and endowments.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition Policy

The University follows accrual accounting principles in recognizing revenues, ensuring compliance with governmental financial reporting standards.

Scholarship Allowances and Student Financial Aid

Student tuition, fees, and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between the stated tuition and fee charges and the actual amount paid by students or third parties on their behalf. These reductions may result from institutional scholarships, tuition waivers, and grants applied to student accounts. Certain governmental and non-governmental grants, including federal and state-funded financial aid programs, are recognized as operating revenues in the University's financial statements. When financial aid from external sources (e.g., Pell Grants, state grants, or other third-party sponsorships) is applied directly to a student's tuition and fees, the University records a scholarship discount and allowance to properly reflect the net revenue received. This approach ensures compliance with GASB reporting requirements while accurately presenting the University's financial position.

Net Patient Service Revenue

The University and SMU recognize net patient service revenue based on agreements with third-party payers, which reimburse at amounts different from the University's and SMU's established rates.

Reimbursement structures vary and may include prospectively determined rates per discharge, cost-based reimbursements, discounted charges and per diem payments.

Net patient service revenue is reported at the estimated net realizable amount from patients, third-party payers, and other sources for services provided. This includes estimated retroactive adjustments for reimbursements subject to settlement with third-party payers.

Since third-party reimbursement agreements are often subject to audit, review, and possible retroactive adjustments, the University and SMU recognize revenue based on estimates of expected settlements. These estimates are adjusted in subsequent periods as final determinations are made.

This approach ensures compliance with GASB and governmental financial reporting requirements while accurately reflecting patient service revenue.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Grants and Contracts

The University has been awarded various grants and contracts for specific research, training, and other designated purposes, for which funds may not yet be received or expenditures made. These awards represent commitments by external sponsors to provide financial resources but are not reflected as revenues in the financial statements until certain conditions are met.

Grants with Allowable Cost Provisions: Revenue is recognized as expenditures are incurred in accordance with the terms and conditions of the grant.

Grants with Work Completion Requirements: Revenue is recognized as the specified work or project milestones are completed.

Grants without Specific Conditions: Revenue is recognized as it is received.

The University ensures that revenues from grants and contracts are recognized in the period in which the associated eligibility requirements are met, or the related services are provided. This approach aligns with the University's obligation to follow governmental accounting principles while accurately reflecting the timing and recognition of grant-related revenues.

Gifts and Pledges

Pledges of financial support from individuals and organizations, representing unconditional promises to give, are recognized as revenue in the financial statements when all eligibility requirements have been met, including time-related conditions. In the absence of such eligibility requirements, revenue is recognized when the gift is received.

Endowment pledges generally do not meet the criteria for eligibility as defined under applicable standards and are, therefore, not recorded as assets until the related gift has been received.

Unconditional promises are expected to be collected in future periods and are recognized at their present value, reflecting the estimated future cash flows. The University uses appropriate discount rates based on the length of time until the pledge is expected to be collected. The timing of revenue recognition is consistent with GASB guidelines, ensuring proper reporting of financial support within the appropriate fiscal periods.



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June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Restatement of Beginning Net Position

During the fiscal year, the University's blended component unit, MSRC, identified an understatement of unearned revenues related to Commonwealth grants and contracts. Certain grant and contract revenues of MSRC were previously recognized as revenue before the related performance obligations were met, resulting in an overstatement of revenues and net position in prior periods. In accordance with GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, the University has restated its beginning net position to reflect MSRC's correction of this prior-period error.

The effect of this restatement on the University's beginning net position as of July 1, 2023, is as follows:

Net Position	Primary Government (in thousands)
Previously reported, July 1, 2023	\$ (1,337,658)
Adjustment for unearned revenues - Commonwealth grants and contracts	<u>(2,058)</u>
Restated, July 1, 2023	<u><u>\$ (1,339,716)</u></u>

The adjustment ensures compliance with U.S. GAAP by properly deferring revenue recognition until all eligibility and performance requirements are satisfied. This correction does not impact the University's cash flows but has resulted in a reclassification of liabilities and a reduction in beginning net position.

No other prior-period adjustments were necessary, and comparative financial statements have been updated accordingly.

Pension

Pension costs are recognized and disclosed using the accrual basis of accounting in accordance with GASB standards. The University reports a net pension liability for its qualified pension plan, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the University's prior fiscal year-end.

Changes in the net pension liability are recognized as pension expense or as deferred inflows of resources or deferred outflows of resources, depending on the nature of the change, in the period in which the change occurs. Specifically, changes resulting from actuarial assumptions, other inputs, and differences between expected and actual experience are recorded as deferred inflows or outflows. These deferred amounts are then amortized over the average remaining service life of all participants, including retirees, in the qualified pension plan. The amortization is included as part of pension expense, beginning with the period in which the change arises.



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June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Pension (continued)

Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Any differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources and amortized over a closed five-year period, starting with the period in which the difference occurs. Employer contributions made after the measurement date of the net pension liability are recorded as a deferred outflow of resources.

For the purposes of measuring the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense, the University has relied on the information provided by the University of Puerto Rico Retirement System. This includes the fiduciary net position of the system and the corresponding additions and deductions to the fiduciary net position. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms of the plan.

Postemployment Benefits Other Than Pensions

Other Postemployment Benefits (“OPEB”) expenses are recognized and disclosed using the accrual basis of accounting in accordance with applicable standards. The University recognizes the total OPEB liability for its postemployment benefits program, which is funded on a pay-as-you-go basis. The total OPEB liability is measured as of the University’s prior fiscal year-end.

Changes in the total OPEB liability during the period are recorded as OPEB expense or as deferred inflows of resources or deferred outflows of resources, depending on the nature of the change, in the period in which the change occurs. Specifically, changes resulting from actuarial assumptions, other inputs, and differences between expected and actual experience are recorded as deferred inflows or outflows. These deferred amounts are amortized over the average remaining service life of all participants, including retirees, in the OPEB program. The amortization is recorded as part of OPEB expense, beginning with the period in which the change arises.

Employer contributions made after the measurement date of the total OPEB liability are recorded as a deferred outflow of resources.



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2. Summary of Significant Accounting Policies (continued)

Adoption of New and Upcoming Accounting Standards

The University has adopted the provisions of the following statements:

- GASB Statement No. 99, *Omnibus 2022* addresses a variety of accounting and financial reporting issues, including derivative instruments, the Supplemental Nutrition Assistance Program “SNAP”, non-monetary transactions, leases, subscription-based information technology arrangements “SBITA” and other technical corrections. The provisions are effective for the University in the current fiscal year. The adoption of this Statement did not have a material impact on the University’s financial statements.
- GASB Statement No. 100, *Accounting Changes and Error Corrections*-an amendment of GASB Statement No. 62 establishes accounting and financial reporting requirements for changes in accounting principles, changes in estimates, and error corrections. This Statement enhances transparency by requiring governments to disclose the nature and impact of accounting changes and corrections more clearly. As a result of implementing GASB 100, the University evaluated prior period adjustments and identified an immaterial error in the recognition of grant revenue. The correction resulted in a restatement of beginning net position by \$2.258 million. This change was applied retrospectively, as required by the standard. The adoption of GASB 100 did not have a material impact on the University’s financial position or results of operations.

The following accounting pronouncements have been issued by GASB, but are not yet effective:

- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023. Earlier application is encouraged.
- GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a



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Notes to Financial Statements (continued)
June 30, 2024

2. Summary of Significant Accounting Policies (continued)

Adoption of New and Upcoming Accounting Standards (continued)

- GASB Statement No. 102, *Certain Risk Disclosures (continued)*
government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.
- GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (i) Overview of the Financial Statements, (ii) Financial Summary, (iii) Detailed Analyses, (iv) Significant Capital Asset and Long-Term Financing Activity, and (v) Currently Known Facts, Decisions, or Conditions. This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (i) variances between original and final budget amounts and (ii) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The requirements of this Statement are effective for fiscal years beginning after June 30, 2025 and all reporting periods thereafter. Earlier application is encouraged.

The University is actively evaluating these new accounting pronouncements and will assess their impact on the financial statements in due course.



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Notes to Financial Statements (continued)
June 30, 2024

3. University-only Financial Statements

The table below presents the financial information pertaining solely to the University as of June 30, 2024, excluding the blended component units:

Statement of Net Position (Deficit) as of June 30, 2024 (in thousands)

Assets

Current assets:

Cash and cash equivalents	\$ 158,305
Restricted cash and cash equivalents	127,453
Restricted investments at fair value:	
Deposited with trustee	46,466
Others	5
Accounts receivable, net	38,590
Due from, net:	
Commonwealth of Puerto Rico	44,938
Federal government	57,753
Component units - Blended	412
Component units - Discrete	392
Other governmental entities	6,339
Lease receivable	760
Inventories	1,667
Prepaid expenses and other assets	8,789
Total current assets	491,869

Non-current assets:

Restricted cash and cash equivalents	214,410
Restricted investments:	
Endowment funds	130,413
Deferred compensation plan	88,698
Other long-term investments at fair value	3,320
Lease receivable	1,932
Notes receivable, net	5,931
Due from component units - Blended, net	6,750
Due from component units - Discrete, net	3,952
Rights of use subscription assets, net	2,236
Capital assets (net of accumulated depreciation and amortization):	
Land and other non-depreciable assets	93,292
Depreciable assets	658,796

Total non-current assets

1,209,730

Total assets

1,701,599

Deferred outflows of resources:

Pension activities	203,324
OPEB activities	20,231
Refunding loss	416

Total deferred outflows of resources

223,971

Total assets and deferred outflows of resources

\$ 1,925,570



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2024

3. University-only Financial Statements (continued)

Statement of Net Position (Deficit) as of June 30, 2024 (in thousands) (continued)

Liabilities

Current liabilities:

Accounts payable and accrued liabilities	\$ 86,320
Due to:	
Commonwealth of Puerto Rico	26,789
Component units - Blended	7,738
Component units - Discrete	666
Other governmental entities	3,335
Unearned revenues	105,342
Current portion of long-term debt:	
Bonds payable	30,975
Other current liabilities:	
Lease liability	1,511
Subscription liability	1,207
Claims liability	240
Compensated absences	24,937
Total current liabilities	<u>289,060</u>

Non-current liabilities:

Long-term debt, net of current portion:	
Notes payable and others	116
Bonds payable	206,679
Due to component units - Blended	32,079
Other long-term liabilities:	
Lease liability	4,524
Subscription liability	671
Deferred compensation plan	88,698
Claims liability	7,886
Compensated absences	100,960
Net pension liability	1,690,923
Other postemployment benefits obligation	191,138
Total non-current liabilities	<u>2,323,674</u>
Total liabilities	<u>2,612,734</u>

Deferred inflows of resources:

Pension activities	187,723
OPEB activities	38,991
Leases	2,463
Total deferred inflows of resources	<u>229,177</u>
Total liabilities and deferred inflows of resources	<u>2,841,911</u>

Net position (deficit)

Net investment in capital assets	487,933
Restricted, non-expendable:	
Scholarships and fellowships	251,335
Research	52,448
Other	39,187
Restricted, expendable:	
Loans	13,184
Capital projects	2,508
Debt service	41,744
Unrestricted (deficit)	(1,804,680)
Total net position (deficit)	<u>\$ (916,341)</u>



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Notes to Financial Statements (continued)
June 30, 2024

3. University-only Financial Statements (continued)

Statement of Revenues, Expenses, and Changes in Net Position (Deficit) (in thousands)
For the Year Ended June 30, 2024

Operating revenues:

Tuitions and fees, net	\$ 76,656
Net patient service revenue and other, net	107,761
Federal grants and contracts	134,065
Commonwealth grants and contracts, net	54,976
Non-governmental grants and contracts, net	8,214
Sales and services of educational departments	8,644
Auxiliary enterprise, net	841
Other operating revenues	16,820
Total operating revenues	407,977

Operating expenses:

Salaries:	
Faculty	341,660
Non-faculty	186,669
Benefits:	
Pension credit	(205,332)
OPEB expense	4,654
Other benefits	134,082
Scholarships and fellowships	128,786
Supplies and other services	145,411
Utilities	45,475
Depreciation and amortization	47,813
Other expenses	22,899
Total operating expenses	852,117
Operating loss	(444,140)

Non-operating revenues (expenses):

Commonwealth and other appropriations	642,542
Federal Grants:	
Federal Pell Grant program	164,312
CARES Act	15,511
Federal Emergency Management Agency (FEMA)	4,745
Gifts	9,410
Net investment income	38,310
Interest expense - debt related	(14,944)
Other	521
Net non-operating revenues	860,407
Income before other changes in net position	416,267

Other changes in net position:

Capital grant contributions	13,078
Additions to term and permanent endowments	330
Total other changes in net position	13,408
Change in net position	429,675

Net position (deficit) - beginning of the year	(1,346,016)
Net position (deficit) - end of the year	\$ (916,341)



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Notes to Financial Statements (continued)
June 30, 2024

3. University-only Financial Statements (continued)

Statement of Cash Flows for the Year Ended June 30, 2024 (in thousands)

Cash flows from operating activities

Tuition and fees	\$ 76,501
Grants and contracts	205,882
Patient services	100,458
Payments to employees	(529,566)
Payments for benefits	(258,582)
Payments for scholarships and fellowships	(127,983)
Payments to suppliers	(161,992)
Payments for utilities	(45,475)
Loans issued to students net of collection of loans	3,394
Auxiliary enterprises	823
Sales and services educational departments and others	7,383
Net cash used in operating activities	<u>(729,157)</u>

Cash flows from non-capital financing activities

Commonwealth and other appropriations	599,377
Federal grants:	
Federal Pell Grant program	164,312
CARES Act	15,511
FEMA	2,654
Endowment gifts	330
Federal direct student loan program receipts	56,133
Federal direct student loan program disbursements	(56,133)
Gifts and grants for other than capital purposes	9,410
Other non-operating, net disbursements	897
Net cash provided by non-capital financing activities	<u>792,491</u>

Cash flows from capital and related financing activities

Purchases of capital assets	(53,694)
Disbursements for subscription-based information technology	(2,320)
Federal government capital contributions	13,077
Principal paid on capital debt and financed purchases	(32,910)
Interest paid on capital debt and financed purchases	(14,757)
Principal and interest paid on leases	1,113
Principal and interest received on leases	(1,927)
Increase in deposits with trustees and others	(1,406)
Net cash used in capital and related financing activities	<u>(92,824)</u>

Cash flows from investing activities

Proceeds from sales and maturities of investments	388,521
Purchases of investments	(55,996)
Collections of interest and dividend income on investments	22,146
Collections of advances to the University of Puerto Rico Retirement System	79
Contributions paid to a component unit (MSRC)	(375)
Loan granted to a component unit (MSRC)	(1,125)
Net cash provided by investing activities	<u>353,250</u>
Net change in cash and cash equivalents	323,760

Cash and cash equivalents:

Beginning of year	176,408
End of year	<u>\$ 500,168</u>



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Notes to Financial Statements (continued)
June 30, 2024

3. University-only Financial Statements (continued)

Statement of Cash Flows for the Year Ended June 30, 2024 (in thousands) (continued)

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (444,140)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	47,813
Provision for allowances doubtful accounts	11,427
Changes in operating assets and liabilities and deferred outflows and inflows of resources:	
Decrease (increase) in:	
Grants and contracts receivables	(33,047)
Prepaid expenses, inventories and other	13,842
Deferred outflows of resources from pension activities	36,195
Deferred outflows of resources from OPEB activities	5,475
Increase (decrease) in:	
Accounts payable and accrued liabilities	8,839
Unearned revenue	3,931
Net pension liability	(61,307)
OPEB liability	(7,650)
Deferred inflows of resources from pension activities	(305,598)
Deferred inflows of resources from OPEB activities	(4,590)
Deferred inflows related to leases	(347)
Net cash used in operating activities	<u><u>\$ (729,157)</u></u>

Supplemental schedule of non-cash investing, capital and financing activities

Increase in fair value of investments	<u><u>\$ 8,410</u></u>
Amortization of:	
Bonds premiums, net of discounts	<u><u>\$ 1,173</u></u>
Deferred refunding loss	<u><u>\$ 153</u></u>



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Notes to Financial Statements (continued)
June 30, 2024

4. Condensed Financial Information Blended Component Units (in thousands)

	DUI	MSRC	Total
Condensed Statements of Net Position			
Current assets:			
Cash and cash equivalents, investments and others	\$ 18,042	\$ 5,244	\$ 23,286
Due from University	7,738	—	7,738
Non-current assets:			
Capital assets, net	—	1,101	1,101
Due from University	32,079	—	32,079
Other	110	—	110
Total assets	<u>57,969</u>	<u>6,345</u>	<u>64,314</u>
Current liabilities:			
Accounts payable, accrued liabilities and others	1,842	5,355	7,197
Due to University	—	412	412
Bond payable	3,500	—	3,500
Non-current liabilities:			
Due to University	—	6,750	6,750
Bond payable	40,475	—	40,475
Total liabilities	<u>45,817</u>	<u>12,517</u>	<u>58,334</u>
Net investment in capital assets	—	1,101	1,101
Restricted, expendable	16,841	—	16,841
Unrestricted (deficit)	(4,689)	(7,273)	(11,962)
Total net position	<u>\$ 12,152</u>	<u>\$ (6,172)</u>	<u>\$ 5,980</u>
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	\$ —	\$ 1,353	\$ 1,353
Operating expenses	243	2,792	3,035
Operating loss	(243)	(1,439)	(1,682)
Non-operating revenues	3,210	375	3,585
Non-operating expenses	(2,223)	—	(2,223)
Non-operating income (expenses)	987	375	1,362
Change in net position	744	(1,064)	(320)
Net position - beginning of year as restated	11,408	(5,108)	6,300
Net position - end of year	<u>\$ 12,152</u>	<u>\$ (6,172)</u>	<u>\$ 5,980</u>
Condensed Statements of Cash Flows			
Net cash provided by (used in):			
Operating activities	\$ (129)	\$ 2,473	\$ 2,344
Non-capital financing activities	—	1,500	1,500
Capital and related financing activities	170	(873)	(703)
Investing activities	(19)	—	(19)
Net change in cash and cash equivalents	22	3,100	3,122
Cash and cash equivalents - beginning of year	64	1,923	1,987
Cash and cash equivalents - end of year	<u>\$ 86</u>	<u>\$ 5,023</u>	<u>\$ 5,109</u>



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2024

5. Condensed Financial Information Discretely Presented Component Units (in thousands)

	SMU	UPRPS	MCC	Total
Condensed Statements of Net Position				
Current assets:				
Cash and cash equivalents, investments and others	\$ 17,736	\$ 1,630	\$ 778	\$ 20,144
Due from Primary Government	—	666	—	666
Non-current assets:				
Capital assets, net	26,429	193	845	27,467
Other	8,457	—	15	8,472
Total assets	52,622	2,489	1,638	56,749
Current liabilities:				
Accounts payable, accrued liabilities and others	7,634	479	8	8,121
Long-term debt	600	—	56	656
Lease liability	70	25	—	95
Due to Primary Government	—	2,300	—	2,300
Unearned revenues	—	129	73	202
Non-current liabilities:				
Long term debt	4,252	—	155	4,407
Due to Primary Government	5,150	—	—	5,150
Lease liability	101	22	—	123
Claims liability	2,369	—	—	2,369
Total liabilities	20,176	2,955	292	23,423
Net investment in capital assets	26,429	193	845	27,467
Unrestricted net position (deficit)	6,017	(659)	501	5,859
Total net position	\$ 32,446	\$ (466)	\$ 1,346	\$ 33,326
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues	\$ 68,961	\$ 3,884	\$ 914	\$ 73,759
Operating expenses	63,196	4,317	882	68,395
Operating income (loss)	5,765	(433)	32	5,364
Interest expense	(39)	—	(20)	(59)
Change in net position	5,726	(433)	12	5,305
Net position - beginning of year, as restated	26,720	(33)	1,334	28,021
Net position - end of year	\$ 32,446	\$ (466)	\$ 1,346	\$ 33,326
Condensed Statements of Cash Flows				
Net cash provided by (used in):				
Operating activities	\$ 3,486	\$ 50	\$ 123	\$ 3,659
Non-capital financing activities	170	—	—	170
Capital and related financing activities	(6,793)	(85)	(51)	(6,929)
Net change in cash and cash equivalents	(3,137)	(35)	72	(3,100)
Cash and cash equivalents - beginning of year	15,302	1,532	430	17,264
Cash and cash equivalents - end of year	\$ 12,165	\$ 1,497	\$ 502	\$ 14,164



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Notes to Financial Statements (continued)
June 30, 2024

6. Cash and Cash Equivalents

The University's cash and cash equivalents as of June 30, 2024, consisted of the following (in thousands):

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash:			
Cash on hand	\$ 24	\$ —	\$ 24
Deposit accounts with commercial banks	90,626	107,024	197,650
Total cash	<u>90,650</u>	<u>107,024</u>	<u>197,674</u>
Cash equivalents:			
Deposit accounts with commercial banks	68,543	208,711	277,254
Money market funds	—	30,349	30,349
Total cash equivalents	<u>68,543</u>	<u>239,060</u>	<u>307,603</u>
Total Primary Government	<u>159,193</u>	<u>346,084</u>	<u>505,277</u>
Current portion	159,193	131,674	290,867
Non-current portion	—	214,410	214,410
Total	<u>\$ 159,193</u>	<u>\$ 346,084</u>	<u>\$ 505,277</u>

Custodial credit risk related to deposits is the risk that in the event of a financial institution failure, the University's deposits might not be recovered. The University's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to the applicable statutory limits. The University and some of its component units are authorized to deposit only in institutions approved by the Commonwealth's Department of the Treasury (Treasury), and such deposits are maintained in separate bank accounts in the name of the University. Authorized depositories collateralize the amount deposited in excess of the federal depository insurance of \$250,000 with securities that are pledged to the Treasury. The University does not have exposure to foreign currency risk in demand deposits.

At June 30, 2024, the University's bank balances were \$163.6 million. The balances in money market funds, which amounted to \$30.3 million at June 30, 2024, are uninsured and uncollateralized, thus, exposed to custodial credit risk.

Restricted cash mainly includes approximately \$73.1 million of unearned cash advances from a FEMA – Hurricane Maria grant received during fiscal year 2023. Additionally, the restricted cash associated with the University's permanent endowment funds amounts to approximately \$22 million.



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Notes to Financial Statements (continued)
June 30, 2024

7. Investments

The University's investments held at June 30, 2024, are summarized in the following table (in thousands):

	Restricted Investments in:						
	Healthcare						
	Permanent	Sinking	Deferred	Construction		Unrestricted	
	Endowment	Funds	Compensation	Fund	Others	Investments	Total
	Funds		Plan				
University:							
U.S. Treasury securities:							
Notes	\$ 15,289	\$ —	\$ —	\$ —	\$ —	\$ —	15,289
Bonds	480	—	—	—	—	—	480
U.S. sponsored agencies bonds and notes:							
Federal Farm Credit Bank (FFCB)	775	—	—	—	—	—	775
Federal Home Loan Bank (FHLB)	396	—	—	—	—	—	396
Federal National Mortgage Association (FNMA)	—	5,845	—	—	—	—	5,845
Federal Home Loan Mortgage Corporation (FHLMC)	1,135	—	—	—	—	—	1,135
Tennessee Valley Authority (TVA)	1,807	—	—	—	—	—	1,807
U.S. municipal bonds	1,937	—	—	—	—	2,724	4,661
Mortgage-backed securities:							
Government National Mortgage Association (GNMA)	748	—	—	—	—	—	748
FNMA	12,385	—	—	—	—	—	12,385
FHLMC	6,175	—	—	—	—	—	6,175
Small Business Administration (SBA)	222	—	—	—	—	—	222
Asset-backed securities	3,829	—	—	—	—	—	3,829
Corporate bonds and notes	13,771	—	—	—	—	—	13,771
Certificates of deposit	153	—	—	—	5	—	158
Money market funds and others	—	55,098	58,837	3,464	—	250	117,649
External investment pools	—	—	29,737	—	—	346	30,083
Common stock and convertibles	71,311	—	124	—	—	—	71,435
Total University's investments	\$ 130,413	\$ 60,943	\$ 88,698	\$ 3,464	\$ 5	\$ 3,320	\$ 286,843
Current portion	\$ —	\$ 60,943	\$ —	\$ 3,464	\$ 5	\$ —	\$ 64,412
Non-current portion	130,413	—	88,698	—	—	3,320	222,431
Total	130,413	60,943	88,698	3,464	5	3,320	286,843

Restricted Investments in Permanent Endowment Funds

Restricted investments held in the University's permanent endowment funds at June 30, 2024 amounted to \$130.4 million. The corpus of these funds may not be expended and must remain with the University in perpetuity. Only the earnings from these funds may be expended.

For each permanent endowment fund, the University is mainly authorized by the donor to invest a percentage of total assets, with certain limitations, in the following types of investments: not less than 50% and no more than 80% in fixed income securities and not less than 20% and no more than 50% in equity securities. No international equity, private equity, and non-U.S. income security investments other than foreign government bonds are held by the University.

If a donor has not provided specific instructions, state law permits the Governing Board to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the Governing Board is required to consider the University's "long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions." Any net appreciation that is spent must be used for the purposes for which the endowment was established.



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7. Investments (continued)

Restricted Investments in Permanent Endowment Funds (continued)

As of June 30, 2024, almost all the private donors of the University's endowment funds only authorize the realized portion of the net appreciation of their investments (including interest and dividend income on investment and cash equivalents) to be spent in amounts that range from 75% to 100% in accordance with the donor specific instructions. Unrealized net appreciation on investments of the endowment funds is not available for authorization for expenditure by the Governing Board. As of June 30, 2024, net appreciation of \$20.0 million was restricted to specific purposes.

Act No. 4 of 2022, "Law of the Scholarship Fund to Mitigate the Increase in Tuition Costs of the Fiscal Plan" established the University Endowment Fund. The University Endowment Fund allows the use of the investment income up to \$10 million per year. Funds available for granting scholarships must be distributed among graduate and undergraduate students, at a rate of seventy-five percent (75%) in favor of undergraduate students and at a rate of twenty-five percent (25%) in favor of graduate students.

Restricted Investments in Sinking Funds

The University and DUI are required to maintain sinking funds held by trustees for the retirement of the "University System Revenue Bonds" and the AFICA bonds. The Trustees shall, upon receipt of the pledged revenues, make deposits to the credit of the sinking fund accounts.

The University and DUI funds held by trustee as of June 30, 2024 amounted to \$60.9 million and consisted of money market funds and a U.S. sponsored agency note (Federal National Mortgage Association discounted note) purchased with remaining maturities of six months or less.

Deferred Compensation Plan Investments

Investments in the University's Deferred Compensation Plan consisted of external investment pools, nonparticipating guaranteed investment contracts and common stock and convertible funds amounting to \$88.7 million as of June 30, 2024. Such investments include the Voya Retirement Insurance and Annuity Company ("Voya") Fixed Account, a nonparticipating guaranteed investment contract, which amounted to approximately \$58.8 million as of June 30, 2024.

Restricted Investments in Construction Fund

Although the construction of Plaza Universitaria was finished in September 2006, DUI maintain a Construction Fund account held by trustee, related to the issuance of the AFICA bonds. As of June 30, 2024, the account balance amounted to \$3.5 million and consisted of a money market fund.

Credit Risk

Issuer credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.



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Notes to Financial Statements (continued)
June 30, 2024

7. Investments (continued)

As of June 30, 2024, the University's credit quality distribution for securities is as follows (in thousands):

	Carrying Value	Credit Rating						Not Subject to Rating		No Risk
		AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	B+ to B-	Not Rated			
U.S. Treasury securities:										
Notes	\$ 15,289	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 15,289	\$ —	\$ —	—
Bonds	480	—	—	—	—	—	480	—	—	—
U.S. sponsored agencies bonds and notes:										
FFCB	775	—	—	—	—	—	775	—	—	—
FHLB	396	—	—	—	—	—	396	—	—	—
FNMA	5,845	—	5,845	—	—	—	—	—	—	—
FHLMC	1,135	—	—	—	—	—	1,135	—	—	—
TVA	1,807	—	—	—	—	—	1,807	—	—	—
U.S. municipal bonds	4,661	1,657	2,410	115	—	125	354	—	—	—
Mortgage-backed securities:										
GNMA	748	—	—	—	—	—	748	—	—	—
FNMA	12,385	—	—	—	—	—	12,385	—	—	—
FHLMC	6,175	—	—	—	—	—	6,175	—	—	—
SBA	222	—	—	—	—	—	222	—	—	—
Asset-backed securities	3,829	3,430	—	—	—	—	399	—	—	—
Corporate bonds and notes	13,771	580	10,619	477	629	—	1,466	—	—	—
Certificates of deposit	158	—	—	—	—	—	—	—	—	158
Money market funds and others	117,649	—	—	—	—	—	—	—	—	117,649
External investment pools	30,083	—	—	—	—	—	30,083	—	—	—
Common stock and convertibles	71,435	—	—	—	—	—	—	71,435	—	—
Total securities	\$ 286,843	\$ 5,667	\$ 18,874	\$ 592	\$ 629	\$ 125	\$ 71,714	\$ 71,435	\$ 117,807	—

Custodial Credit Risk

Custodial credit risk related to investments is the risk that, in the event of failure of the counterparty to a transaction, the University and DUI may not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The balances in certificates of deposit of \$158 thousand as of June 30, 2024, is uninsured and uncollateralized. These deposits are exposed to custodial credit risk. On June 30, 2024, the custody of these investments is held by the trust departments of commercial banks in the name of the University and DUI and the portfolios are managed by brokerage firms.

Impaired Deposits with Governmental Bank

Deposits held with the Commonwealth's Governmental Development Bank are impaired and considered not realizable. Balance amounted to \$7.1 million as of June 30, 2024.



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7. Investments (continued)

Interest Rate Risk

The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. Expected maturities will differ from contractual maturities, because counterparties may have the right to call or prepay obligations with or without call or prepayment penalties. No investment in any one issuer other than the US Bank money market account \$46.5 million and the Voya Retirement Insurance and Annuity Company Fixed Account, a nonparticipating guaranteed investment contract, \$58.8 million, represented 5% or more of the total investment portfolio at June 30, 2024. At June 30, 2024, the University had variable rate interest investments amounting to \$3.1 million.

The following table summarizes the type and maturity of investments held by the University at June 30, 2024 (in thousands):

	Within One Year	After One to Five Years	After Five to Ten Years	After Ten Years	No Stated Maturity Date	Total Fair Value
U.S. Treasury securities:						
Notes	\$ 2,021	\$ 4,246	\$ 8,900	\$ 122	\$ —	\$ 15,289
Bonds	—	480	—	—	—	480
U.S. sponsored agencies bonds and notes:						
FFCB	—	—	775	—	—	775
FHLB	115	281	—	—	—	396
FNMA	5,845	—	—	—	—	5,845
FHLMC	1,135	—	—	—	—	1,135
TVA	969	242	596	—	—	1,807
U.S. municipal bonds	717	652	2,417	875	—	4,661
Mortgage-backed securities:						
GNMA	—	209	163	376	—	748
FNMA	—	1,203	1,527	9,655	—	12,385
FHLMC	356	1,359	795	3,665	—	6,175
SBA	—	—	—	222	—	222
Asset-backed securities	—	3,565	99	165	—	3,829
Corporate bonds and notes	3,198	7,937	2,046	590	—	13,771
Certificates of deposit	158	—	—	—	—	158
Money market funds and others	58,632	58,767	—	—	250	117,649
External investment pools	38	805	1,579	—	27,661	30,083
Common stock and convertibles	—	—	—	—	71,435	71,435
Total	\$ 73,184	\$ 79,746	\$ 18,897	\$ 15,670	\$ 99,346	\$ 286,843



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Notes to Financial Statements (continued)
June 30, 2024

7. Investments (continued)

Fair Value Hierarchy

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Investments in nonparticipating guaranteed investment contracts, certificates of deposit and money market funds amounting to \$117.8 million as of June 30, 2024, are not classified in the fair value hierarchy below because they are carried-at-cost.

The following is a summary of the fair value hierarchy of the fair value of investments of the University as of June 30, 2024 (in thousands):

Investments by Fair Value Level	Total	Fair Value Measurements Using		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
U.S. Treasury securities:				
Notes	\$ 15,289	\$ 15,289	\$ —	\$ —
Bonds	480	480	—	—
U.S. sponsored agencies bonds and notes:				
FFCB	775	—	775	—
FHLB	396	—	396	—
FNMA	5,845	—	5,845	—
FHLMC	1,135	—	1,135	—
TVA	1,807	—	1,807	—
U.S. municipal bonds	4,661	—	4,661	—
Mortgage-backed securities:				
GNMA	748	—	748	—
FNMA	12,385	—	12,385	—
FHLMC	6,175	—	6,175	—
SBA	222	—	222	—
Asset-backed securities	3,829	—	3,829	—
Corporate bonds and notes	13,771	—	13,771	—
External investment pools measured at fair value	30,083	—	346	29,737
Common stock and convertibles	71,435	71,435	—	—
Total investments measured at fair value	169,036	\$ 87,204	\$ 52,095	\$ 29,737
Certificates of deposit	158			
Money market funds and others	117,649			
	<u>\$ 286,843</u>			



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Notes to Financial Statements (continued)
June 30, 2024

7. Investments (continued)

Fair Value Hierarchy (continued)

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets. Investment income securities, including U.S. sponsored agencies bonds and notes, U.S. municipal bonds, foreign government bonds, mortgage-backed securities, asset-backed securities, and corporate bonds, classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our custodian bank.

External investment pools measured at fair value classified in Level 3 of the fair value hierarchy are valued using cash value, or account value when discussing variable annuities, is the total current value of an annuity contract at a specific point in time. It represents the value of an annuity contract before any withdrawals are contemplated and any charges are applied.

The University holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using fair value of the investment companies as a practical expedient. Investments measured at fair value mainly include open-end mutual funds held in an insurance company separate account.

8. Tuition Revenues, Scholarship Allowance and Scholarship Expense

Student tuition revenue is recorded net of scholarship allowances, which represent the difference between the University's stated charges for goods and services provided and the amounts paid by students or third parties on their behalf. To the extent that financial aid programs are used to cover tuition and other charges, the University records a scholarship allowance to reflect the reduction in revenue.

For the year ended June 30, 2024, net student tuition revenue is comprised of the following components (in thousands):

Student tuition and fees	\$ 218,295
Less: scholarship allowances	<u>(141,639)</u>
Net student tuition and fees revenue	<u>\$ 76,656</u>

Amounts paid directly to students are recorded as scholarship expenses. The scholarships for the year ended June 30, 2024, are summarized as follows (in thousands):

Scholarships paid directly to students	\$ 128,786
Scholarships applied to tuition and fees	<u>141,639</u>
	<u>\$ 270,425</u>



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9. Receivables and Payables

The University's accounts receivable and due from, net of allowance for doubtful accounts, as of June 30, 2024, are as follows (in thousands):

	Gross Balance	Allowance	Net Balance
Accounts receivable:			
Medical plans	\$ 153,398	\$ (127,404)	\$ 25,994
Student tuition and fees	19,772	(15,104)	4,668
Other	24,542	(16,614)	7,928
Total accounts receivable	<u>\$ 197,712</u>	<u>\$ (159,122)</u>	<u>\$ 38,590</u>
Due from:			
Commonwealth of Puerto Rico	\$ 48,893	\$ (3,955)	\$ 44,938
Federal government	86,799	(29,046)	57,753
	135,692	(33,001)	102,691
Component units:			
Current portion:			
University of Puerto Rico Parking System, Inc.	2,300	(1,908)	392
Non-current portion:			
Servicios Médicos Universitarios, Inc.	5,150	(1,198)	3,952
	7,450	(3,106)	4,344
Other governmental entities	28,320	(21,972)	6,348
Total due from	<u>\$ 171,462</u>	<u>\$ (58,079)</u>	<u>\$ 113,383</u>

The University's accounts payable and due to as of June 30, 2024, are as follows (in thousands):

Accounts payable and accrued liabilities	<u>\$ 89,353</u>
Due to:	
Commonwealth of Puerto Rico	\$ 26,789
University of Puerto Rico Parking System, Inc.	666
Other governmental entities	3,335
Total	<u>\$ 30,790</u>

Transactions Between the Primary Government and its Discretely Presented Component Units

Servicios Médicos Universitarios, Inc. (SMU)

SMU is engaged in shared services with the University's Medical Sciences Campus (RCM, by its Spanish acronym). RCM provides medical services while SMU leases space for RCM's odontology program and other clinics. As of June 30, 2024, the net amount due from SMU to the University is \$5.15 million. Related payments for medical services provided by RCM and leased space were \$1.6 million and \$22 thousand, respectively.



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Notes to Financial Statements (continued)
June 30, 2024

9. Receivables and Payables (continued)

Transactions Between the Primary Government and its Discretely Presented Component Units (continued)

Servicios Médicos Universitarios, Inc. (SMU) (continued)

SMU is considered an instrumentality of the Commonwealth as per Act 98-1994, which provides for malpractice claims immunity. The maximum claim risk is limited to \$75,000 per plaintiff within the same case and cause of action and \$150,000 with multiple plaintiffs within the same case and cause of action.

University of Puerto Rico Parking System, Inc. (UPRPS)

Effective January 22, 2021, the University assigned the responsibility for the operation, maintenance, and management of Plaza Universitaria to UPRPS through various Memorandum of Understanding (“MOU”). The University pays a fixed monthly fee of \$15,000 plus reimbursable expenses while the UPRPS: (i) collects rent and renders monthly income statements; and (ii) provides maintenance, cleaning, decoration, security, and repairs up to the maximum amount established in the contract. The current contract expires on June 30, 2025. As of June 30, 2024, the University owes UPRPS approximately \$666 thousand in management fees and reimbursable expenses, while UPRPS has a due to the University of approximately \$2.3 million in collected rent.

10. Related-Party Transactions

Transaction Type	Related Party Name	Location	Description	Amount (in thousands)
State Appropriations and Others	Commonwealth of Puerto Rico	San Juan, PR	Direct state funding received for operational support and student financial aid approved by state legislature as part of the annual budget allocation, and other grants and contracts	\$665,276
PayGo Contributions	Employees Retirement System of the Government of the Commonwealth of Puerto Rico (ERS-PR)	San Juan, PR	Contributions required by ERS-PR from governmental agencies, public corporations, and municipalities to fund pension payments for retirees	\$ 3,114
Employer Retirement Contributions	University of Puerto Rico Retirement System	San Juan, PR	Contributions made to the university-managed retirement system on behalf of its employees that are required by state law as part of employee compensation benefits.	\$124,419



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Notes to Financial Statements (continued)
June 30, 2024

10. Related-Party Transactions (continued)

Commonwealth Appropriations

Under Act No. 2 of January 20, 1966, the Commonwealth of Puerto Rico provides appropriations to support the University's operational expenses. For the fiscal year ending on June 30, 2024, the University received a total of \$665.2 million in Commonwealth appropriations.

Of this amount, \$441.2 million was allocated to cover the University's general operational expenses. Additionally, \$73 million was awarded for the achievement of a defined set of milestones, as stipulated by the University's Certified Fiscal Plan approved by the Financial Oversight and Management Board for Puerto Rico (FOMB). Another \$78.6 million was designated for several specific activities, including the payment of salaries for the residents and interns at the Medical Sciences Campus; funding for training and professional development for teachers and directors; and financial aid for qualifying students.

The Puerto Rico Gaming Commission appropriations for the year ended June 30, 2024, amounted to \$71.3 million and are included as part of Commonwealth appropriations in the accompanying Statement of Revenues, Expenses, and Changes in Net Position (Deficit). These appropriations are received by virtue of Act No. 36 of 2005, an amendment of Act No. 221 of May 15, 1948, known as the "Games of Chance Act".

Additionally, the Commonwealth has appropriated funds for the University Endowment Fund, as required by Act No. 4 of 2022, the "Law of the Scholarship Fund to Mitigate the Increase in Tuition Costs of the Fiscal Plan". The University Endowment Fund's returns are used to provide scholarships to students with financial needs. The fund is distributed as follows: 25% of the scholarships are for graduate students, while 75% are for undergraduate students. For the year ended June 30, 2024, approximately \$10 million were distributed for student scholarships in accordance with Act 4 of 2022.

Other Transactions

The University is a cost-sharing employer of the Employees Retirement System of the Government of the Commonwealth of Puerto Rico (ERS) for a group of retirees that were former employees of the Commonwealth and thus were not included in the University's Retirement System. The PayGo charges billed by ERS to the University amounted to \$3.1 million in fiscal year 2024. Accrued PayGo charges for fiscal years 2019 through 2024 amounting to \$25.3 million are included as part of the due to Commonwealth balance reported as of June 30, 2024.

11. Federal Government Grants and Contracts

The University's due from Federal Government as of June 30, 2024, is as follows (in thousands):

CARES Act grants, mainly for institutional support	\$ 3,528
FEMA grants for disaster-relief	6,286
Others, mainly research activity grants and contracts	47,939
Total	<u>\$ 57,753</u>



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11. Federal Government Grants and Contracts (continued)

The University's grants and contracts from the Federal Government are primarily related to the following: (i) grants and contracts for research activity in various fields including Sciences, Health Sciences, Engineering, Technology and Arts; (ii) Pell Grants for student financial assistance; (iii) CARES Act grants for institutional support; and (iv) Federal Emergency Management Agency (FEMA) disaster relief grants.

Grants and contracts awarded by the Federal Government and other sponsors, which are typically non-exchange transactions restricted to specific purposes, are recognized as revenue when qualifying expenditure is incurred and the conditions under the agreement are satisfied.

Nearly all federal grants and contracts are subject to financial and compliance audits by the grantor agencies. These agencies possess the authority to recoup funds and may limit, suspend, or terminate federal financial assistance programs. Should any unallowable costs be identified during such audits, the University may be required to reimburse the corresponding federal agencies using non-federal resources. Although disallowances from these audits may result in liabilities for the University, management believes that no material disallowances will arise from audits by the grantor agencies.

The University's non-operating revenues from federal grants for the years ended June 30, 2024, are as follows (in thousands):

Federal Pell Grant program:	
Tuition costs	\$ 76,656
Student financial aids	87,656
Total Federal Pell Grant program	<u>164,312</u>
 CARES Act grants	15,511
FEMA grants for disaster-relief	4,745
Total	<u>\$ 184,568</u>

Federal Pell Grant Program

Pell Grants are federal direct grants provided by the U.S. Department of Education to eligible students through participating institutions, such as the University. These grants are awarded to students with demonstrated financial need who have not yet received their first bachelor's degree or who are enrolled in certain postbaccalaureate programs leading to teacher certification or licensure.

Participating institutions, including the University, have several options for distributing Pell Grant funds. These funds can be credited to the student's school account, paid directly to the student (typically by check), or a combination of both methods. Schools must ensure that students are paid at least once per term (semester, trimester, or quarter). Institutions that do not use formally defined terms must make at least two payments per academic year.



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Notes to Financial Statements (continued)
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11. Federal Government Grants and Contracts (continued)

Federal Pell Grant Program (continued)

The amount of the Pell Grant is determined by several factors, including the student's Expected Family Contribution (EFC), the cost of attendance (as established by the institution), the student's enrollment status (full-time or part-time), and whether the student attends for a full academic year or a shorter period. The U.S. Department of Education uses a standard formula, mandated by U.S. Congress, to calculate the financial need of each student.

For the fiscal year 2024, the maximum annual Pell Grant award was \$7,395 per student.

CARES and American Rescue Plan ("ARP") Act Grants

The Federal Government approved several economic stimulus measures, including the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") and the American Rescue Plan ("ARP") Act of 2021, to provide economic relief due to the COVID-19 pandemic. On fiscal year 2024, approximately \$15.5 million of the CARES ACT grants were used by the University.

The allowable uses of these grants include, but are not limited to, (i) providing financial support to students with exceptional needs; (ii) offering academic and mental health support services to help retain students; (iii) assisting students in re-engaging with their education by resolving accumulated debts during the pandemic, enabling them to re-enroll, continue their education, or obtain official transcripts for further studies, transferring to another institution, and/or securing employment; (iv) implementing evidence-based practices to mitigate the spread of COVID-19, in alignment with public health guidelines; (v) using the institutional portion of the awards to cover various institutional costs, such as lost revenue, reimbursement for previously incurred expenses, technology upgrades for the transition to distance education, faculty and staff training, and payroll and, (vi) providing outreach to financial aid applicants, informing them of the opportunity for financial aid adjustments due to recent unemployment within their family or changes to the independent student's financial status.

The University used these funds for direct financial aid grants to students, student support activities, and covering a variety of institutional costs. This included reimbursements for expenses already incurred, technology costs related to the shift to distance learning, training for faculty and staff, and payroll support.

The U.S. Department of Education requires institutions to report the usage of CARES Act funds, including both student financial aid grants and institutional support. Funds available under the CARES Act grants amounted to approximately \$2.5 million as of June 30, 2024.

Federal Emergency Management Agency (FEMA) Grants

As of June 30, 2024, the University's unearned revenues amounted to \$109.5 million, of which \$73.1 million corresponds to FEMA. During the year, the University of Puerto Rico continued executing its disaster recovery plan, securing FEMA funding and other disaster-relief grants to support infrastructure repairs in response to damage caused by Hurricanes Irma, Maria, and Fiona, as well as earthquake damage.



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11. Federal Government Grants and Contracts (continued)

Federal Emergency Management Agency (FEMA) Grants (continued)

The University has established a formal Disaster Recovery Program to oversee these efforts and ensure compliance with federal funding requirements. Under the program, the University expects to receive approximately \$1.2 billion in funding from FEMA and other disaster-relief sources over a period of fifteen years for permanent restoration projects already approved by FEMA.

The University follows FEMA's reimbursement process, which requires it to incur project costs upfront before requesting federal reimbursements for the approved funding portion. Capital grant contributions from FEMA and other disaster-relief funds amounted to \$3.9 million for the year ended June 30, 2024. The University remains committed to maximizing disaster recovery resources while ensuring financial stability and compliance with federal funding requirements.

12. Capital Assets

Changes in the University's capital assets, for the year then ended June 30, 2024, are as follows (in thousands):

	Beginning Balance	Increases	Decreases	Disposals and Others	Ending Balance
Capital assets not being depreciated:					
Land	\$ 49,616	\$ —	\$ —	\$ —	\$ 49,616
Construction in progress and others	25,659	31,915	(13,898)	—	43,676
	75,275	31,915	(13,898)	—	93,292
Capital assets being depreciated:					
Land improvements	44,548	—	—	—	44,548
Buildings, fixed equipment, improvements and infrastructure	1,136,985	—	13,898	—	1,150,883
Right to use leased assets - building	4,211	4,328	—	—	8,539
Right to use leased assets - equipment	4,422	555	—	—	4,977
Equipment, software and library materials	373,146	22,650	—	(5,392)	390,404
Building and equipment under financed purchase obligations	99,974	—	—	—	99,974
	1,663,286	27,533	13,898	(5,392)	1,699,325
Less accumulated depreciation and amortization for:					
Land improvements	(32,236)	(744)	—	9	(32,971)
Buildings, fixed equipment, improvements and infrastructure	(605,592)	(26,838)	—	2	(632,428)
Right to use leased assets - building	(3,333)	(1,362)	—	—	(4,695)
Right to use leased assets - equipment	(2,656)	(714)	—	—	(3,370)
Equipment, software and library materials	(307,452)	(13,745)	—	5,222	(315,975)
Building and equipment under financed purchase obligations	(47,285)	(2,704)	—	—	(49,989)
	(998,554)	(46,107)	—	5,233	(1,039,428)
Capital assets being depreciated, net	664,732	(18,574)	13,898	(159)	659,897
Capital assets, net	\$ 740,007	\$ 13,341	\$ —	\$ (159)	\$ 753,189



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13. Unearned Revenues

The amounts reported as unearned revenues as of June 30, 2024, are detailed as follows (in thousands):

FEMA and other disaster-relief funds (see Note 11)	\$ 73,061
Commonwealth appropriations	31,693
Others	4,752
	<u>\$ 109,506</u>

14. Non-current Liabilities

Changes in the University's non-current liabilities for the year ended June 30, 2024, are as follows (in thousands):

	Beginning Balance	Additions	Reductions	Other	Ending Balance	Less Due Within One Year	Non-current Liabilities
Long-term debt							
Financed purchase obligations	\$ 116	\$ —	\$ —	\$ —	\$ 116	\$ —	\$ 116
Bonds payable	315,731	—	(32,835)	(1,267)	281,629	34,475	247,154
Total University's long-term debt	<u>\$ 315,847</u>	<u>\$ —</u>	<u>\$ (32,835)</u>	<u>\$ (1,267)</u>	<u>\$ 281,745</u>	<u>\$ 34,475</u>	<u>\$ 247,270</u>
Other long-term liabilities							
Lease liability	\$ 2,839	\$ 3,243	\$ (47)	\$ —	\$ 6,035	\$ 1,511	\$ 4,524
Subscription liability	3,732	60	(1,914)	—	1,878	1,207	671
Deferred compensation payable	82,824	—	—	5,874	88,698	—	88,698
Claims liability	7,370	828	(72)	—	8,126	240	7,886
Compensated absences	130,028	—	(3,761)	(370)	125,897	24,937	100,960
Net pension liability	1,752,230	248,176	(309,483)	—	1,690,923	—	1,690,923
OPEB obligation	198,788	10,440	(18,090)	—	191,138	—	191,138
Total University's other long-term liabilities	<u>\$ 2,177,811</u>	<u>\$ 262,747</u>	<u>\$ (333,367)</u>	<u>\$ 5,504</u>	<u>\$ 2,112,695</u>	<u>\$ 27,895</u>	<u>\$ 2,084,800</u>



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15. Bonds Payable

The University has issued various types of bonds, including revenue, term, serial, and general obligation bonds, which fall into two main categories: University System revenue bonds and Desarrollos Universitarios, Inc.'s (DUI) AFICA bonds. The following is the balance of the University's bonds payable as of June 30, 2024 (in thousands):

Series	Amount	Annual Interest Rate (%)	Due Dates as of June 30, 2024
P - Serial	\$ 31,955	5.00%	2025-2026
P - Term	47,645	5.00%	2027-2030
Q - Serial	19,575	5.00%	2025-2026
Q - Term	132,415	5.00%	2027-2036
AFICA - Term	44,015	5.00%	2025-2033
	<u>275,605</u>		
Plus: Unamortized premium	6,024		
Total	<u>\$ 281,629</u>		

The proceeds from the University System revenue bonds were primarily used to fund new initiatives related to the construction of educational facilities, as well as to refinance and repay prior years' debt. Interest on these bonds is payable semiannually, on June 1 and December 1. For bonds maturing after June 1, 2016, the University has the option to redeem them, either in full or in part, at par value (100% of the principal amount) plus accrued interest, without any premium.

DUI's AFICA bonds, specifically the Educational Facilities Revenue Bonds 2000 Series A, were issued on December 21, 2000, with a total value of \$86.7 million. These bonds were primarily issued to fund the development, construction, and equipping of Plaza Universitaria, as well as to repay a portion of advances provided by the Government Development Bank for Puerto Rico through a line of credit. The advances were originally used to cover certain costs related to the development and construction of Plaza Universitaria. The principal and interest on these bonds are secured through a financial guaranty insurance policy issued by MBIA Insurance Corporation and further backed by the assignment of the payments issued by the University under the finance agreement with DUI.

Interests in AFICA bonds are payable each January 1 and July 1. Bonds maturing after July 1, 2011, may be redeemed, at the option of the University in whole or in part, at a redemption price equal to 100% of the principal amount plus accrued interest, without premium. Bonds are subject to mandatory redemption in part commencing on July 1, 2022, to the extent of the sinking fund requirement at a redemption price equal to 100% of the principal amount plus accrued interest.



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15. Bonds Payable (continued)

On June 30, 2024, the University's revenue and AFICA bonds payable future debt service payments of principal and interest are as follows (in thousands):

Fiscal Year Ending June 30	Revenues Bonds			AFICA Bonds			Total		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 30,975	\$ 11,579	\$ 42,554	\$ 3,500	\$ 2,113	\$ 5,613	\$ 34,475	\$ 13,692	\$ 48,167
2026	20,555	10,031	30,586	3,675	1,934	5,609	24,230	11,965	36,195
2027	21,585	9,003	30,588	3,855	1,746	5,601	25,440	10,749	36,189
2028	22,660	7,924	30,584	4,050	1,548	5,598	26,710	9,472	36,182
2029	23,790	6,791	30,581	4,255	1,340	5,595	28,045	8,131	36,176
2030 to 2034	80,140	19,041	99,181	24,680	3,206	27,886	104,820	22,247	127,067
2035 to 2036	31,885	2,411	34,296	—	—	—	31,885	2,411	34,296
	<u>\$ 231,590</u>	<u>\$ 66,780</u>	<u>\$ 298,370</u>	<u>\$ 44,015</u>	<u>\$ 11,887</u>	<u>\$ 55,902</u>	<u>\$ 275,605</u>	<u>\$ 78,667</u>	<u>\$ 354,272</u>

Pledged Revenues and Debt Covenants

The University's revenue bonds are collateralized by the pledge of, and a first lien on, all revenues derived or to be derived by the University, except for appropriations and contributions, as defined in the Trust Agreement governing the bonds issued. If the pledged revenues are insufficient to pay the principal of, and the interest on, the bonds, the University agrees to provide any additional required monies from other funds available to the University for such purposes, including funds appropriated by the Commonwealth.

The AFICA bonds are subordinated to the University's revenue bonds and are collateralized by the pledge of, and a second lien on, all revenues derived or to be derived by the University, except for appropriations and contributions, as defined in the Trust Agreement governing the bonds issued.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

The University's revenues pledged for the year ended June 30, 2024, were as follows (in thousands):

Pledged revenues:

Tuition and other fees (1)	\$ 158,735
Student fees	9,339
Stabilization fee	80
Rental and other charges received for the right of use and occupancy of facilities in the University system	1,659
Interest on investment of University funds, excluding funds invested pursuant to Article VI of the Trust Agreement	7,630
Funds paid to the University in respect to overhead allowance on federal research projects	17,578
Other income	2,962
Total pledged revenues	197,983
Sinking fund reserve interests	3,000
Total pledged revenues plus interest	<u>\$ 200,983</u>
Aggregate debt service:	
Principal and interest requirement	<u>\$ 42,560</u>
Senior debt service coverage ratio	<u>4.72</u>
DUI's AFICA Bonds (Subordinate to the University's Bonds)	<u>\$ 5,614</u>
Aggregate debt service	<u>\$ 48,174</u>
Total debt service ratio	<u>4.17</u>

(1) Student economic assistance and tuition exemptions of \$21.9 million were deducted.

The Trust Agreements governing the University's revenue and AFICA bonds require a ratio of total pledged revenues plus interest and dividends earned on the reserve accounts to principal and interest requirements of at least 1.5 to 1 (total debt service coverage ratio). On June 30, 2024, the University had complied with this requirement.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

Regarding its revenue bonds, the University is required to maintain the funds for retirement of indebtedness consisting of a sinking fund which includes three separate accounts designated as Bond Service, Redemption, and Reserve. The Trustee shall, upon receipt of the pledged revenues, make deposits to the credits of the following accounts in the amounts specified as follows:

- *Bond Service Account* – equal value (as necessary) to the: (i) interest (bonds outstanding) then due, or to become due, within the next ensuing six (6) months; and (ii) principal (serial bonds) then due, or to become due, within the next ensuing twelve (12) months.
- *Reserve Account* (bonds outstanding) - equal value (as necessary) to the maximum interest and principal (less any federal debt service grant payments), whenever the Bond Service Account is insufficient.
- *Redemption Account* (term bonds outstanding) - equal value (as necessary) to the amortization requirements and redemption premium, whenever pledged revenues are insufficient.

Bond Service Account and the Redemption Account funds shall be continuously invested and reinvested in direct obligations of, or obligations, which are unconditionally guaranteed by the United States Government. Reserve Account funds may be invested in a broader range of investments including interest bearing bank accounts, federal agency obligations, repurchase agreements, commercial paper, and other highly rated obligations.

The Trust Agreement governing the University's revenue bonds define the following as events of default:

- the University's failure to pay principal, redemption premium, if any, when due or any installment of interest within 30 days;
- the University's failure for 30 days (or such longer period if said default cannot be cured within said thirty (30) day period and the University has exercised reasonable diligence in remedying said defaults) after written notice by the Trustee (which is required to give such notice at the written request of the holders of 10% of the aggregate principal amount of the bonds then outstanding) to perform any covenant, condition, agreement or provision contained in the bonds or the Trust Agreement, including meeting any Amortization Requirement;
- the University is being rendered incapable of fulfilling its obligations under the Trust Agreement, if so, provided in the resolution authorizing the issuance of a particular series of bonds;
- the receipt of notice by the Trustee and the University that an event of default has occurred under the Agreement providing for the issuance of a letter of creditor a similar credit or liquidity facility relating to any bonds or if the provider thereof has failed to make the facility available or to reinstate the interest component of the facility in accordance with its terms;
- the entry of a decree appointing a receiver with or without the consent or acquiescence of the University; and,
- the institution of proceedings with the consent or acquiescence of the University for the purpose of adjusting the claims of creditors pursuant to any Federal or state statute, in each case within or for the specified period of grace.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

In the event of any default, the Trustee may on its own initiative and shall, upon satisfactory indemnification and the request of the holders of not less than 20% in aggregate principal amount of the bonds then outstanding, declare the principal of all the bonds then outstanding to be due and payable. In the event of any default, the Trustee may on its own initiative and shall, upon satisfactory indemnification and the request of the holders of not less than 10% in aggregate principal amount of the bonds then outstanding, proceed either at law or in equity to protect and enforce any and all rights of the Trustee and the bondholders under the laws of the Commonwealth or the Trust Agreement and may enforce and compel the performance of all duties required under the laws of the Commonwealth or the Trust Agreement to be performed by the University.

The Trust Agreement governing the Revenue Bonds requires the University to comply with other disclosure covenants. For the fiscal year ended June 30, 2024, the University was not in compliance with the following covenants: (i) provide its audited financial statements not later than six months after the end of each fiscal year; and (ii) file within 305 days after the end of each fiscal year, core financial information and operating data (including audited financial statements) for the prior year to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA"), and previously to each Nationally Recognized Municipal Securities Information Repository ("NRMSIR") and with any State Information Depository ("SID") in compliance with its continuing disclosure requirements. The last filed continuing disclosure report submitted by the University was for fiscal year 2015. However, the University's audited financial statements for the fiscal year ended on June 30, 2023 were filed within the 305-days period. No action has ever been taken by the Trustee in regards with the University's non-compliance with the above-mentioned covenants.

In compliance with Executive Order 31 signed by the Governor of Puerto Rico on June 30, 2016, the University suspended the monthly payments to the trustee of the Trust Agreement that governs the UPR revenue bonds and the monthly payments of the Lease Agreement with DUI from July 2016 to May 2017. On August 19, 2016, the U.S. Bank Trust National Association, in its capacity as Trustee for the University of Puerto Rico System Revenue Bonds (Series P and Q Bonds), filed a civil lawsuit under the United States Court, District of Puerto Rico against the Commonwealth and its Governor, the University and its President. The lawsuit sought relief from the stay imposed by PROMESA, or Executive Orders related thereto, and a preliminary injunction against the Commonwealth's diversion and expropriation of pledged revenues, which constitute the University's Bonds collateral. On June 29, 2017, the Trustee and the University, at the direction of AAFAF, entered into a letter agreement (the "Standstill Agreement") providing that the University will transfer certain amounts in respect of pledged revenues, as defined in the Trust Agreement, to the Trustee on condition, among others, that through the compliance period, as defined, the Trustee not institute, commence, or continue certain legal proceedings against the University, the Commonwealth or any other agency, instrumentality, or municipality thereof during the compliance period, except in certain enumerated circumstances. Pursuant to the Standstill Agreement, during the compliance period, holders of the majority in amount of the bonds and the Trustee at the direction of the University's bondholders will negotiate in good faith towards a restructuring of the bonds. As part of the Standstill Agreement, the University makes monthly payments to the Trustee on account of pledged revenues, as set forth in a schedule to the Standstill Agreement.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

The Trustee has in custody \$46.5 million of pledge revenues as of June 30, 2024.

The Letter Agreement has been extended twenty-two times, and the new compliance period is July 1, 2025. The original compliance period for the twenty-second standstill agreement was May 30, 2025, but on March 28, 2025, it was amended to extend it to July 1, 2025. Pursuant to the Letter Agreement and the twenty-two standstill extension agreements, during the compliance period, holders of the majority in amount of the bonds and the Trustee, at the direction of the University's bondholders, will negotiate in good faith towards a restructuring of the bonds. Also, the Trustee agreed not to institute or commence certain legal proceedings.

The University and AAFAF shall provide the Trustee with detailed plans and specifications for repairing, replacing, or reconstructing the University's property that was damaged or destroyed by Hurricane Maria as these plans are approved by the University. The University shall deposit all proceeds of casualty insurance policies or direct federal aid (the "Repair Funds") in segregated accounts of the University at a commercial bank. The University shall deposit proceeds of casualty insurance in a separate account and shall deposit proceeds of direct federal aid in one or more separate accounts to facilitate the audit of the expenditure of such funds. All Repair Funds in excess of \$1 million shall be used pursuant to a written requisition.

On or before the fifteenth (15th) calendar day of each month, the University will submit the preceding month's Requisitions to the Trustee, as set forth below. Pursuant to extended Letter Agreement, the majority bondholders expand their direction to instruct the Trustee not to call a default during the pendency of the new compliance period if by the fifteenth (15th) calendar day of each month the University sends to the Trustee copies of the preceding month's Requisitions. On the fifteenth (15th) calendar day of each month, the University or AAFAF will provide, or cause relevant agencies to provide, the Trustee with all project requests, progress or other reports provided to the Federal Emergency Management Agency (FEMA) or to any casualty insurance company with respect to the expenditure of Repair Funds during the preceding month.

The parties agree to use commercially reasonable efforts during the compliance period to arrive at a permanent resolution of the disputes which have given rise to the Letter Agreement and the various Standstill Extension Agreements prior to July 1, 2025.

The University has complied with and has made all transfers due under the Letter Agreement, as extended. The Trustee, on behalf of the University, has paid, as agreed, the scheduled principal and interest payments on its outstanding Series P and Q Bonds.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

DUI is required to maintain three accounts where all the required payments under the finance agreement made directly by the University to the Trustee of its AFICA bonds are to be deposited in the following order:

- *Interest Account* – each month, 1/6 of the amount due and payable on the next interest payment date.
- *Principal Account* (serial bonds) – each month, 1/12 of the principal amount payable maturing on the next July 1.
- *Sinking Fund Account* (term bonds outstanding) – beginning on July 25, 2021, and each month thereafter, 1/12 of the sinking fund requirement for each bond year; and any remaining amounts after attaining the required balances in the Interest and Principal Accounts.

In addition, DUI is required to maintain a *Debt Service Reserve* fund with a required balance of \$5.7 million, which was created from the AFICA bonds' proceeds. Funds are to be used to cure deficiencies in any of the accounts; thereafter, they must be replenished. In the event funds decline in value below 90% of the required balance, the fund must be replenished in monthly installments of 1/12 of the deficiency.

The AFICA term bonds are subject to mandatory redemption in part commencing on July 1, 2022, to the extent of the sinking fund requirement at a redemption price equal to 100% of the principal amount plus accrued interest. The University complied with the sinking fund requirements as of June 30, 2024.

The Trust Agreement governing DUI's AFICA bonds defines the following as events of default:

- The University's failure to pay principal, redemption premium, when due or any installment of interest within 30 days;
- The University's failure for 30 days (or such longer period if said default cannot be cured within said thirty (30) day period and the University has exercised reasonable diligence in remedying said defaults) after written notice by the Trustee (which is required to give such notice at the written request of the holders of 10% of the aggregate principal amount of the outstanding bonds) to perform any covenant, condition, agreement, or provisions contained in the Trust Agreement or any agreement supplemental thereto; and,
- An event of default, as defined, shall have occurred under the loan agreement or the lease agreement between the University and DUI and such default shall not have been remedied or waived.

In the event of any default, the Trustee may, on its own initiative and shall, upon satisfactory indemnification and the request of the holders of not less than 25% in aggregate principal amount of the outstanding bonds, declare the principal to be due and payable. Such a declaration may be rescinded under circumstances specified in the Trust Agreement.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

Presently, the University has paid as agreed the monthly payments to the Trustee of the AFICA Bonds and the Trustee, on behalf of DUI, has paid, as agreed, the scheduled principal and interest payments on its outstanding AFICA bonds.

The Trust Agreement governing the DUI's AFICA bonds required DUI to comply with other covenants. On June 30, 2024, DUI was not in compliance with the filing of core financial information and operating data, including its audited financial statements, not later than 120 days after the end of each fiscal year. DUI's last compliance with this requirement was in fiscal year 2019. DUI has not filed its core financial information and operating data, including its audited financial statements since then. No action has ever been taken by the Trustee in regards with the DUI's noncompliance with the above-mentioned covenants.

On December 19, 2018, DUI notified the Trustee of its AFICA Bonds that the University was taking the position that the Qualified Operations and Management Agreement (the "Operations and Management Agreement") between DUI and the University for the operation, maintenance, and management of Plaza Universitaria was no longer in effect. According to DUI, the University had not made payments under the Operations and Management Agreement since July 2018, constituting an event of default under the lease agreement, the loan agreement, and the Trust Agreement.

On January 3, 2019, the Trustee of the AFICA bonds notified the University that its non-compliance with the Operations and Management Agreement could constitute a default under related agreements. On January 11, 2019, the University and AAFAF disputed several statements made by DUI, including its obligation to make certain payments claimed by DUI under the agreement.

Starting in October 2018, DUI began using revenue from dormitories, commercial facilities, and parking rent collections, typically payable to the University, to offset expenditures owed by the University. On April 30, 2019, DUI filed a civil action requesting declaratory judgments regarding:

- the agreement's expiration date and its continued validity,
- the University's alleged default under the agreement and ancillary agreements,
- amounts owed by the University, and
- the University's obligation to fund the Working Capital account.

On May 22, 2020, DUI informed the Trustee that the University had repeatedly failed to make payments since July 1, 2018. DUI later stated it would cease operating, managing, and maintaining Plaza Universitaria. On June 22, 2020, the Trustee notified the University that non-compliance with the agreement could lead to defaults under related agreements.

DUI filed a request for a summary judgment on June 22, 2020, restating its claims and updating the amounts owed through July 31, 2020. The University contested this motion. Following a hearing in August 2020, the Court issued an order on September 17, 2020, indicating that all arguments were under advisement pending final adjudication.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

On October 28, 2020, the University formally terminated the Operations and Management Agreement effective October 31, 2020, assuming all operational activities thereafter.

On December 1, 2020, the Court denied the University's motion to dismiss DUI's complaint. The University appealed the decision on December 16, 2020. DUI also sought injunctive relief, alleging the University had interfered with its management of Plaza Universitaria despite DUI's insolvency. The University opposed this request on December 31, 2020. On February 18, 2021, the Court denied DUI's request for an injunction, allowing the claim to proceed through normal litigation. Since June 2022, both parties have submitted motions for summary judgment, which remain pending. If denied, the case will proceed to trial.

On January 22, 2021, the University agreed on a Memorandum of Understanding ("MOU"), as amended, with the University of Puerto Rico Parking System, Inc. ("UPRPS"), a component unit of the University, in which the University appointed UPRPS as the administrative agent responsible for the maintenance, repairs, and operation of Plaza Universitaria. Effective August 1, 2024, the MOU was replaced by an administration services contract between the parties, which expires on June 30, 2025.

16. Leases

A lease is defined as a contractual agreement that conveys control over the right to use another entity's non-financial asset for a minimum contractual period greater than one year, in an exchange or exchange-like transaction.

Lessor Activity

The University has certain lease agreements under which it acts as a lessor. These leases primarily relate to the rental of owned buildings and communication towers under long-term, non-cancelable agreements recorded in accordance with GASB Statement No. 87, Leases (GASB 87). Lease revenue for the fiscal year ended June 30, 2024, amounted to \$842 thousand, with an additional \$306 thousand recognized as lease interest income. These amounts are not considered significant to the University's overall financial statements.

Lessee Activity

The University leases facilities, office equipment, and other assets under long-term, non-cancellable lease agreements, recorded in accordance with GASB 87.

Right-of-use assets as of June 30, 2024, amount to \$13.5 million, less accumulated amortization of \$8.1 million, for a net amount of \$5.4 million.

Lease liability as of June 30, 2024, amounts to \$6 million.



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16. Leases (continued)

Lessee Activity (continued)

Principal and interest requirements to maturity as of June 30, 2024, are as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,511	\$ 637	\$ 2,148
2026	1,282	471	1,753
2027	1,028	331	1,359
2028	1,068	208	1,276
2029	1,146	75	1,221
	<u>\$ 6,035</u>	<u>\$ 1,722</u>	<u>\$ 7,757</u>

Subscription Liability

The University has entered into subscription-based information technology long-term arrangements for administrative tools. These arrangements meet the criteria established by GASB Statement No. 96 “*Subscription-Based Information Technology Arrangements*” (GASB 96). As a result, the University has recorded a right-to-use subscription asset and a subscription liability.

The right-to-use subscription asset as of June 30, 2024, amounts to \$5.2 million and with accumulated amortization of \$3.0 million, resulting in a net amount of \$2.2 million.

The subscription liability as of June 30, 2024, amounts to \$993 thousand. Principal and interest requirements to maturity as of June 30, 2024, are as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,207	\$ 224	\$ 1,431
2026	321	81	402
2027	350	42	392
	<u>\$ 1,878</u>	<u>\$ 347</u>	<u>\$ 2,225</u>



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17. Commitments and Contingent Liabilities

Claims Liability

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The University was insured through January 1993 under claims-made insurance policies with respect to medical malpractice risks for \$250,000 per occurrence up to an annual aggregate of \$500,000. The University has been self-insured for such risks since that date. Under Law Number 98 of August 24, 1994, the responsibility of the University is limited to a maximum amount of \$75,000 per person, or \$150,000 if it involves actions for damages to more than one person or where a single injured party is entitled to several causes of action. Self-insured risk liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The process used in computing claims liabilities does not necessarily result in an exact amount, because actual claims liabilities depend upon such complex factors as inflation, changes in legal doctrines, and damage awards. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

In January 2019, the U.S. Department of Justice notified a researcher (faculty member) employed by the University about a potential civil action for violations under Title 21 as a result of a Drug Enforcement Administration (“DEA”) inspection in the research activities. The DEA inspection denoted that, as an Authorized DEA Registrant and Researcher, the faculty member employed by the University failed in the responsibilities regarding controlled substances’ accountability, recordkeeping, licensing and reporting requirements, maintaining complete and accurate receiving, production, and distribution records, and have also failed in maintaining and complying with effective security controls and procedures as required by certain statutes of Title 21.

In October 2019, the U.S. Department of Justice notified the University, that as a grant recipient, it is the legal entity responsible for compliance with the terms and conditions of the grant award of the National Institutes of Health. The claim seeks civil penalties amounting to \$1.261 million at June 30, 2024, and, as a result, management has recorded an accrual in the same amount for this claim.

The annual movement in the University’s claim’s liability for the fiscal year ended June 30, 2024, is as follows (in thousands):

Claims liability - July 1	\$ 7,370
Incurred claims and changes in estimates	1,047
Payments for claims and other adjustments	<u>(291)</u>
Claims payable - June 30 (Including \$6.24 million for medical malpractice)	<u>\$ 8,126</u>

In addition, the University is a defendant in several lawsuits other than medical malpractice arising out of the normal course of business. Management has recorded an accrual of \$1.885 million as of June 30, 2024, to cover claims and lawsuits that may be assessed against the University. The University continues to carry commercial insurance for these risks of loss.



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17. Commitments and Contingent Liabilities (continued)

Federal Assistance Programs

Institutional Accreditation

Since 1946, the University obtained and maintains institutional accreditation by the Middle States Commission on Higher Education (the “MSCHE” or the “Commission”), the regional accreditation entity, as its leading credential to validate and strengthen the quality and integrity of its endeavors in the framework of internationally recognized standards.

Each campus of the University agreed to participate in the Title IV of the Higher Education Act of 1965 (i.e., Title IV HEA Programs) under the U.S. Department of Education’s cash monitoring payment method and comply with the provisions under the Zone alternative. Starting with academic year 2017-2018, the eleven campuses of the University are operating on limited Title IV eligibility and are placed on the Heightened Cash Monitoring I (HCM-1) method of payment requiring enhanced reporting and documentation until further written notice from the U.S. Department of Education.

Under the HCM-1 method payment, each campus of the University must first make disbursements to eligible students and parents and pay any credit balances due before it requests or receives funds for the amount of those disbursements from the U.S. Department of Education in accordance with 34 CFR 668.162 (d). The funding request may not exceed the amount of the actual disbursements that were made to the students and parents included in the funding request. Expenditures of Federal Awards under Title IV HEA programs amounted to \$226.2 million for the year ended June 30, 2024. The University was in compliance with various program requirements for the year ended June 30, 2024.

The University participates in a number of federal financial assistance programs. These programs are subject to audits in accordance with the provisions of the Office of Management and Budget (OMB) *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) or to compliance audits by grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The University management believes the impact will not be material to the University’s financial statements.

Construction Commitments

Construction commitments entered by the University and SMU amounted to \$41.5 million and \$3.5 million as of June 30, 2024.



University of Puerto Rico
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18. University of Puerto Rico Retirement System

Plan Description and Membership

The University's Retirement System (the "Retirement System") is a single employer, defined benefit pension plan that covers all employees of the University except for hourly, temporary, part-time, contract and substitute employees, visiting professors and employees of its blended component units and discretely presented component units. It is qualified and exempt from Puerto Rico and United States income taxes. The System is not subject to the requirements of the Employees Retirement Income Security Act of 1974 ("ERISA"). The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the University of Puerto Rico Retirement System at P.O. Box 21769, San Juan, Puerto Rico 00931-1769 or at www.retiro.upr.edu.

On May 8, 2023, the Governing Board of the University moved the closing date to the University's Retirement System to May 31, 2023. New employees will participate in a defined contribution plan beginning May 31, 2023. Vested employees and retirees of the University's Retirement System were not impacted with this reorganization.

On July 21, 2023, the Governing Board of the University moved the closing date to the University's Retirement System to July 31, 2023. New employees will participate in a defined contribution plan beginning August 1, 2023.

The Retirement System is a mature retirement system with a significant retiree population. As of June 30, 2023 (i.e., valuation date) membership in the Retirement System consisted of the following:

Retirees and beneficiaries currently receiving benefits	9,379
Terminated plan participants entitled to but not yet receiving benefits	6,542
Current participating employees	8,029
Total membership	<u>23,950</u>

The Retirement System provides retirement, disability and death benefits to participants and beneficiaries. The benefits provided to members of the Retirement System are established by the Governing Board of the University (the Governing Board). Directions of the Governing Board are communicated through a document named "Certification." Benefit provisions vary depending on the date of membership.

The University Retirement Board (the "Retirement System's Board") is the administrator of the Retirement System, and its Executive Director manages the everyday affairs of the Retirement System in accordance with the faculties and provisions of Certification Number 27 (1973-74), as amended, of the Governing Board. The Retirement System has functioned pursuant to the terms and conditions of Act No. 1 and Certification Number 27 of the Governing Board. The Executive Director and the Retirement System's Board will communicate to the Governing Board of the University any decisions made related to the Retirement System.



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18. University of Puerto Rico Retirement System (continued)

Plan Description and Membership (continued)

The Governing Board was the trustee of the Retirement System until October 1, 2020. On that date, the Puerto Rico Court of Appeals issued a judgment and the University's Governing Board was removed as Trustee of the University's Retirement System Trust, and consequently, the Retirement System's Board is the substitute trustee. On October 16, 2020, the University requested a reconsideration of this judgement in the Puerto Rico Court of Appeals, but it was denied by the Court in November 2020. Then, the University requested to the Puerto Rico Supreme Court the revision of the judgement of Puerto Rico Court of Appeals, however, it was denied by the Puerto Rico Supreme Court on February 5, 2021.

The Trust of the University Retirement System is a "de facto trust" since 1945. In July 2016, the University filed the Deed of Confirmation and Acknowledgement of Trust of the University Retirement System in which the University as the Original Settlor and the University through its Governing Board as the Original Trustee hereby confirm, restate, and acknowledge the inception of the Pension Plan and its Trust Fund in accordance with the provisions of the laws of the Commonwealth, specifically, the provisions of Act No. 219-2012.

Retirement Benefits

Participants are entitled to annual retirement benefits at any age after 30 years of service; or at age 58 after 10 years of service; or at age 55 after 25 years of service. No cost-of-living adjustments have been granted by the Governing Board since July 1, 2007.

The amount of retirement service annuity is as follows:

- For those participants who have completed 20 years of service by July 1, 1979:
 - Before age 65 – for participants with at least 30 years of service: 75% of average compensation if age 55 at beginning date; 65% if under age 55. If the participant completed 30 years of service before July 1973, the annuity is increased by 2% of average compensation for each year of service beyond 30 and before July 1973, but to no more than 85% of average compensation.
 - Before age 65 – for participants with less than 30 years of service: 1.5% of average compensation per year of service for participants with 20 or fewer years. The percentage increases by .05% for each year in excess of 20 years up to a maximum of 1.95% per year. The amount is reduced by .5% for each month the participant is under age 58 at the time the annuity begins.
 - After age 65 – same as before age 65.
 - Average compensation – the average of the highest-paid 36 months of service without limit on compensation.
 - Minimum annuity – \$250 per month.



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18. University of Puerto Rico Retirement System (continued)

Retirement Benefits (continued)

- For all participants who were affected under Certification No. 37 (1978-79) and who have not completed 20 years of service by July 1, 1979, and for those participants who entered into the Retirement System on or after July 1, 1978 until December 31, 1989, including those participants that later elected Certification No. 54 (1989-90) or Certification No. 55 (1989-90) of the Governing Board:
 - Before age 65 – for participants with at least 30 years of service: 75% of average compensation. Amount is reduced by .5% for each month the member of Certification No. 37 is under age 58 at time annuity begins or reduced by 1/3% for each month the participant of Certification No. 54 or Certification No. 55 is under age 55 at time annuity begins if the member had less than 25 years of service as of July 1, 2015 and reduced from age 55 for members with 25 or more years of service as of July 1, 2015.
 - Before age 65 – for participants with less than 30 years of service: 1.5% of average compensation per year of service for the participants with 20 or fewer years. Percentage increases by .05% for each year in excess of 20 years up to a maximum of 1.95% of average compensation per year of service. The amount is reduced by .5% for each month the participant who did not elect Certification No. 54 or Certification No. 55 is under age 58 at the time annuity begins. Amount is reduced by 1/3% for each month the participant of Certification No. 54 or Certification No. 55 is under age 58 at time annuity begins if member had less than 25 years of service as of July 1, 2015 and reduced from age 55 for members with 25 or more years of service as of July 1, 2015.
 - After age 65 – for a participant who elected Certification 54 or Certification No. 55, if the participant elected full supplement (Certification No. 54), the annuity is the same as before age 65; otherwise, the annuity is reduced by .5% of average compensation for each year of service up to 30 years. If the participant did not elect Certification 54 or Certification No. 55, the benefit is coordinated and the annuity is reduced by .5% of average compensation in excess of Social Security wage base in effect at the retirement date for each year of service up to 30 years; if the participant had less than 30 years of service and was under age 58 at the beginning date, coordination adjustment is made before application of .5% reduction per month under age 58.
 - Average compensation – the average of the highest-paid 36 months of service, with a compensation cap of \$35,000 per year.
 - Minimum annuity – \$250 per month.



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Notes to Financial Statements (continued)
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18. University of Puerto Rico Retirement System (continued)

Retirement Benefits (continued)

- For all participants entering between January 1, 1990, and June 30, 1998, who did not elect Certification No. 94 (Certification 55/55 Supplemented):
 - Before age 65 – for participants with at least 30 years of service: 75% of average compensation. Amount is reduced by 1/3% for each month the member is under age 55 at time annuity begins if the member had less than 25 years of service as of July 1, 2015, and reduced from age 55 for members with 25 or more years of service as of July 1, 2015.
 - Before age 65 – for participants with less than 30 years of service: 1.5% of average compensation per year of service for participants with 20 or fewer years. Percentage increases by .05% for each year in excess of 20 years up to a maximum of 1.95% of average compensation per year of service. The amount is reduced by 1/3% for each month. The participant is under age 58 at time annuity begins if the member had less than 25 years of service as of July 1, 2015 and reduced from age 55 for members with 25 or more years of service as of July 1, 2015.
 - After Age 65 – same as for before age 65.
 - Average compensation – the average of the highest-paid 36 months of service, with a compensation cap of \$35,000 per year.
 - Minimum annuity – \$250 per month.

Effective July 1, 1998, the Retirement System was amended by Certification No. 94 (1997-98) of the Governing Board, to offer participants an increase from \$35,000 to \$50,000 in the maximum compensation subject to withholding contributions. The participants who elected this benefit paid retroactively to July 1, 1979, or to their first day of employment, if later, the differences in withholding contributions for prior year compensations exceeding \$35,000 and up to a maximum of \$35,000 plus 8% interest. Effective July 1, 1998, all new participants contribute 9% of their compensation up to \$50,000.

Effective July 1, 2002, the Retirement System was amended, by Certification No. 139 (2001-2002) of the Governing Board, to offer participants an increase from \$50,000 to \$60,000 in the maximum compensation subject to withholding contribution. The participants who elect this benefit may pay retroactively to their first day of employment the differences in withholding contributions to prior year salaries exceeding \$50,000 and up to a maximum of \$60,000, plus 8% interest. Effective July 1, 2002, all new participants will have the option to contribute 9% of their salary up to \$50,000 or 11% of their salary up to \$69,556. In addition, the maximum annual compensation for those participants who had not completed 20 years of service by July 1, 1979, is \$35,000. Also, the minimum pension is \$250 a month. Finally, the reduction for commencement of pension benefits prior to age 55 is 1/3% per month for participants who had not completed 20 years of service by July 1, 1979, and elected Certification No. 55, and for participants hired on after January 1, 1990.

Effective July 1, 2007, the System was amended by Certification No. 12 (2007-2008). This certification was superseded by Certification No. 70 (2013-2014), in which the automatic 3% increase in pension benefits was terminated.



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18. University of Puerto Rico Retirement System (continued)

Retirement Benefits (continued)

Effective July 1, 2014, the compensation limit for Certification No. 139 (2014-2015) was frozen at \$69,556. Effective January 1, 2015, the formula for Non-Occupational Disability was amended to increase vesting from 10 years to 15 years and the benefit payable will be 90% of the participant retirement benefit payable if the participant was to retire based on years of service.

Effective July 1, 2015, following recommendations presented by the System's Retirement Board, the System was amended by the Governing Board through Certification No. 140 (2014-2015): active participants as of June 30, 2015, are divided into two groups:

1. Those who had 25 or more years of accredited service. These are not affected by the changes in regulation.
2. Those who had less than 25 years of accredited service. To this group, effective June 30, 2015, individual required contribution increased by 1% and the required age for retirement changed from 55 to 58 years.

Certification No. 7

Participant who had earned 20 years of services as of July 1, 1979:

- Participant who selected a complete supplementation with Social Security, contributes 7% of monthly compensation.
- Participant who elected a coordinated plan with Social Security, contributes 4% of the monthly compensation up to \$350, plus 6.5% of the excess.
- No salary CAP.

Certification No. 37

Participant who had not earned 20 years of services as of July 1, 1979, and the ones who had entered on July 1, 1978, through December 1989:

Participants with 25 Years or More Accredited at June 30, 2015	Participants with Less than 25 Years Accredited at June 30, 2015
5% up to \$35,000 (\$2,916)	6% up to \$35,000 (\$2,916)
9% up to \$50,000 (\$4,166)	10% up to \$50,000 (\$4,166)
11% up to \$69,556 (\$5,796)	12% up to \$69,556 (\$5,796)



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Notes to Financial Statements (continued)
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18. University of Puerto Rico Retirement System (continued)

Retirement Benefits (continued)

Certification No. 55

Mandatory applicable to all participants who entered beginning January 1, 1990, and those who enter before 1990, and are under the supplemented with social security plan and the ones who between January 1990 and December 1991 elected to fall under the coordinated with social security plan from Certification No. 55 (4/6.5%):

Participants with 25 Years or More Accredited at June 30, 2015	Participants with Less than 25 Years Accredited at June 30, 2015
7% or 8% Suppl. Or 4/6.5% Coord. Until \$35,000 (\$2,916)	8% or 9% Suppl. Or 4/6.5% Coord. Until \$35,000 (\$2,916)
9% up to \$50,000 (\$4,166)	10% up to \$50,000 (\$4,166)
11% Suppl. / Coord. up to \$69,556 (\$5,976)	12% Suppl. / Coord. up to \$69,556 (\$5,976)

Regulation for those who entered between July 1, 1998, to March 15, 2015:

Participants with 25 Years or More Accredited at June 30, 2015	Participants with Less than 25 Years Accredited at June 30, 2015
9% up to \$50,000 (\$4,166)	10% up to \$50,000 (\$4,166)
11% up to \$69,556 (\$5,796)	12% up to \$69,556 (\$5,796)

Regulation for those who entered from April 1, 2015, to June 30, 2015:

Participants with 25 Years or More Accredited at June 30, 2015	Participants with Less than 25 Years Accredited at June 30, 2015
11% up to \$69,556 (\$5,796) until June 30, 2015	12% up to \$69,556 (\$5,796)

Regulation for those who entered as of July 1, 2015:

Participants with Less than 25 Years Accredited at June 30, 2015
12% up to \$69,556 (\$5,796)



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18. University of Puerto Rico Retirement System (continued)

Disability Benefits

Employees who become disabled receive annual disability benefits regardless of service if disability is due to occupational causes or after 15 years of service if disability is due to non-occupational causes. If the employee is also eligible for a retirement annuity, the benefit payable is the higher of the two. Disability benefit annuity is paid as follows:

- Before age 65 – if service related, 50% of final salary. If not, services related, 30% of average compensation plus additional 1% for each year of service over 10.
- After age 65 – reduced to amount payable by the applicable retirement annuity; however, if that amount plus primary Social Security benefit is less than disability retirement annuity, then the retirement annuity is increased by the amount necessary to match the disability annuity.

Effective December 15, 2014, Certification No. 51, (2014-2015) non-occupational disability benefits regulation was amended. Disability due to non-occupational causes will be payable upon 15 years of service, the benefit payable will be 90% of the participant's retirement benefit payable if the participant was to retire based on years of service. If the participant is eligible for a service retirement, benefit payable will be higher of two.

Death Benefits

- Pre-retirement death benefit – if the death of an employee is service related, a death benefit annuity equals to 50% of the final annual compensation plus \$120 (\$240 if widow not receiving benefit) per year for each child under age 18 (21 if at school) is paid to the employee's beneficiaries. Maximum family benefit is 75% of the employee's final annual compensation. If death is non-service related, a lump-sum is paid equal to the employee's contributions plus one year's final compensation, but not less than \$6,000.
- Post retirement death benefits – employee's contributions are refunded to the extent that they exceed retirement payments already made unless reversionary annuity was elected. The minimum payment is \$600. In addition, 50% of retirement annuity is payable to surviving spouse until death or remarriage or until they become eligible for Social Security benefits. The minimum annuity is \$75 per month and the maximum annuity is \$150 per month.

Reversionary Annuity

Member may elect to receive a reduced annuity in order to provide a lifetime benefit after death to a spouse or relative. The benefit to the spouse or relative may be as low as \$25 per month or as high as 100% of the member's reduced annuity. This option is not permitted if a member retires on a disability annuity.



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18. University of Puerto Rico Retirement System (continued)

Christmas Bonus

- A \$400 annual bonus is given to all retired participants.

If a participant terminates after rendering 10 years of service, and does not withdraw his contributions, the participant receives a retirement annuity payable beginning at age 60 based on the applicable retirement benefit formula.

Vested Benefits

A member whose employment terminates after ten (10) years of service, and who does not withdraw his contributions, receives a retirement annuity payable beginning at age 60 based on the applicable retirement formula above.

Non-vested Termination Benefits

If a participant terminates before rendering ten (10) years of service, the participant is entitled only to a refund of his/her own contributions. Refund of a participant's own contributions can also be obtained after attainment of ten (10) years of service but in that event the vested benefit is forfeited.

Funding Policy

The contribution requirements of participants and the University are established and may be amended by the Governing Board. Plan members are required to contribute as follows:

- Participants who have completed 20 years of service by July 1, 1979:
 - If full supplement election: 7% of the monthly compensation.
 - If no full supplement election: 4% of the monthly compensation up to \$350, plus 6.5% of the excess.
- For all participants who were affected under Certification No. 37 (1978-79) and who have not completed 20 years of service by July 1, 1979, and for those participants who entered into the Retirement System on or after July 1, 1978, until December 31, 1989, and who did not elect Certification No. 54 (1989-90) or Certification No. 55 (1989-90) of the Governing Board:
 - Only no full supplement election: 5% of the monthly compensation up to \$2,916.67 for members with 25 years of service as of July 1, 2015, and 6% of the monthly compensation up to \$2,916.67 of the monthly compensation up to \$2,916.67 for members with less than 25 years of service as of July 1, 2015.



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18. University of Puerto Rico Retirement System (continued)

Funding Policy (continued)

- For all participants who were affected under Certification No. 37 (1978-79) and who did not complete 20 years of service by July 1, 1979, and for those participants who entered into the Retirement System on or after July 1, 1978, until December 31, 1989 and later elected Certification No. 54 (1989-90) or Certification No. 55 (1989-90) of the Governing Board:
 - If full supplement election: 7% of the monthly compensation up to \$2,916.67 for members with 25 or more years of service as of July 1, 2015, and 8% of the monthly compensation up to \$2,916.67 for members with less than 25 years of service as of July 1, 2015.
 - If no full supplement election: 4% of the monthly compensation up to \$350.00, plus 6.5% of the monthly compensation in excess up to \$2,916.67 for members with 25 or more years of service as of July 1, 2015 and 5% of the monthly compensation up to \$350.00, plus 6.5% of the monthly compensation in excess up to \$2,916.67 for members with less than 25 years of service as of July 1, 2015.
- For all participants entering the Retirement System on or after January 1, 1990:
 - Only full supplement election: 8% of the monthly compensation up to \$2,916.67 for members with 25 or more years of service as of July 1, 2015, and 9% of the monthly compensation up to \$2,916.67 for members with less than 25 years of service as of July 1, 2015.
 - If Certification No. 94 (1997-98) of the Governing Board election: 9% of the monthly compensation up to \$4,166.67 for members with 25 or more years of service as of July 1, 2015, and 10% of the monthly compensation up to \$4,166.67 for members with less than 25 years of service as of July 1, 2015.
 - If Certification No. 139 (2001-2002) of the Governing Board election: 11% of monthly compensation up to \$5,796.42 for members with 25 or more years of service as of July 1, 2015, and 12% of the monthly compensation up to \$5,796.42 for members with less than 25 years of service as of July 1, 2015.
 - Effective July 1, 2015, all new participants will be covered under Certification No. 139 (2001-2002) of the Governing Board and will pay 12% of the monthly compensation up to \$5,796.

Contribution rates to the Retirement System are annually established by the Governing Board of the University in its certified fiscal plan and they are mainly based on an actuarially determined rate recommended by an independent actuary at the beginning of the fiscal year. The actuarially determined rate is the estimated amount to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded liability. The University is required to contribute the difference between the total contribution rate approved by the Governing Board of the University and the contribution rate of employees.



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18. University of Puerto Rico Retirement System (continued)

Funding Policy (continued)

For the year ended June 30, 2024, the University's average contribution rate was 39.23% of annual covered payroll. The actuarially determined employer contribution rate considers payment of administrative expenses that are paid out of the trust fund. The University contributed 36.43% of covered-employee payroll in 2024. The University's contributions to the Retirement System amounted to approximately \$124.7 million for the year ended June 30, 2024.

The contributions of the University were originally designed to fund, together with the contributions of the participants, the current service cost on a current basis and the estimated accrued benefit cost attributable to qualifying service prior to the establishment of the Retirement System over a 40-year period, but as a result of increasing benefits without a correlative increase in employer's contributions, they fall short of accomplishing the necessary funding.

Contributions and Funding Policy Amendments

The contribution requirements of members and the University are established and may be amended by the Retirement System's Board. Participants are required to contribute as follows:

Participants who elect Certification No. 139: 11% of monthly compensation up to \$5,796

Participants who have not completed 20 years of service by July 1, 1979:

- If full supplement is elected: 7% of monthly compensation up to \$2,916
- If full supplement is not elected: 5% of monthly compensation up to \$2,916
- If Certification No. 94 is elected: 9% of monthly compensation up to \$4,166
- If Certification No. 139 is elected: 11% of monthly compensation up to \$5,176
- If full supplement is elected: 7% of monthly compensation
- If full supplement is not elected: 4% of monthly compensation up to \$350, plus 6.5% of the excess.

Participants who have not completed 20 years of service by July 1, 1979, and elect Certification No. 55:

- If full supplement is elected: 7% of a monthly compensation up to \$2,916
- If full supplement is not elected: 4% of monthly compensation up to \$350, plus 6.5% of the excess up to \$2,916
- If Certification No. 94 is elected: 9% of monthly compensation up to \$4,166
- If Certification No. 139 is elected: 11% of monthly compensation up to \$5,796



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18. University of Puerto Rico Retirement System (continued)

Contributions and Funding Policy Amendments (continued)

Members who are hired on or after July 1, 1990, and June 30, 1998:

- 8% of monthly compensation up to \$2,916 or,
- If Certification No. 94 is elected: 9% of monthly compensation up to \$4,166
- If Certification No. 139 is elected: 11 of monthly compensation up to \$5,796

Members who are hired on or after April 1, 2015:

- 9% of monthly compensation up to \$4,166

Members who are hired after July 1, 2015:

- 12% of monthly compensation up to \$5,796

Net Pension Liability

As permitted by GASB, the University's net pension liability as of June 30, 2024, was measured as of June 30, 2023, (the "2023 Actuarial Valuation"). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation with census data as of June 30, 2023, and an experience study for the five-year period ended June 30, 2022.

The results of the actuarial valuation report are only for financial reporting and may not be appropriate for funding purposes or other types of analysis. Calculations for purposes other than satisfying the requirements of GASB Statement No. 68 may produce significantly different results. Future actuarial results may differ significantly from the current results presented in the reports due to such factors as changes in plan experience or changes in economic or demographic assumptions.

The components of the employer's net pension liability as of June 30, 2024, were as follows (in thousands):

Total pension liability	\$ 3,300,628
Less: Plan's fiduciary net position	<u>1,609,705</u>
Employer's net pension liability	<u><u>\$ 1,690,923</u></u>
 Plan's fiduciary net position as a percentage of the total pension liability	 <u><u>48.77%</u></u>



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18. University of Puerto Rico Retirement System (continued)

Net Pension Liability (continued)

Changes in the net pension liability for the year ended June 30, 2024, are as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at beginning of year	\$ 3,306,633	\$ 1,554,403	\$ 1,752,230
Changes for the year:			
Services cost	26,427	—	26,427
Interest	215,619	—	215,619
Benefit changes	1,401	—	1,401
Difference between expected and actual experience	(3,507)	—	(3,507)
Changes in assumptions or other inputs	(21,386)	—	(21,386)
Contributions - employer	—	144,428	(144,428)
Contributions - participants	—	30,087	(30,087)
Net investment income/(loss)	—	110,075	(110,075)
Benefit payments, including refunds of employee contributions	(224,559)	(224,559)	—
Administrative expenses and other	—	(4,729)	4,729
Net changes	(6,005)	55,302	(61,307)
Balance at end of year	\$ 3,300,628	\$ 1,609,705	\$ 1,690,923

For the year ended June 30, 2024, the University recognized pension credit of approximately \$205.3 million.

As of June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources from pension activities as follows (in thousands):

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 124,650	\$ —
Differences between expected and actual experience	—	17,308
Changes in assumptions or other inputs	—	170,415
Net difference between projected and actual earnings on plan investments	78,674	—
Total	\$ 203,324	\$ 187,723



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2024

18. University of Puerto Rico Retirement System (continued)

Net Pension Liability (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources from pension activities at June 30, 2024 will be recognized in the pension expense (credit) as follows (in thousands):

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ (175,182)
2026	8,216
2027	59,319
2028	(1,402)
2029	—
Thereafter	—

Actuarial Methods and Assumptions

The actuarial cost method used to measure the total pension liability at June 30, 2024 was the Entry Age Normal Actuarial Cost Method. Assumptions other than mortality are based on the results of the experience study for the five-year period ended June 30, 2022. The actuarial valuations used the following actuarial method and assumptions:

Measurement date	June 30, 2023
Valuation date	June 30, 2023
Reporting date	June 30, 2024
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Unfunded accrued liability amortization method	The unfunded actuarial accrued liability is amortized over a closed 30-year period beginning June 30, 2014. This amortization assumes future payroll increases of 0% per annum.
Remaining amortization period	23 years
Asset valuation method	5-year smoothed market
Inflation	2.50% per year
Salary increases	2.5% and wage growth rate of 1.0%
Discount rate	6.75% net of investment expenses per annum, compounded annually.
Investment rate of return	6.75%, net of investment expenses per annum, compounded annually
Municipal bond index rate	4.13%, based on the S&P Municipal Bond 20-year High Grade Index Rate as of June 30, 2023.
Administrative expense assumption	Actual prior years expenses
Percent married	80% of employees are assumed to be married, and wives are assumed to be the same age as their husbands.
Actuarial method	Individual Entry Age Normal cost method. Actuarial gains and losses are reflected in the unfunded actuarial accrued liability. The unfunded actuarial accrued liability is amortized over a closed 30-year period beginning June 30, 2014. This amortization assumes future payroll increases of 0% per annum.



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June 30, 2024

18. University of Puerto Rico Retirement System (continued)

Actuarial Methods and Assumptions (continued)

The mortality tables used in fiscal year 2024 (the 2023 Actuarial Valuation) were as follows:

- Pre-retirement Mortality: Pub 2010 Teachers Employees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.
- Post-retirement Healthy Mortality: Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.
- Post-retirement Disabled Mortality: Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table.
- Survivor and Contingent Beneficiary Mortality: Pub 2010 Teachers Below Median Amount-Weighted Contingent Survivors Mortality Table, projected generationally using scale MP-2021.

Changes in the mortality tables and other actuarial assumptions for June 30, 2023, actuarial valuation were based on a study of economic and demographic experience for the University's Retirement System for the five-year-period ended June 30, 2022, performed by an independent consultant.

Changes of Actuarial Assumptions

The following changes in assumptions were applied for the calculation of the net pension liability as of June 30, 2023 (measurement date):

- Assumed inflation was changed from 2.40% to 2.50%
- Rates of mortality were changed to the Pub 2010 Teachers Below Median Retirees
- Amount-Weighted Mortality Table, projected generationally using scale MP-2021 for retired healthy pensioners. Rates of mortality for the period after disability retirement are according to the Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table.
- Rates of mortality for survivors and contingent beneficiaries are according to the Pub 2010 Teachers Below Median Amount-Weighted Contingent Survivors Mortality Table, projected generationally using scale MP-2021.
- Rates of retirement and salary increase were adjusted to more closely reflect experience.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2024

18. University of Puerto Rico Retirement System (continued)

Actuarial Methods and Assumptions (continued)

Changes in Benefit Terms

The following changes in benefits occurred after the measurement date of June 30, 2023:

On July 21, 2023, the Governing Board of the University approved by Certification No. 1, amend Certification No. 142 establishing that the new implementation date of the Defined Contribution Plan for new employees will be August 1, 2023. Vested employees and retirees of the System are not impacted with this reorganization.

Long-Term Expected Rate of Return

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad U.S. equity	32.0%	5.81%
Global ex U.S. equity	24.0%	6.64%
Domestic fixed	30.0%	2.60%
High Yield	7.5%	4.42%
Real Estate	5.0%	4.94%
Private Equity	1.5%	9.89%
Total	<u>100.0%</u>	



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June 30, 2024

18. University of Puerto Rico Retirement System (continued)

Actuarial Methods and Assumptions (continued)

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023 (the measurement date) was equal to the Single Equivalent Interest Rate ("SEIR") of 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made according to the five-year average of actual contributions as of June 30, 2023. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefit payments. The long term expected rate of return was based on the Survey of Capital Market Assumptions 2023 edition published by Horizon Actuarial Services. The SEIR at the beginning of the measurement period was 6.75%.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability on June 30, 2024, calculated using the discount rate of 6.75%, as well as what it would be if it were calculated using a discount rate of 1 percent-point lower or 1 percent-point higher than the current rate (in thousands):

Current		
1% Decrease	Discount Rate	1% Increase
(5.75%)	(6.75%)	(7.75%)
<u>\$ 2,024,628</u>	<u>\$ 1,690,923</u>	<u>\$ 1,405,806</u>

Other Pension Costs

Certain retirees from a unit of the University, who are not members of the University Retirement System, are instead members of the Employees' Retirement System of the Commonwealth of Puerto Rico ("ERS"), a blended component unit of the Commonwealth. ERS is a cost-sharing, multi-employer defined benefit pension plan that covers regular employees of the Commonwealth, its instrumentalities, and certain municipalities and component units that do not have their own retirement systems.

On May 21, 2017, the Oversight Board under PROMESA, at the request of the Governor of Puerto Rico, initiated a Title III case for ERS by filing a petition for relief in the United States District Court for the District of Puerto Rico. Subsequently, on June 30, 2017, the United States Trustee appointed the Official Committee of Retired Employees of Puerto Rico in the Commonwealth's Title III cases. On August 23, 2017, the Governor enacted Act No. 106-2017, known as the "Act to Guarantee the Payment to Our Pensioners and Establish a New Defined Contribution Plan for Public Servants." This legislation implemented the PayGo mechanism effective July 1, 2017, for all Commonwealth pension plans, including ERS, eliminating pension trust funding.



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June 30, 2024

18. University of Puerto Rico Retirement System (continued)

Other Pension Costs (continued)

On January 18, 2022, the Title III Court approved the Commonwealth Plan of Adjustment, preserving all accrued pension benefits for current ERS retirees. The University participates in ERS as a cost-sharing employer for the retirees of the aforementioned unit. The University was not assigned any portion of ERS's net pension liability or related pension amounts.

Lawsuit Filed by the University Retirement Board

A claim was filed by the University Retirement Board acting as a fiduciary to the University Retirement System Trust. The plaintiffs claim that the University owes \$59 million for the actuarial deficiencies due from fiscal years 2015 to 2022, and the payment of reimbursements of \$68 thousand and \$100 thousand, for professional services paid to prepare actuarial reports and schedules of pension amounts, respectively, and the payment of reimbursement of \$105 thousand for salaries of the Executive Director while providing services to the University.

On October 23, 2023, the University and its Governing Board filed a motion to dismiss the Complaint. The University Retirement Board filed a motion in opposition to the requested dismissal on November 16, 2023, and the matter is pending before the Court.

In the case of the \$59 million for the actuarial deficiencies due from fiscal years 2015 to 2022, these amounts are already included in the Net Pension Liability.

19. Post-Employment Benefits Other Than Pensions (OPEB)

Program Description and Membership

The University provides other than pension post-employment benefits (OPEB) (i.e., health benefits or medical subsidy) for its retired employees (the Program). Substantially all of the employees may become eligible for these benefits if they are eligible to retire under the University Retirement System (30 years of service, age 58 with 10 years of service or age 55 with 25 years of service). Employees are also eligible on disability with 10 years of service. The cost of providing such benefits is recognized when paid.

The University provides the following Program:

- Medical Subsidy: Fixed subsidy of \$125 per month (\$1,500 per year) per retiree (\$0 for spouse) is paid by the University for the life of the retiree (with proof of coverage).



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June 30, 2024

19. Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Program Description and Membership (continued)

At June 30, 2023, the date of the most recent actuarial valuation, membership in the Program consisted of the following:

Retirees and beneficiaries currently receiving benefits	6,961
Current participating employees	<u>8,029</u>
Total membership	<u><u>14,990</u></u>

The benefits provided to members of the University's Program are established by the Governing Board of the University. The Program meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the payment of these benefits. The University's Program is funded on a pay-as-you-go basis. Retiree benefits are paid out of the University's general assets each year.

Total OPEB Liability

As permitted by GASB, the University's unfunded total liability (TOL) as of June 30, 2024, of approximately \$191.1 million was measured at June 30, 2023, by actuarial valuations as of June 30, 2023 (the "Program 2023 Actuarial Valuation").

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2023. An expected TOL is determined as of June 30, 2023, the Measurement Date, using standard roll forward techniques. The roll forward calculation begins with the actual TOL as of the Prior Measurement Date, June 30, 2022, adds the annual Normal Cost (also called the Service Cost) and interest at the Discount Rate for the previous year, and subtracts expected benefit payments for the year. The difference between this result and the actual TOL as of June 30, 2023 before reflecting any assumption changes is reflected as an experience gain or loss for the year. In addition, the actual TOL as of June 30, 2023 is determined after any assumption changes. The difference between this result and the TOL as of June 30, 2023 before assumption changes is reflected as an assumption change gain or loss for the year.



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June 30, 2024

19. Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Total OPEB Liability (continued)

Changes in the total Program liability for the year ended June 30, 2024, are as follows (in thousands):

Balance at beginning of year	\$ 198,788
Changes for the year:	
Services cost	2,542
Interest	7,898
Difference between expected and actual experience	(4,712)
Changes in assumptions or other inputs	(2,036)
Benefit payments, including refunds of employee contributions	(11,342)
Net changes	(7,650)
Balance at end of year	<u>\$ 191,138</u>

For the year ended June 30, 2024, the University recognized a Program expense of approximately \$4.6 million.

As of June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources from the Program activities as follows (in thousands):

Source	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$ 10,274	\$ —
Differences between expected and actual experience	—	5,470
Changes in assumptions or other inputs	9,957	33,521
Total	<u>\$ 20,231</u>	<u>\$ 38,991</u>

Deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date which amounted to approximately \$10.2 million as of June 30, 2024, are recognized as a reduction of the total OPEB liability in the year ending June 30, 2024.



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June 30, 2024

19. Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Total OPEB Liability (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources from Program activities at June 30, 2024 will be recognized in the Program expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2025	\$ (5,754)
2026	(7,488)
2027	(8,941)
2028	(6,719)
2029	(132)
Thereafter	—
Total	<u>\$ (29,034)</u>

Actuarial Methods and Assumptions

The actuarial cost method used to measure the total Program liability at June 30, 2023 (i.e., valuation and measurement date) was the Entry Age Normal Actuarial Cost Method. The actuarial valuation used the following actuarial method and assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Percentage Electing to Receive Medical Subsidy	85% of future retirees (current retirees based on actual elections)
Inflation	2.50%
Payroll Growth	Not applicable
Salary Increases	2.5% and wage growth rate of 1.0%
Discount Rate – Municipal Bond Index	4.13% as per SP Municipal Bond 20 Year High Grade Index

The mortality tables used in fiscal year 2023 (the Program 2023 Actuarial Valuations) were as follows:

- Mortality for Healthy Retirees - Pub 2010 Teachers Below Median Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.
- Mortality for Disabled Retirees - Pub 2010 Teachers Disabled Retirees Mortality Table, projected generationally using scale MP-2021.
- Mortality for Survivors and Contingent Beneficiaries - Pub 2010 Teachers Below Median Amount-Weighted Contingent Survivors Mortality Table, projected generationally using scale MP-2021.



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19. Post-Employment Benefits Other Than Pensions (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

Changes of Actuarial Assumptions

In fiscal year 2024 (the Program 2023 Actuarial Valuation), the discount rate increased from 4.09% to 4.13%. Rates of mortality tables were changed to the Pub 2010 Teachers Below Median Retirees Amount-Weighted, Teachers Disabled Retirees Amount-Weighted, and Teachers Below Median Amount-Weighted Contingent Survivors, projected generationally using scale MP-2021.

Changes of Benefit Terms

In fiscal year 2024 (the Program 2023 Actuarial Valuations), there was no change in the benefit terms that affected the measurement of the total Program liability since the prior measurement date.

Sensitivity of the Total Program Liability to Changes in the Discount Rate

The following presents the total Program liability at June 30, 2024, calculated using the discount rate of 4.13%, as well as what it would be if it were calculated using a discount rate of 1 percent-point lower or 1 percent-point higher than the current rate (in thousands):

	1% Decrease	Current	1% Increase
	3.13%	Discount Rate	5.13%
		4.13%	
\$	213,344	\$ 191,138	\$ 172,433

20. Functional Information

The University's operating expenses by functional classification for the year ended June 30, 2024, were as follows (in thousands):

Functional Classification	Salaries and Benefits	Scholarships and Fellowships	Supplies and Other Services	Utilities	Depreciation and Amortization	Other Expenses	Total
Instruction	\$ 238,899	\$ 4,948	\$ 2,362	\$ 465	\$ 3,846	\$ 499	\$ 251,019
Research	56,102	17,904	30,540	628	54	5,317	110,545
Public service	50,185	2,694	16,749	907	—	655	71,190
Academic support	60,731	1,708	22,494	176	—	4,765	89,874
Student services	31,903	553	5,535	—	—	1,538	39,529
Institutional support	104,213	701	22,937	2,058	—	5,576	135,485
Operations and maintenance	48,814	24	40,670	41,565	—	2,114	133,187
Student aid	3,711	100,246	559	—	—	205	104,721
Patient services	73,278	8	4,205	228	—	3,248	80,967
Depreciation and amortization	—	—	—	—	43,967	—	43,967
Pension credit	(205,332)	—	—	—	—	—	(205,332)
	<u>\$ 462,504</u>	<u>\$ 128,786</u>	<u>\$ 146,051</u>	<u>\$ 46,027</u>	<u>\$ 47,867</u>	<u>\$ 23,917</u>	<u>\$ 855,152</u>



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June 30, 2024

21. Going Concern

The accompanying financial statements are prepared on a going-concern basis, which assumes that the University of Puerto Rico will continue in operation for at least twelve months from the balance sheet date, according to GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the American Institute of Certified Public Accountants ("AICPA") Statements on Auditing Standards (GASB 56)*. However, the following conditions raise substantial doubt about the University's ability to continue as a going concern:

High Dependency on Commonwealth Appropriations

The University relies heavily on appropriations from the Commonwealth, which constitute approximately 52% of its total revenues. The Commonwealth and other appropriations have been in decline, from \$833.9 million in fiscal year 2017 to \$642.5 million, \$552.7 million, \$520.6 million, and \$597.9 million for the years ended June 30, 2024, 2023, 2022 and 2021, respectively, due to fiscal plans approved by the Oversight Board. A detailed decrease in appropriations over the years is as follows:

<u>Years</u>	<u>Appropriations (in millions)</u>
2017	\$ 833.9
2018	631.2
2019	695.7
2020	589.9
2021	597.9
2022	520.6
2023	552.7
2024	642.5

Considering these unfavorable changes, Article 105 of Act 53, "*Ley para Ponerle Fin a la Quiebra de Puerto Rico*," enacted on October 26, 2021, and amended by Act 92 on June 24, 2024, reaffirms the Commonwealth of Puerto Rico's commitment to support the University of Puerto Rico in fulfilling its educational mission. Key measures include an annual allocation of \$500 million for unrestricted daily operations for the fiscal years 2022 to 2026, excluding funds managed through joint resolutions.

Furthermore, additional funding beyond the amounts specified in the April 2021 fiscal plan is allocated towards enhancing student experience.

Act 92 provides for stricter oversight and accountability in fund utilization, ensuring the maintenance of accreditation standards and supporting economically disadvantaged students. This financial commitment highlights the Commonwealth's focus to enhance the quality of education, accessibility, and student well-being, stabilizing the University's long-term sustainability.



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June 30, 2024

21. Going Concern (continued)

Deficit Position and Operating Losses

As of June 30, 2024, the University reported an unrestricted deficit of approximately \$1.8 billion and a total net deficit of \$910 million. Notably, of the \$1.8 billion unrestricted deficit, \$1.7 billion is associated with the net pension liability as of June 30, 2024, a favorable decrease from the \$2.2 billion unrestricted deficit reported for June 30, 2023, where \$1.7 billion was attributable to the net pension liability. This reduction of approximately \$200 million signifies progress in addressing pension-related challenges. While operational unrestricted deficits have remained relatively stable year-over-year amidst prevailing circumstances, it underscores the University's commitment to navigating these financial complexities.

A detailed decrease in net position deficit and employer net pension liability over the years is as follows:

Net Position (in millions)	2020	2021	2022	2023	2024
Unrestricted (deficit)	\$ (2,957,956)	\$ (2,978,553)	\$ (2,529,221)	\$ (2,196,496)	\$ (1,816,642)
Employer net pension liability	(3,318,458)	(2,722,976)	(1,530,764)	(1,752,230)	(1,690,923)
Operational unrestricted (deficit)	<u>\$ 360,502</u>	<u>\$ (255,577)</u>	<u>\$ (998,457)</u>	<u>\$ (444,266)</u>	<u>\$ (125,719)</u>

Limited Ability to Raise Revenues

The University's ability to increase operating revenues is constrained by a decline in student enrollment, from 50,785 in FY2020 to 41,804 in FY2024, primarily attributed to demographics reasons such as population decline caused by falling birth rates, negative migration, and the lasting effects of Hurricanes Maria and Irma, along with the COVID-19 pandemic and challenging socio-economical regional factors. Ongoing strategic efforts are being implemented to mitigate these setbacks.

A detailed fluctuation in student enrollment over the years is as follows:

Year	Student Enrollment
2020	50,785
2021	47,557
2022	46,810
2023	41,631
2024	41,804

Also, budget cuts to the university's funding have led to program and faculty reductions, lower financial aid, and increased tuition fees, discouraging enrollment.



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21. Going Concern (continued)

Limited Ability to Raise Revenues (continued)

Despite the recent increases in tuition, the University remains the most affordable and accessible option for graduate studies on the island, offering high-quality programs and various financial aid opportunities that students benefit from. This makes it an attractive choice for those seeking higher education.

A detailed overview of the fluctuations in operating revenues over the years is as follows:

Operating Revenues (in millions)	2020	2021	2022	2023	2024
Tuition and fees, net	\$ 70,668	\$ 73,146	\$ 78,400	\$ 81,445	\$ 76,656
Governmental grants and contracts, net	114,380	201,368	160,340	157,459	190,192
Net patient services revenue and other	63,550	77,356	81,487	91,784	107,761
Other operating revenues, net	25,478	40,886	31,278	39,215	34,721
Total operating revenues	<u>\$ 274,076</u>	<u>\$ 392,756</u>	<u>\$ 351,505</u>	<u>\$ 369,903</u>	<u>\$ 409,330</u>

The University's Standstill Agreement

On June 29, 2017, the University and the trustee for the University of Puerto Rico University System Refunding Bonds, Series P and Q (the UPR System Revenue Bonds) entered into a standstill agreement (the Standstill Agreement), in which the University agreed to transfer to a segregated account, for the benefit of the holders of the UPR System Revenue Bonds, certain amounts in respect of revenue pledged for the repayment of the UPR System Revenue Bonds on the condition that during the covered period of the Standstill Agreement the trustee would not institute, commence, or continue any legal proceeding against the University, the Commonwealth, or any of its agencies, instrumentalities, or municipalities thereof, to enforce rights related to UPR System Revenue Bonds. The Standstill Agreement has been subject to twenty-two extensions. The latest extension is through July 1, 2025. The original compliance period for the twenty-second standstill agreement was May 30, 2025, but on March 28, 2025, it was amended to extend it to July 1, 2025.

Pursuant to the Standstill Agreement, as extended, during the compliance period, holders of the majority of the bonds and the Trustee, at the direction of the University's bondholders, will negotiate in good faith towards a restructuring of the bonds. In addition, the Trustee agreed not to institute or commence certain legal proceedings, and the University agreed to transfer the monthly payments of pledged revenues to the Trustee to comply in accordance with the Trust Agreement governing the Series P and Q Bonds during the new Compliance Period.

The parties agree to use commercially reasonable efforts during the compliance period to arrive at a permanent resolution of the disputes which have given to the Standstill Agreement, as extended, prior to July 1, 2025.



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21. Going Concern (continued)

The University's Standstill Agreement (continued)

The Trust Agreements governing the UPR revenue bonds and the DUI's AFICA bonds require a ratio of total pledged revenues plus interest earned on reserve account to principal and interest requirements for the University's bonds of at least 1.5 to 1 (total debt service coverage ratio). On June 30, 2024, the University complied with the total debt service coverage ratio of 4.1 to 1.

Discussions with respect to a consensual restructuring of the University's bonds have occurred but have not been active in the last three years. Presently, the University has complied with and has made all transfers due under the letter agreement, as extended. In addition, the Trustee, on behalf of the University, has paid, as agreed, the scheduled principal and interest payments on the outstanding UPR System Revenue Bonds.

Bonds Credit Risk

The University's revenue bonds are currently facing challenges that the institution cannot afford, such as the inability to avoid future defaults on its obligations, indicating a high vulnerability to nonpayment and significant financial risk. The situation is exacerbated by the University's heavy reliance on Commonwealth appropriations and a lack of available financial resources, which have adversely impacted on its overall financial condition and liquidity. As Commonwealth and other appropriations continue to decline, coupled with a dramatic reduction in student enrollment, unforeseen costs, and inflationary pressures, the University is facing an increasingly precarious fiscal environment. These factors contribute to an uncertain credit landscape for its revenue bonds, reflecting the urgent need for comprehensive financial strategies to mitigate risks and ensure stability.

The University's Management Fiscal Plan

The Oversight Board of PROMESA has certified the University's fiscal plans since 2017. Given the variables in the forecasts, the Oversight Board has opted to annually update and certify a Fiscal Plan to ensure accuracy and facilitate the certification of the annual budget. These Fiscal Plans outline a pathway for achieving fiscal responsibility, maintaining access to capital markets, and providing adequate funding for the University's Retirement System.



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21. Going Concern (continued)

The University's Management Fiscal Plan (continued)

The Oversight Board recognizes that the University has made strides in implementing certain measures for fiscal years 2024, 2023, 2022, and 2021. For instance, the University increased tuition for undergraduate and most graduate programs, successfully closed the Defined Benefit Plan for new members, and partially implemented the Shared Services Pilot Program. The implementation of a pilot shared services program at the University holds considerable promises for future benefits that can positively impact both its operational efficiency and financial sustainability. By centralizing and consolidating necessary services, initially starting with finance, to then continue with other identified areas, the University can streamline processes and eliminate redundancies. This can lead to significant cost savings, allowing the institution to allocate resources more effectively toward its core mission of academic excellence and student support. Over time, as the program matures, these savings could be utilized in essential programs and initiatives that directly benefit students and faculty, enhancing the overall educational experience. Also, the shared services model should improve service quality. With dedicated teams specializing in specific areas, all users—internal and external—will experience more timely and effective support. This enhanced customer service can lead to greater satisfaction among faculty, staff, and students, fostering a more collaborative and supportive academic environment. Moreover, the pilot program may promote a culture of innovation and adaptability within the University. As different departments work together to optimize shared services, they can identify best practices and innovative solutions that can be expanded university wide.

This collaborative spirit can enhance communication and cooperation across departments, leading to a more cohesive institutional strategy and improved operational performance. The future benefits of a pilot shared services program at the University are multifaceted. From cost savings and improved service quality to fostering a culture of innovation and collaboration, the potential positive impact on the institution's operational and financial landscape is substantial. If managed effectively, this initiative could lay the groundwork for sustained improvements that enhance the University's mission and long-term viability. Furthermore, in 2024, the University has enhanced the management of the "Oficina de Transformación Institucional" (OTI) and has focused on strengthening coordination among campuses in the provision of various student support programs, as well as harmonizing curriculum equivalency across the campuses for academic programs. These efforts align with specific milestones and actions developed and approved by the Oversight Board. Consequently, these achievements led to the release of \$43,045,000 in milestone-based award funding for the fiscal year.

The certified fiscal plans for FY2022-2026 (i.e., UPR Fiscal Plan 2021) remain to be in force and contain four core elements focused on enhancing operations and increasing revenues while ensuring student access and improving the overall university experience:



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June 30, 2024

21. Going Concern (continued)

The University's Management Fiscal Plan (continued)

Operational Efficiencies

The University's current operational model, consisting of eleven semi-autonomous campuses, leads to unnecessary complexity and higher costs. The UPR Fiscal Plan 2021 identifies both personnel and non-personnel efficiencies, prioritizing the latter to keep all campuses operational while reinvesting in core faculty. The Plan calls for a 2% decrease in total operating disbursements between fiscal years 2022 and 2026, alongside operational improvements like transitioning to shared administrative service hubs and optimizing academic offerings. Key expense measures include:

- Attrition: Reducing overall headcount through attrition by decreasing non-faculty and administrative personnel while increasing faculty to maintain institutional quality.
- Centralized procurement efforts and contract negotiations.
- Benefits adjustments: Increasing efficiency in the management of medical insurance plans can lead to significant cost savings for the University by streamlining administrative processes, thereby reducing operational costs, overhead, and errors. This results in lower expenses associated with running the medical insurance program. An efficient management approach also provides valuable insights into spending patterns, enabling the University to negotiate better rates with insurance and healthcare providers, potentially lowering premiums and out-of-pocket costs for staff and students.
- Furthermore, enhanced efficiency supports more predictable and transparent budgeting, allowing for accurate expense forecasting and improved financial planning, which minimizes the risk of budget overruns. Overall, these improvements bolster the University's financial stability while ensuring beneficiaries continue to receive comprehensive healthcare options.

Revenue Enhancement

The UPR 2021 Fiscal Plan seeks to maximize revenue from non-tuition sources such as federal grants, intellectual property, and ancillary service fees for training external institutions.

- Non-tuition sources: The University aims to boost revenue via federal grants, intellectual property monetization, and increasing ancillary service fees. It is projected to generate approximately \$12 million annually from training services provided to the Puerto Rico Department of Education and other government agencies from fiscal years 2024 to 2026.
- Tuition sources: The plan includes a gradual increase in undergraduate tuition costs from \$124 per credit in fiscal year 2021 to \$145 in fiscal year 2022, and \$157 in fiscal year 2023. The University Governing Board agreed to freeze potential tuition increases for fiscal year 2024, and no subsequent date has been set for a future increase. Although, plans are to gradually increase tuition costs to \$161, \$165, and \$169 in the subsequent years until 2026. The annual average cost of graduate tuition is projected to rise from \$6,252 in Fiscal Year 2022 to \$7,160 in 2026, excluding law and medicine graduate degrees, which usually cost significantly higher.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

21. Going Concern (continued)

The University's Management Fiscal Plan (continued)

Pension Reform

The University's pension fund faces considerable challenges, with around 51% of its liabilities unfunded as of June 30, 2024. PROMESA mandates that the Commonwealth's pension systems, including those of the University, be well funded. The UPR 2021 Fiscal Plan outlines options to ensure pension obligations are satisfied without requiring significantly higher revenues or reducing expenses while allowing for an operating surplus during the fiscal planning period. Meanwhile, the University's operational financial results for fiscal year 2024 do not indicate a surplus; however, they are close to achieving one, as the deficit has decreased. In recent years, particularly in 2020 and prior years, achieving an operational surplus was the norm.

Accordingly, the Fiscal Plan mandates full actuarial contributions to the pension plan. In fiscal years 2021 to 2024, the University's contributions were \$160 million, \$161.6 million, \$143.7 million, and \$124.7 million, respectively. The Oversight Board proposed two options for the University:

- Option 1: Freeze the current defined benefit plan and transition to a defined contribution plan while preserving accrued benefits.
- Option 2: Freeze the defined benefit plan, move to a defined contribution plan, and gradually reduce accrued benefits, like other Commonwealth pension plans.

The Oversight Board believes Option 2 represents the most prudent course of action for the University. If the pension plan remains unchanged and no corrective measures are taken, the University will have to identify additional savings beyond those outlined in the certified fiscal plans to avoid operating deficits and maintain the solvency of its retirement system.

The University took significant steps by certifying a pension reform plan that closes the plan to new members and transitions them to a defined contribution plan. This change became effective on August 1, 2023, allowing both vested and non-vested participants to continue accruing benefits. This adjustment also mitigates future liability risk associated with the pension plan's funding.

Fiscal Governance and Controls

The University has struggled to maintain proper central control and transparency over campus finances. The UPR 2021 Fiscal Plan incorporates reforms aimed at enhancing fiscal governance, including cross-campus controls on revenue collection and expenditure reporting.

Given the measures outlined in the *UPR 2021 Fiscal Plan*, along with the reduction in government appropriations, the University anticipates operational deficits (after contractual debt service) from fiscal years 2022 through 2026.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2024

21. Going Concern (continued)

The University's Management Fiscal Plan (continued)

Fiscal Governance and Controls (continued)

However, there remains uncertainty regarding the full implementation of the UPR 2021 Fiscal Plan (the last plan approved by the Oversight Board) or any subsequent plans. The success of these measures, as well as the University's ability to reduce its deficit and achieve balanced budgets in future fiscal years, relies on several factors and faces many risks, some of which are beyond its control. Therefore, these conditions and events give rise to substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date.

22. Subsequent Events

The University evaluated subsequent events through March 31, 2025, the date the financial statements were available to be issued.

The Letter Agreement has been extended twenty-two times, and the new compliance period is July 1, 2025. The original compliance period for the twenty-second standstill agreement was May 30, 2025, but on March 28, 2025, it was amended to extend it to July 1, 2025. Pursuant to the Letter Agreement and the twenty-two standstill extension agreements, during the compliance period, holders of the majority in amount of the bonds and the Trustee at the direction of the University's bondholders will negotiate in good faith towards a restructuring of the bonds. In addition, the Trustee agreed not to institute or commence certain legal proceedings.

Required Supplementary Information (Unaudited)



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Schedule of Changes in the University's Net Pension Liability and Related Ratios
Last 10 Years
(Dollars in thousands) (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	\$ 26,427	\$ 32,693	\$ 54,863	\$ 74,909	\$ 72,823	\$ 74,827	\$ 52,000	\$ 46,571	\$ 48,107	\$ 49,499
Interest	215,619	215,473	187,307	164,223	164,920	167,015	191,144	194,184	177,334	173,630
Benefit changes	1,401	2,648	(25,509)	—	—	—	—	(14,671)	(45,209)	—
Differences between expected and actual experience	(3,507)	(25,218)	(60,878)	(24,716)	(11,902)	(2,678)	(24,376)	(4,733)	(323,974)	—
Changes in assumptions	(21,386)	—	(814,007)	(536,078)	271,633	31,859	989,905	160,911	32,269	(24,034)
Benefit payments, including refunds of employee contributions	(224,559)	(222,314)	(220,633)	(218,290)	(207,823)	(198,247)	(188,311)	(182,614)	(176,872)	(169,163)
Net change in total pension liability	(6,005)	3,282	(878,857)	(539,952)	289,651	72,776	1,020,362	199,648	(288,345)	29,932
Total pension liability, beginning	3,306,633	3,303,351	4,182,208	4,722,160	4,432,509	4,359,733	3,339,371	3,139,723	3,428,068	3,398,136
Total pension liability, ending (a)	<u>\$ 3,300,628</u>	<u>\$ 3,306,633</u>	<u>\$ 3,303,351</u>	<u>\$ 4,182,208</u>	<u>\$ 4,722,160</u>	<u>\$ 4,432,509</u>	<u>\$ 4,359,733</u>	<u>\$ 3,339,371</u>	<u>\$ 3,139,723</u>	<u>\$ 3,428,068</u>
Fiduciary Net Position:										
Contributions - employer	\$ 144,428	\$ 161,705	\$ 160,356	\$ 161,411	\$ 75,263	\$ 73,360	\$ 79,491	\$ 78,004	\$ 88,251	\$ 91,689
Contributions - employee	30,087	31,205	29,154	34,252	32,849	35,864	39,042	38,640	35,594	37,900
Net investment income	110,075	(185,059)	348,056	81,796	98,788	110,357	132,950	59,009	76,684	206,595
Benefit payments	(224,559)	(222,314)	(220,633)	(218,290)	(207,823)	(198,247)	(188,311)	(182,614)	(176,872)	(169,163)
Administrative expenses and others	(4,729)	(3,721)	(3,578)	(3,639)	(3,751)	(4,458)	(4,340)	(3,367)	(4,689)	(4,566)
Net change in plan net position	55,302	(218,184)	313,355	55,530	(4,674)	16,876	58,832	(10,328)	18,968	162,455
Fiduciary net position, beginning	1,554,403	1,772,587	1,459,232	1,403,702	1,408,376	1,391,500	1,332,668	1,342,996	1,324,028	1,161,573
Fiduciary net position, ending (b)	<u>\$ 1,609,705</u>	<u>\$ 1,554,403</u>	<u>\$ 1,772,587</u>	<u>\$ 1,459,232</u>	<u>\$ 1,403,702</u>	<u>\$ 1,408,376</u>	<u>\$ 1,391,500</u>	<u>\$ 1,332,668</u>	<u>\$ 1,342,996</u>	<u>\$ 1,324,028</u>
Employer's Net Pension Liability - Ending (a) - (b)	<u>\$ 1,690,923</u>	<u>\$ 1,752,230</u>	<u>\$ 1,530,764</u>	<u>\$ 2,722,976</u>	<u>\$ 3,318,458</u>	<u>\$ 3,024,133</u>	<u>\$ 2,968,233</u>	<u>\$ 2,006,703</u>	<u>\$ 1,796,727</u>	<u>\$ 2,104,040</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	48.77%	47.01%	53.66%	34.89%	29.73%	31.77%	31.92%	39.91%	42.77%	38.62%
Covered-Employee Payroll	\$ 396,438	\$ 392,499	\$ 406,676	\$ 428,086	\$ 453,802	\$ 478,529	\$ 488,775	\$ 515,994	\$ 516,226	\$ 515,856
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	426.53%	445.75%	376.41%	636.08%	731.26%	631.96%	607.28%	388.90%	348.05%	407.87%

Notes to Required Supplementary Information

1. The schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.
2. The amounts presented were determined by an actuarial valuation as of June 30, 2023, the measurement date.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Schedule of the University's Contributions – Pension Plan
Last 10 Years
(Dollars in thousands) (Unaudited)

Fiscal Year Ended June 30	Actuarial Determined Employer Contribution	Actual Employer Contributions	Annual Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contributions as a Percentage of Covered Employee Payroll
2023	\$ 155,523	\$ 144,428	\$ 11,095	\$ 396,438	36.43%
2022	153,977	161,705	(7,728)	392,499	41.20%
2021	163,240	160,356	2,884	406,676	39.43%
2020	138,914	161,411	(22,497)	428,086	37.71%
2019	127,609	75,263	52,346	453,802	16.58%
2018	96,089	73,360	22,729	478,529	15.33%
2017	85,829	79,491	6,338	488,775	16.26%
2016	86,635	78,004	8,631	515,994	15.12%
2015	89,255	88,251	1,004	516,226	17.10%
2014	78,204	91,689	(13,485)	515,856	17.77%



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Schedule of the University's Contributions – Pension Plan
Last 10 Years (Unaudited)

	2023	2022	2021	2020	2019
Validation Date	June 30, 2021 (Lag)	June 30, 2021 (Lag)	June 30, 2020 (Lag)	June 30, 2019 (Lag)	June 30, 2018 (Lag)
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Actuarial accrued liability amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	23 years- constant (open basis)	23 years- constant (open basis)	24 years- constant (open basis)	25 years- constant (open basis)	26 years- constant (open basis)
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.4% per year	2.5% per year	2.5% per year	2.5% per year	2.5% per year
Projected salary increases	2.75% per year, including inflation	2.75% per year, including inflation	2.75% per year, including inflation	2.75% per year, including inflation	2.75% per year, including inflation
Investment rate of return	6.75% per annum, compounded annually, net of investment	6.75% per annum, compounded annually, net of investment expenses and including inflation	6.75% per annum, compounded annually, net of investment expenses and including inflation	6.75% per annum, compounded annually, net of investment expenses and including inflation	6.75% per annum, compounded annually, net of investment expenses and including inflation
Mortality:					
Pre-retirement Mortality	Pub 2010 Teachers Employees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Employees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Employees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Employees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.	RP-2014 White Collar Headcount-weighted Mortality Table with rates adjusted by 103.8% for males and by 98.2% for females, projected generationally using scale MP-2017.
Post-retirement Healthy Mortality	Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.	Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.	RP-2014 White Collar Headcount-weighted Mortality Table with rates adjusted by 103.8% for males and by 98.2% for females, projected generationally using scale MP-2017.
Post-retirement Disabled Mortality	Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021.	Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.	Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.	RP-2014 Disabled Retiree Mortality Table with rates adjusted by 93.4% for males and by 94.3% for females, projected to 2019 using scale MP-2017.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Schedule of the University's Contributions – Pension Plan
Last 10 Years (Unaudited)

	2018	2017	2016	2015	2014
Validation Date	June 30, 2017 (Lag)	June 30, 2016 (Lag)	June 30, 2015 (Lag)	June 30, 2014 (Lag)	June 30, 2013 (Lag)
Actuarial Cost Method	Entry age normal	Entry age normal	Entry age normal	Entry age normal	Entry age normal
Actuarial accrued liability amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, open
Remaining amortization period	27 years- constant (open basis)	28 years- constant (open basis)	29 years- constant (open basis)	30 years- constant (open basis)	30 years- constant (open basis)
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	3.0% per year	3.0% per year	3.00% per year	3.00% per year	3.50% per year
Projected salary increases	3.75% per year, including inflation	3.75% per year, including inflation	3.75% per year, including inflation	3.75% per year, including inflation	5.00% per year, including inflation
Investment rate of return	7.75% per annum, compounded annually, net of investment expenses and including inflation	7.75% per annum, compounded annually, net of investment expenses and including inflation	7.75% per annum, compounded annually, net of investment expenses and including inflation	7.75% per annum, compounded annually, net of investment expenses and including inflation	8.00% per annum, compounded annually, net of investment expenses and including inflation
Mortality:					
Pre-retirement Mortality	RP-2014 White Collar Headcount-weighted Mortality Table with rates adjusted by 103.8% for males and by 98.2% for females, projected generationally using scale MP-2017.	RP-2000 Healthy Annuitant Mortality Table for ages 50 and greater and the RP-2000 Combined Mortality Table for ages less than 50 projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 1 year for females	RP-2000 Healthy Annuitant Mortality Table for ages 50 and greater and the RP-2000 Combined Mortality Table for ages less than 50 projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 1 year for females	RP-2000 Healthy Annuitant Mortality Table for ages 50 and greater and the RP-2000 Combined Mortality Table for ages less than 50 projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 1 year for females	RP-2000 Employee Mortality Table, projected to 2026 using Scale AA
Post-retirement Healthy Mortality	RP-2014 White Collar Headcount-weighted Mortality Table with rates adjusted by 103.8% for males and by 98.2% for females, projected generationally using scale MP-2017.	RP-2000 Healthy Annuitant Mortality Table for ages 50 and greater and the RP-2000 Combined Mortality Table for ages less than 50 projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 1 year for females	RP-2000 Healthy Annuitant Mortality Table for ages 50 and greater and the RP-2000 Combined Mortality Table for ages less than 50 projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 1 year for females	RP-2000 Healthy Annuitant Mortality Table for ages 50 and greater and the RP-2000 Combined Mortality Table for ages less than 50 projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 1 year for females	RP-2000 Healthy Annuitant Mortality Table, projected to 2018 using Scale AA
Post-retirement Disabled Mortality	RP-2014 Disabled Retiree Mortality Table with rates adjusted by 93.4% for males and by 94.3% for females, projected to 2019 using scale MP-2017.	RP-2000 Disabled Mortality Table projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 2 years for females	RP-2000 Disabled Mortality Table projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 2 years for females	RP-2000 Disabled Mortality Table projected for future mortality improvements to 2020 using Scale BB, set back 5 years for males and set forward 2 years for females	100% of disabled life mortality rates from Social Security Actuarial Study No. 75



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Schedule of the University's Contributions – Pension Plan
Last 10 Years (*Unaudited*)

Changes of Actuarial Assumptions Itemized by Actuarial Valuation Date

2017

- Rates of mortality were changed to the RP-2014 White Collar Headcount-Weighted Mortality Table with rates adjusted by 103.8% for males and by 98.2% for females, projected generationally using scale MP-2017 for retired healthy pensioners.
- Rates of mortality for the period after disability retirement are according to the RP-2014 Disabled Retiree Mortality Table with rates adjusted by 93.4% for males and by 94.3% for females, projected to 2019 using scale MP-2017.
- Rates of withdrawal, retirement, disability, and salary increase were adjusted to more closely reflect actual experience.

2018

- The discount rate was changed from 3.92% to 3.81%.
- Mortality projected scale was changed from MP-2017 to MP-2019.

2019

- The discount rate was changed from 3.81% to 3.56%.
- Assumed inflation was reduced from 2.50% to 2.40%.
- Rates of mortality were changed to the Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020 for retired healthy pensioners.
- Rates of mortality for the period after disability retirement are according to the Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.
- Rates of mortality for survivors and contingent beneficiaries are according to the Pub 2010 Teachers Amount-Weighted Contingent Survivors Mortality Table, projected generationally using scale MP-2020.

2020

- The discount rate was changed from 3.56% to 4.60%.
- The Mortality projection scale was changed from MP-2020 to MP-2021.

2021

- The discount rate was changed from 4.60% to 6.75%.

2022

- No changes



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Schedule of the University's Contributions – Pension Plan
Last 10 Years (*Unaudited*)

2023

- Assumed inflation was changed from 2.40% to 2.50%
- Rates of mortality were changed to the Pub 2010 Teachers Below Median Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021 for retired healthy pensioners. Rates of mortality for the period after disability retirement are according to the Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table. Rates of mortality for survivors and contingent beneficiaries are according to the Pub 2010 Teachers Below Median Amount-Weighted Contingent Survivors Mortality Table, projected generationally using scale MP-2021.
- Rates of retirement and salary increase were adjusted to more closely reflect experience.
- The University's Retirement System defined benefit plan was closed effective May 31, 2023, to new employees. New employees will participate in a defined contribution plan beginning May 31, 2023. Vested employees and retirees of the University's Retirement System were not impacted with this reorganization.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Schedule of Changes in the University's Total Postemployment
Benefits Other than Pensions (OPEB) Liability and Related Ratios
Last 7 Years
(Dollars in thousands) (Unaudited)

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:							
Service cost	\$ 2,542	\$ 4,454	\$ 3,902	\$ 3,928	\$ 3,805	\$ 3,945	\$ 4,560
Interest	7,898	5,338	6,207	6,415	6,596	7,064	6,091
Changes in benefit terms	—	—	—	—	—	(3,097)	—
Differences between expected and actual experience	(4,712)	(763)	(1,711)	—	(2,382)	(2,978)	—
Changes in assumptions	(2,036)	(49,598)	14,548	4,365	11,405	2,680	1,775
Benefit payments	(11,342)	(11,031)	(11,833)	(10,704)	(10,998)	(12,885)	(10,119)
Net change in total OPEB liability	(7,650)	(51,600)	11,113	4,004	8,426	(5,271)	2,307
Total OPEB liability, beginning	198,787	250,387	239,274	235,270	226,844	232,115	229,808
Total OPEB liability, ending	<u>\$ 191,137</u>	<u>\$ 198,787</u>	<u>\$ 250,387</u>	<u>\$ 239,274</u>	<u>\$ 235,270</u>	<u>\$ 226,844</u>	<u>\$ 232,115</u>
Covered-Employee Payroll	\$ 389,397	\$ 396,438	\$ 324,970	\$ 406,676	\$ 428,086	\$ 453,802	\$ 478,529
Total OPEB Liability as a Percentage of Covered-Employee Payroll	49.09%	50.14%	77.05%	58.84%	54.96%	49.99%	48.51%

Notes to Required Supplementary Information - OPEB

1. The schedule is intended to show information for 7 years. Additional years will be displayed as the information becomes available.
2. The amounts presented were determined by an actuarial valuation as of June 30, 2023, the measurement date.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Schedule of Changes in the University's Total Postemployment
Benefits Other than Pensions (OPEB) Liability and Related Ratios
Last 7 Years (*Unaudited*)

Changes of Actuarial Assumptions Itemized by Actuarial Valuation Date

2018

- The mortality projection scale was changed from MP-2017 to MP-2019.
- The discount rate was changed from 3.13% to 2.98%.

2019

- Rates of mortality for the period after retirement were changed from RP-2014 White Collar Headcount-Weighted Mortality Table with rates adjusted by 103.8% for males and by 98.2% for females, projected generationally using scale MP-2019 to Pub 2010 Teachers Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020 for retired healthy pensioners.
- Rates of mortality for the period after disability retirement were changed from RP-2014 Disabled Retiree Mortality Table with rates adjusted by 93.4% for males and by 94.3% for females, projected generationally using scale MP-2019 to Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.
- The discount rate was changed from 2.98% to 2.79%.
- The assumed inflation was reduced from 2.50% to 2.40%.

2020

- The mortality projection scale was changed from MP-2020 to MP-2021.
- The discount rate was changed from 2.79% to 2.66%.

2022

- The discount rate was changed from 2.66% to 2.18%.

2023

- The discount rate was changed from 2.18% to 4.09%.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Schedule of Changes in the University's Total Postemployment
Benefits Other than Pensions (OPEB) Liability and Related Ratios
Last 7 Years (*Unaudited*)

2024

- The discount rate was changed from 4.09% to 4.13%.
- Rates of mortality were changed to the Pub 2010 Teachers Below Median Retirees Amount-Weighted Mortality Table, projected generationally using scale MP-2021 for retired healthy pensioners. Rates of mortality for the period after disability retirement are according to the Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table. Rates of mortality for survivors and contingent beneficiaries are according to the Pub 2010 Teachers Below Median Amount-Weighted

Changes in Benefit Terms

2018

- The tuition remission provision was eliminated.

Other Financial Information (Unaudited)



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Schedule of Changes in the University's Sinking Fund Reserve
Year Ended June 30, 2024
(Dollars in thousands) (Unaudited)

	Bond Service Account	Bond Reserve Account	Total
Additions:			
Contributions	\$ 41,199	\$ —	\$ 41,199
Purchases of securities	2,514	467	2,981
Total additions	43,713	467	44,180
Deductions:			
Distributions	42,560	—	42,560
Sales of securities	—	215	215
Total deductions	42,560	215	42,775
Net increase for the year	1,153	252	1,405
Balance at beginning of year	35,677	9,382	45,059
Balance at end of year	\$ 36,830	\$ 9,634	\$ 46,464

Note: The University's Sinking Fund assets as of June 30, 2024, mainly consisted of investments in money market funds.

Report on Internal Control and on Compliance



**Shape the future
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Ernst & Young LLP
235 Federico Costa Street
Parque Las Américas 1, Suite 410
San Juan, PR 00918

Tel: +1 787 759 8212
Fax: +1 787 753 0808
ey.com

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*

Governing Board
University of Puerto Rico

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of the University of Puerto Rico (the “University”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements and have issued our report thereon dated March 31, 2025.

Our report includes a reference to other auditors who audited financial statements of Molecular Sciences Research Center, Inc., Servicios Médicos Universitarios, Inc. (the “Hospital”), University of Puerto Rico Parking System, Inc., and Materials Characterization Center, Inc., (the “Component Units”) as described in our report on the University’s financial statements. The financial statements of the Component Units were not audited in accordance with *Government Auditing Standards*, and accordingly this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Component Units or that are reported separately by those auditors who audited the financial statements of the Component Units.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.



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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to Findings

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

Purpose of this Report

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

Ernst + Young LLP

March 31, 2025



DLLP50-285

University of Puerto Rico

Reports and Schedule Required by the Uniform Guidance



Ernst & Young LLP
235 Federico Costa Street
Parque Las Américas 1, Suite 410
San Juan, PR 00918

Tel: +1 787 759 8212
Fax: +1 787 753 0808
ey.com

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**Report of Independent Auditors on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

Governing Board
University of Puerto Rico

Report of Independent Auditors on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the University of Puerto Rico's (the University) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2024. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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



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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



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Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-003, 2024-004, and 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

Finding No.	Assistance Listing No.	Cluster or Program Name	Compliance Requirement
2024-003	Various	Student Financial Assistance Cluster	Cash Management
2024-004	Various	Student Financial Assistance Cluster	Special Tests and Provisions: Return of Title IV Funds
2024-005	Various	Student Financial Assistance Cluster	Special Tests and Provisions: Enrollment Reporting

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

We performed audit procedures with respect to the Student Financial Assistance Cluster major federal program related to compliance requirements in Special Tests and Provisions N11, Gramm-Leach Bliley Act – Student Information Security as outlined in the OMB Compliance Supplement for the year ended June 30, 2024. We determined whether the University has designated a “Qualified Individual,” as described in the OMB Compliance Supplement, to be responsible for implementing and monitoring the information security program in accordance with 16 CFR 314.4(a). We determined whether the University has a written information security program and that the written information security program documents the seven minimum elements required by 16 CFR 314.4(a)-(g). Our audit procedures did not evaluate whether the designated Qualified Individual is competent to oversee the implementation and monitoring of the information security program nor whether the Qualified Individual possessed the adequate authority to carry out those duties. Our audit procedures also did not determine whether the written information security program sufficiently and completely addressed the seven minimum elements required by 16 CFR 314.4(a)-(g). Our opinion on the Student Financial Assistance Cluster major federal program is not modified with respect to this matter.



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The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-002, 2024-004, and 2024-005 to be material weaknesses.

Finding No.	Assistance Listing No.	Cluster or Program Name	Compliance Requirement
2024-002	Various	Student Financial Assistance Cluster COVID-19 Higher Education Emergency Relief Fund (HEERF) - 84.425	Cash Management
2024-004	Various	Student Financial Assistance Cluster	Special Tests and Provisions: Return of Title IV Funds
2024-005	Various	Student Financial Assistance Cluster	Special Tests and Provisions: Enrollment Reporting



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A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.



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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of The University as of and for the year ended June 30, 2024, and have issued our report thereon dated March 31, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ernst & Young LLP

March 31, 2025



DLLP50-286

University of Puerto Rico

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT FEDERAL AWARD EXPENDITURES	PASS-THROUGH FEDERAL AWARD EXPENDITURES	TOTAL EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
STUDENT FINANCIAL ASSISTANCE CLUSTER:								
UNITED STATES DEPARTMENT OF EDUCATION (ED)								
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS	84.007	DIR			\$ 2,695,721	\$ -	\$ 2,695,721	\$ -
FEDERAL WORK-STUDY PROGRAM	84.033	DIR			4,124,019	-	4,124,019	-
FEDERAL PELL GRANT PROGRAM	84.063	DIR			163,214,234	-	163,214,234	-
FEDERAL DIRECT STUDENT LOANS	84.268	DIR			56,132,650	-	56,132,650	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER					226,166,624	-	226,166,624	-
TRIO CLUSTER:								
UNITED STATES DEPARTMENT OF EDUCATION (ED)								
TRIO STUDENT SUPPORT SERVICES	84.042	DIR			1,259,206	-	1,259,206	-
TRIO TALENT SEARCH	84.044	DIR			520,966	-	520,966	-
TRIO UPWARD BOUND	84.047	DIR			736,219	-	736,219	-
TOTAL TRIO CLUSTER					2,516,391	-	2,516,391	-
RESEARCH AND DEVELOPMENT CLUSTER:								
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)								
ARICULTURAL RESEARCH BASIC AND APPLIED RESEARCH	10.001	DIR			384,093	-	384,093	-
ARICULTURAL RESEARCH BASIC AND APPLIED RESEARCH	10.001	PASS	72-0564834	USDA	-	4,900	4,900	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.001					384,093	4,900	388,993	-
COOPERATIVE FORESTRY RESEARCH	10.202	DIR			100,564	-	100,564	-
PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT	10.203	DIR			4,501,194	-	4,501,194	-
PAYMENTS TO 1890 LAND-GRANT COLLEGES AND TUSKEGEE UNIVERSITY	10.205	DIR			38,526	-	38,526	-
ANIMAL HEALTH AND DISEASE RESEARCH	10.207	DIR			5,417	-	5,417	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	DIR			(744)	-	(744)	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	PASS	NNFQH1JAPEP3	UNIVERSITY OF FLORIDA	-	956	956	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	PASS	586001998	THE BOARD OF REGENTS OF THE UNIVERSITY OF GEORGIA	-	69,324	69,324	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	PASS	58-1353149	UNIVERSITY OF GEORGIA OF RESEARCH FOUNDATION	-	45,560	45,560	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.215					(744)	115,840	115,096	-
1890 INSTITUTION CAPACITY BUILDING GRANTS	10.216	PASS	71222780	LANGSTON UNIVERSITY	-	2,105	2,105	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	DIR			920,238	-	920,238	15,743
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	868154089	TEXAS A&M UNIVERSITY - KINGSVILLE	-	346,131	346,131	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	QN8KZSQMCJH6	UNIVERSITY OF TEXAS	-	56,768	56,768	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	746001530	TAMUK	-	39,899	39,899	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.223					920,238	442,798	1,363,036	15,743
SECONDARY AND TWO-YEAR POSTSECONDARY AGRICULTURE EDUCATION CHALLENGE GRANTS	10.226	DIR			1,871	-	1,871	-
FROM LEARNING TO LEADING: CULTIVATING THE NEXT GENERATION OF DIVERSE FOOD AND AGRICULTURE PROFESSIONALS	10.237	DIR			523,865	-	523,865	-
RESIDENT INSTRUCTION GRANTS FOR INSULAR AREA ACTIVITIES	10.308	DIR			416,859	-	416,859	-
RESIDENT INSTRUCTION GRANTS FOR INSULAR AREA ACTIVITIES	10.308	PASS	72-0564834	USDA	-	(84)	(84)	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.308					416,859	(84)	416,775	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	PASS	386005984	MICHIGAN STATE UNIVERSITY	-	18,080	18,080	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	PASS	NNFQH1JAPEP3	UNIVERSITY OF FLORIDA	-	23,872	23,872	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	PASS	45-2865351	SYNERGISTIC HAWAII AGRICULTURE COUNCIL	-	104,213	104,213	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.309					-	146,165	146,165	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	DIR			744,818	-	744,818	109,853
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	868154089	TEXAS A&M UNIVERSITY - KINGSVILLE	-	50,645	50,645	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	386006309	UNIVERSITY OF MICHIGAN- NATIONAL SCIENCE FOUNDATION	-	3,277	3,277	-

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT FEDERAL AWARD EXPENDITURES	PASS-THROUGH FEDERAL AWARD EXPENDITURES	TOTAL EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	586001998	THE BOARD OF REGENTS OF THE UNIVERSITY OF GEORGIA	-	17,311	17,311	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	99-6000354	UNIVERSITY OF HAWAII	-	31,381	31,381	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	DM2CDWR8LAG3	TEXAS A&M AGRILIFE EXTENSION SERVICES	-	4,800	4,800	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	00-3403953	THE PENNSYLVANIA STATE UNIVERSITY	-	23,883	23,883	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.310					744,818	131,297	876,115	109,853
FORESTRY RESEARCH	10.652	DIR			61,627	-	61,627	-
WOOD UTILIZATION ASSISTANCE	10.674	DIR			39,877	-	39,877	-
SOIL AND WATER CONSERVATION	10.902	DIR			281,288	-	281,288	-
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	10.912	DIR			30,162	-	30,162	-
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	10.912	PASS	99-6000354	UNIVERSITY OF HAWAII	-	80,453	80,453	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.912					30,162	80,453	110,615	-
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)					8,049,655	923,474	8,973,129	125,596
UNITED STATES DEPARTMENT OF COMMERCE (DOC)								
INTEGRATED OCEAN OBSERVING SYSTEM (IOOS)	11.012	PASS	DYZNJGLTHMR9	HOWARD UNIVERSITY		396,291	396,291	-
INTEGRATED OCEAN OBSERVING SYSTEM (IOOS)	11.012	PASS	66-0842495	CARIBBEAN OCEAN OBSERVING SYSTEM INC.	-	65,903	65,903	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.012					-	462,194	462,194	-
ECONOMIC DEVELOPMENT TECHNICAL ASSISTANCE	11.303	DIR			116,362	-	116,362	-
SEA GRANT SUPPORT	11.417	DIR			1,243,383	-	1,243,383	352,162
SEA GRANT SUPPORT	11.417	PASS	03-0179440	UNIVERSITY OF VERMONT	-	27,695	27,695	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.417					1,243,383	27,695	1,271,078	352,162
COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	11.419	PASS	66-0433627	DEPARTAMENTO DE RECURSOS NATURALES Y AMBIENTALES (DRNA)	-	71,590	71,590	-
CLIMATE AND ATMOSPHERIC RESEARCH	11.431	DIR			763,545	-	763,545	485,685
CLIMATE AND ATMOSPHERIC RESEARCH	11.431	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	34,633	34,633	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.431					763,545	34,633	798,178	485,685
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION (NOAA) COOPERATIVE INSTITUTES	11.432	PASS	ZCYDBE8H7L13	CUNY (CITY UNIVERSITY OF NEW YORK)	-	6,039	6,039	-
SOUTHEAST AREA MONITORING AND ASSESSMENT PROGRAM	11.435	DIR			73,654	-	73,654	-
UNALLIED MANAGEMENT PROJECTS	11.454	PASS	13-4148824	FLORIDA INSTITUTE OF TECHNOLOGY	-	55,224	55,224	-
SPECIAL OCEANIC AND ATMOSPHERIC PROJECTS	11.460	DIR			162,773	-	162,773	-
HABITAT CONSERVATION	11.463	DIR			201,348	-	201,348	-
METEOROLOGIC AND HYDROLOGIC MODERNIZATION DEVELOPMENT	11.467	DIR			272,314	-	272,314	-
OFFICE FOR COASTAL MANAGEMENT	11.473	DIR			85,513	-	85,513	48,162
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	DYZNJGLTHMR9	HOWARD UNIVERSITY	-	63,724	63,724	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	ZCYDBE8H7L13	CUNY (CITY UNIVERSITY OF NEW YORK)	-	58,629	58,629	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	13-3893536	RESEARCH FOUNDATION OF CUNY ON BEHALF OF CITY COLLEGE OF NEW YORK	-	55,451	55,451	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	53-0204707	THE HORWARD UNIVERSITY	-	4,516	4,516	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.481					-	182,320	182,320	-
TOTAL UNITED STATES DEPARTMENT OF COMMERCE (DOC)					2,918,892	839,695	3,758,587	886,009
UNITED STATES DEPARTMENT OF DEFENSE (DOD)								
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	DIR			71,590	-	71,590	-
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	PASS	35-6002041	PURDUE UNIVERSITY	-	80,591	80,591	24,599
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	PASS	35-9990000	ARMY RESEARCH OFFICE	-	14,105	14,105	-
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	PASS	35-9990000	DEPARTMENT OF DEFENSE	-	45,099	45,099	-
TOTAL FOR ASSISTANCE LISTING NUMBER 12.300					71,590	139,795	211,385	24,599
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	DIR			673,866	-	673,866	-
BASIC SCIENTIFIC RESEARCH	12.431	DIR			111,346	-	111,346	54,294

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT FEDERAL AWARD EXPENDITURES	PASS-THROUGH FEDERAL AWARD EXPENDITURES	TOTAL EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND ENGINEERING	12.630	DIR			198,924	-	198,924	-
AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12.800	DIR			85,164	-	85,164	-
AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12.800	PASS	31-0896555	UNIVERSITY OF CINCINNATI	-	24,813	24,813	-
TOTAL FOR ASSISTANCE LISTING NUMBER 12.800					85,164	24,813	109,977	-
TOTAL UNITED STATES DEPARTMENT OF DEFENSE (DOD)					1,140,890	164,608	1,305,498	78,893
UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)								
COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	15.615	DIR			(672)	-	(672)	-
ENDANGERED SPECIES RECOVERY IMPLEMENTATION	15.657	DIR			15,200	-	15,200	-
ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES	15.805	DIR			152,635	-	152,635	-
U.S. GEOLOGICAL SURVEY RESEARCH AND DATA COLLECTION	15.808	DIR			466,488	-	466,488	-
TOTAL UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)					633,651	-	633,651	-
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)								
HIGHWAY TRAINING AND EDUCATION	20.215	DIR			40,479	-	40,479	-
HIGHWAY TRAINING AND EDUCATION	20.215	PASS	66-0433808	DEPARTAMENTO DE TRANSPORTACIÓN Y OBRAS PÚBLICAS (DTOP)	-	22,836	22,836	-
TOTAL FOR ASSISTANCE LISTING NUMBER 20.215					40,479	22,836	63,315	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	623950474	IOWA STATE UNIVERSITY	-	13,861	13,861	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	NKAZLXL7291	THE UNIVERSITY OF SOUTH FLORIDA	-	27,036	27,036	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	74-6002248	TEXAS STATE UNIVERSITY	-	140,235	140,235	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	13-3893536	RESEARCH FOUNDATION OF THE NY CITY UNIVERSITY (CUNY)	-	59,490	59,490	-
TOTAL FOR ASSISTANCE LISTING NUMBER 20.701					-	240,622	240,622	-
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)					40,479	263,458	303,937	-
UNITED STATES NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)								
SCIENCE	43.001	DIR			609,973	-	609,973	187,723
OFFICE OF STEM ENGAGEMENT (OSTEM)	43.008	DIR			3,510,259	-	3,510,259	67,713
OFFICE OF STEM ENGAGEMENT (OSTEM)	43.008	PASS	742652689	UNIVERSITY OF ARIZONA BOARD OF REGENTS	-	3,750	3,750	-
TOTAL FOR ASSISTANCE LISTING NUMBER 43.008					3,510,259	3,750	3,514,009	67,713
TOTAL UNITED STATES NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)					4,120,232	3,750	4,123,982	255,436
UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)								
PROMOTION OF THE ARTS PARTNERSHIP AGREEMENTS	45.025	PASS	090363250	INSTITUTO DE CULTURA PUERTORRIQUEÑA	-	1,963	1,963	-
PROMOTION OF THE HUMANITIES TEACHING AND LEARNING RESOURCES AND CURRICULUM DEVELOPMENT	45.162	DIR			143,136	-	143,136	-
TOTAL UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)					143,136	1,963	145,099	-
UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)								
ENGINEERING	47.041	DIR			270,954	-	270,954	-
ENGINEERING	47.041	PASS	097394084	GA TECH RESEARCH CORP., GA INSTITUTE OF TECHNOLOGIES	-	47,039	47,039	-
ENGINEERING	47.041	PASS	SMV4HJLNJLP3	THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA	-	339,759	339,759	-
ENGINEERING	47.041	PASS	58-6002023	THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA BY AND ON BEHALF OF GEORGIA INSTITUTE OF TECHNOLOGY	-	60,374	60,374	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.041					270,954	447,172	718,126	-
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	DIR			4,467,732	-	4,467,732	1,168,439
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	PASS	828007646	CORNELL UNIVERSITY	-	223,855	223,855	-
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	PASS	02484665	THE TRUSTEES OF PRINCETON UNIVERSITY	-	35,409	35,409	-
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	PASS	FPU6XGFXMBE9	UNIVERSITY OF NOTRE DAME	-	130,263	130,263	-

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					EXPENDITURES	EXPENDITURES	EXPENDITURES	SUBRECIPIENTS
TOTAL FOR ASSISTANCE LISTING NUMBER 47.049					4,467,732	389,527	4,857,259	1,168,439
GEOSCIENCES	47.050	DIR			482,665	-	482,665	78,203
GEOSCIENCES	47.050	PASS	FCKMS9TMD6F4	HASKELL FOUNDATION	-	63,351	63,351	-
				THE BOARD OF REGENTS OF THE UNIVERSITY				
GEOSCIENCES	47.050	PASS	SMV4HJLNJLP3	SYSTEM OF GEORGIA	-	21,848	21,848	
GEOSCIENCES	47.050	PASS	61-1417308	SOCIEDAD AMBIENTE MARINO SAM	-	84,367	84,367	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.050					482,665	169,566	652,231	78,203
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	DIR			444,272	-	444,272	52,240
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	02484665	THE TRUSTEES OF PRINCETON UNIVERSITY	-	3,923	3,923	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	NHZFG4TEXYT3	UNIVERSITY OF TEXAS AT EL PASO	-	137,886	137,886	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	226000910	NEW JERSEY INSTITUTE OF TECHNOLOGY	-	4,274	4,274	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.070					444,272	146,083	590,355	52,240
BIOLOGICAL SCIENCES	47.074	DIR			2,975,573	-	2,975,573	549,742
				RESEARCH FOUNDATION FOR THE STATE				
BIOLOGICAL SCIENCES	47.074	PASS	14-1368361	UNIVERSITY OF NEW YORK	-	14,553	14,553	-
BIOLOGICAL SCIENCES	47.074	PASS	35-6002041	PURDUE UNIVERSITY	-	79,861	79,861	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.074					2,975,573	94,414	3,069,987	549,742
SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	47.075	DIR			25,780	-	25,780	-
SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	47.075	PASS	386006309	REGENTS OF THE UNIVERSITY OF MICHIGAN	-	10,470	10,470	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.075					25,780	10,470	36,250	-
STEM EDUCATION	47.076	DIR			3,887,045	-	3,887,045	62,124
				THE BOARD OF REGENTS OF THE UNIVERSITY OF				
STEM EDUCATION	47.076	PASS	586001998	GEORGIA	-	4,719	4,719	-
STEM EDUCATION	47.076	PASS	ZCYDBE8H7L13	CUNY (CITY UNIVERSITY OF NEW YORK)	-	9,294	9,294	-
				RESEARCH FOUNDATION OF CUNY ON BEHALF OF				
STEM EDUCATION	47.076	PASS	13-3893536	CITY COLLEGE OF NEW YORK	-	11,273	11,273	-
STEM EDUCATION	47.076	PASS	74-6000089	THE UNIVERSITY OF TEXAS AT EL PASO	-	34,286	34,286	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.076					3,887,045	59,572	3,946,617	62,124
OFFICE OF INTERNATIONAL SCIENCE AND ENGINEERING	47.079	DIR			396,327	-	396,327	3,205
INTEGRATIVE ACTIVITIES	47.083	DIR			3,755,962	-	3,755,962	205,051
				BOARD OF REGENTS, UNIVERSITY OF NEBRASKA,				
INTEGRATIVE ACTIVITIES	47.083	PASS	M1T9PNB1LMB8	LINCOLN	-	9,633	9,633	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.083					3,755,962	9,633	3,765,595	205,051
NSF TECHNOLOGY, INNOVATION, AND PARTNERSHIPS	47.084	DIR			274,689	-	274,689	-
TOTAL UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)					16,980,999	1,326,437	18,307,436	2,119,004
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)								
DIESEL EMISSION REDUCTION ACT (DERA) NATIONAL GRANTS	66.039	DIR			891,735	-	891,735	-
NATIONAL CLEAN DIESEL EMISSIONS REDUCTION PROGRAM	66.039	PASS	66-0560809	MEDICAL SCIENCES CAMPUS	-	9,267	9,267	-
TOTAL FOR ASSISTANCE LISTING NUMBER 66.039					891,735	9,267	901,002	-
SURVEYS, STUDIES, INVESTIGATIONS, DEMONSTRATIONS, AND TRAINING GRANTS	66.436	DIR			7,241	-	7,241	-
AND COOPERATIVE AGREEMENTS - SECTION 104(B)(3) OF THE CLEAN WATER ACT	66.509	PASS	04-3167352	UNIVERSITY OF MASSACHUSETTS	-	4,696	4,696	-
SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM								
RESEARCH, DEVELOPMENT, MONITORING, PUBLIC EDUCATION, OUTREACH,	66.716	PASS	204781422	EXTENSION FOUNDATION	-	5,217	5,217	-
TRAINING, DEMONSTRATIONS, AND STUDIES								
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)					898,976	19,180	918,156	-
UNITED STATES NUCLEAR REGULATORY COMMISSION (NRC)								

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U.S. NUCLEAR REGULATORY COMMISSION SCHOLARSHIP AND FELLOWSHIP PROGRAM	77.008	DIR			98,995	-	98,995	-
TOTAL UNITED STATES NUCLEAR REGULATORY COMMISSION (NRC)					98,995	-	98,995	-
UNITED STATES DEPARTMENT OF ENERGY (DOE)								
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	DIR			510,259	-	510,259	120,405
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	FTMTDMBR29C7	JOHNS HOPKINS UNIVERSITY	-	448,550	448,550	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	FDLEQJ8FF63	UNIVERSITY OF ALASKA FAIRBANKS	-	162,071	162,071	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	660201206	UNIVERSIDAD DEL TURABO	-	228,314	228,314	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	94-1156365	SLAC NATIONAL ACCELERATOR LABORATORY	-	6,563	6,563	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	91-0667866	PACIFIC NORTHWEST NATIONAL LABORATORY	-	1,800	1,800	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	KSPKNZ673H55	UNIVERSIDAD ANA G. MÉNDEZ	-	34,316	34,316	-
TOTAL FOR ASSISTANCE LISTING NUMBER 81.049					510,259	881,614	1,391,873	120,405
RENEWABLE ENERGY RESEARCH AND DEVELOPMENT	81.087	PASS	742652689	UNIVERSITY OF ARIZONA BOARD OF REGENTS	-	8,245	8,245	-
ENERGY EFFICIENCY AND RENEWABLE ENERGY INFORMATION DISSEMINATION, OUTREACH, TRAINING AND TECHNICAL ANALYSIS/ASSISTANCE	81.117	PASS	56-6000756	NC STATE UNIVERSITY	-	12,848	12,848	-
NUCLEAR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION	81.121	DIR			50,945	-	50,945	-
NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA) MINORITY SERVING INSTITUTIONS (MSI) PROGRAM	81.123	PASS	636001097	ALABAMA A&M UNIVERISTY	-	208,361	208,361	-
NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA) MINORITY SERVING INSTITUTIONS (MSI) PROGRAM	81.123	PASS	KSPKNZ673H55	ANA G.MENDEZ	-	163,478	163,478	-
NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA) MINORITY SERVING INSTITUTIONS (MSI) PROGRAM	81.123	PASS	66-0201206	UNIVERSIDAD ANA G. MÉNDEZ, GURABO	-	39,466	39,466	-
TOTAL FOR ASSISTANCE LISTING NUMBER 81.123					-	411,305	411,305	-
ADVANCED RESEARCH PROJECTS AGENCY - ENERGY	81.135	PASS	175303262	MARINE BIOLOGICAL LABORATOY	-	20,134	20,134	-
ADVANCED RESEARCH PROJECTS AGENCY - ENERGY	81.135	PASS	59-2201374	INTERSTATE RENEWABLE ENERGY COUNCIL INC	-	95,609	95,609	-
TOTAL FOR ASSISTANCE LISTING NUMBER 81.135					-	115,743	115,743	-
TOTAL UNITED STATES DEPARTMENT OF ENERGY (DOE)					561,204	1,429,755	1,990,959	120,405
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)								
SPECIAL PROGRAMS FOR THE AGING, TITLE IV, AND TITLE II, DISCRETIONARY PROJECTS	93.048	PASS	95-2856725	NATIONAL ALLIANCE FOR HISPANIC HEALTH	-	110,590	110,590	-
CHRONIC DISEASES: RESEARCH, CONTROL, AND PREVENTION	93.068	PASS	58-2106707	CDC FOUNDATION	-	84,806	84,806	-
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103	DIR			225,419	-	225,419	-
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103	PASS	RKVKGV1CJDB8	NIPTE (NATIONAL INSTITUTE FOR PHARMACEUTICAL TECHNOLOGY AND EDUCATION)	-	17,870	17,870	-
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103	PASS	990073524	QUEENS MEDICAL CENTER	-	36,025	36,025	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.103					225,419	53,895	279,314	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	DIR			184,799	-	184,799	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	521800436	ASSOCIATION OF PUBLIC HEALTH LABORATORIES	-	94,100	94,100	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	13-6171197	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	-	21,575	21,575	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	623950474	IOWA STATE UNIVERSITY	-	339	339	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	136171197	THE MOUNT SINAI SCHOOL OF MEDICINE	-	512	512	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	062761671	UNIVERSITY OF IOWA	-	580	580	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	20-0738248	WESCHESTER UNIVERSITY INSTITUTE HUMAN DEVELOPMENT	-	2,457	2,457	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	623950474	UNIVERSITY OF IOWA LEND PROGRAM	-	3,417	3,417	-
MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	93.110	PASS	34-0714775	UNIVERSITY HOSPITALS CLEVELAND MEDICAL CENTER	-	63,144	63,144	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.110					184,799	186,124	370,923	-

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ORAL DISEASES AND DISORDERS RESEARCH	93.121	DIR			212,921	-	212,921	-
ORAL DISEASES AND DISORDERS RESEARCH	93.121	PASS	66-0654313	CENTRO COMPRENSIVO DE CANCER BOARD OF REGENTS, NSHE, OBO UNIVERSITY OF NEVADA, LAS VEGAS	-	3,336	3,336	-
ORAL DISEASES AND DISORDERS RESEARCH	93.121	PASS	88-6000024		-	38,801	38,801	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.121					212,921	42,137	255,058	-
NIEHS SUPERFUND HAZARDOUS SUBSTANCES_BASIC RESEARCH AND EDUCATION	93.143	PASS	HLTMVS2JZBS6	NORTHEASTERN UNIVERSITY	-	354,287	354,287	-
HIV-RELATED TRAINING AND TECHNICAL ASSISTANCE	93.145	PASS	F4N1QNPB95M4	THE TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK	-	361,270	361,270	-
HIV-RELATED TRAINING AND TECHNICAL ASSISTANCE	93.145	PASS	13-5598093	COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK	-	24,380	24,380	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.145					-	385,650	385,650	-
COORDINATED SERVICES AND ACCESS TO RESEARCH FOR WOMEN, INFANTS, CHILDREN, AND YOUTH	93.153	DIR			453,937	-	453,937	-
HUMAN GENOME RESEARCH	93.172	DIR			249,935	-	249,935	-
GRANTS TO STATES TO SUPPORT ORAL HEALTH WORKFORCE ACTIVITIES	93.236	DIR			162,312	-	162,312	-
MENTAL HEALTH RESEARCH GRANTS	93.242	DIR			634,130	-	634,130	-
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	74-1613878	BAYLOR COLLEGE OF MEDICINE	-	1,352	1,352	-
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	06-0646973	YALE UNIVERSITY	-	(7,449)	(7,449)	-
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	660559418	ASSMCA	-	(9,655)	(9,655)	-
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	590624458	UNIVERSITY OF MIAMI	-	60,105	60,105	-
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	231352685	TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA	-	35,723	35,723	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.242					634,130	80,076	714,206	-
ADVANCED NURSING EDUCATION WORKFORCE GRANT PROGRAM	93.247	DIR			410	-	410	-
OCCUPATIONAL SAFETY AND HEALTH PROGRAM	93.262	DIR			171,621	-	171,621	-
ALCOHOL RESEARCH PROGRAMS	93.273	DIR			473,414	-	473,414	-
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	DIR			56,092	-	56,092	-
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	PASS	06-0646973	YALE UNIVERSITY	-	158,817	158,817	42,591
DRUG ABUSE AND ADDICTION RESEARCH PROGRAMS	93.279	PASS	61-6033693	UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION	-	27,901	27,901	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.279					56,092	186,718	242,810	42,591
CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	93.283	DIR			150	-	150	-
CENTERS FOR DISEASE CONTROL AND PREVENTION INVESTIGATIONS AND TECHNICAL ASSISTANCE	93.283	PASS	362167817	NORTHWESTERN UNIVERSITY	-	10,873	10,873	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.283					150	10,873	11,023	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	DIR			5,022,363	-	5,022,363	14,856
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	231352630	DREXEL UNIVERSITY	-	186,598	186,598	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	05-0258954	RHODE ISLAND HOSPITAL	-	97,704	97,704	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	MQE2JHHJW908	UNIVERSITY OF MASSACHUSETTS, WORCESTER	-	372,073	372,073	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	99-6000354	UNIVERSITY OF HAWAII	-	135,266	135,266	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	581438873	MOREHOUSE SCHOOL OF MEDICINE, INC.	-	34,129	34,129	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	14-1368361	THE RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK	-	410	410	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.307					5,022,363	826,180	5,848,543	14,856
TRANS-NIH RESEARCH SUPPORT	93.310	DIR			839,893	-	839,893	78,128
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	HLTMVS2JZBS6	NORTHEASTERN UNIVERSITY	-	259,792	259,792	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	14-1410842	RESEARCH FOUNDATION FOR MENTAL HYGIENE	-	155,495	155,495	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	581438873	MOREHOUSE SCHOOL OF MEDICINE	-	22,077	22,077	-

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TRANS-NIH RESEARCH SUPPORT	93.310	PASS	75-6064033	UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORTH WORTH	-	264,470	264,470	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.310					839,893	701,834	1,541,727	78,128
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES	93.350	PASS	06-0646973	YALE UNIVERSITY	-	25,609	25,609	-
RESEARCH INFRASTRUCTURE PROGRAMS	93.351	DIR			5,977,019	-	5,977,019	18,964
NATIONAL CENTER FOR RESEARCH RESOURCES	93.389	DIR			455	-	455	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	DIR			10,876	-	10,876	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	PASS	416011702	MAYO CLINIC	-	680	680	-
				UNIVERSITY OF PUERTO RICO COMPREHENSIVE	-			
CANCER CAUSE AND PREVENTION RESEARCH	93.393	PASS	66-0654313	CANCER CENTER	-	691	691	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	PASS	416007513	REGENTS OF THE UNIVERSITY OF MINNESOTA	-	29,684	29,684	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	PASS	66-0654313	CENTRO COMPRENSIVO DE CANCER	-	6,951	6,951	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.393					10,876	38,006	48,882	-
CANCER DETECTION AND DIAGNOSIS RESEARCH	93.394	DIR			641,623	-	641,623	522,877
CANCER TREATMENT RESEARCH	93.395	DIR			39,757	-	39,757	-
				THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	-	11,846	11,846	-
CANCER TREATMENT RESEARCH	93.395	PASS	74-6001118		39,757	11,846	51,603	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.395								
CANCER BIOLOGY RESEARCH	93.396	DIR			44,111	-	44,111	-
CANCER CENTERS SUPPORT GRANTS	93.397	DIR			1,418,849	-	1,418,849	-
				JOAN AND SANFORD I. WEILL MEDICAL COLLEGE	-			
CANCER CONTROL	93.399	PASS	66-0654313	OF CORNELL UNIVERSITY	-	135,227	135,227	-
FAMILY VIOLENCE PREVENTION AND SERVICES/ DISCRETIONARY	93.592	PASS	66-0707858	DEPARTAMENTO DE LA FAMILIA	-	20,305	20,305	-
FAMILY VIOLENCE PREVENTION AND SERVICES/ DISCRETIONARY	93.592	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	4,317	4,317	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.592					-	24,622	24,622	-
UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES								
EDUCATION, RESEARCH, AND SERVICE	93.632	DIR			753,961	-	753,961	-
SOCIAL SERVICES RESEARCH AND DEMONSTRATION	93.647	DIR			(570)	-	(570)	-
				THE NATIONAL ALLIANCE FOR HISPANIC HEALTH AWARD AGREEMENT	-	66,497	66,497	-
SOCIAL SERVICES RESEARCH AND DEMONSTRATION	93.647	PASS	95-2856725		(570)	66,497	65,927	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.647								
EXTRAMURAL RESEARCH FACILITIES RESTORATION PROGRAM: HURRICANES HARVEY, MARIA, AND IRMA - CONSTRUCTION	93.662	DIR			2,193,221	-	2,193,221	-
CARDIOVASCULAR DISEASES RESEARCH	93.837	PASS	FLJ7DOKLL226	MASSACHUSETTS GENERAL HOSPITAL	-	37,969	37,969	-
LUNG DISEASES RESEARCH	93.838	PASS	05-0258954	RHODE ISLAND HOSPITAL	-	386,840	386,840	-
LUNG DISEASES RESEARCH	93.838	PASS	MNL4D3VQUWA5	WEST VIRGINIA UNIVERSITY	-	437,058	437,058	-
LUNG DISEASES RESEARCH	93.838	PASS	MKAGLD59JRL1	UNIVERSITY OF PITTSBURGH	-	158,636	158,636	-
LUNG DISEASES RESEARCH	93.838	PASS	56-0532129	DUKE UNIVERSITY	-	12,632	12,632	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.838					-	995,166	995,166	-
ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH	93.846	PASS	RCNJEHZ83EV6	UNIVERSITY OF ALABAMA	-	626	626	-
				THE BOARD OF TRUSTEES OF THE UNIVERSITY OF ALABAMA FOR THE	-	(30,765)	(30,765)	-
ARTHRITIS, MUSCULOSKELETAL AND SKIN DISEASES RESEARCH	93.846	PASS	63-6005396		-	(30,139)	(30,139)	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.846								
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	PASS	04-2103580	HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH	-	36,240	36,240	-
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	PASS	95-1644599	CEDARS SINAI MEDICAL CENTER	-	12,182	12,182	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.847					-	48,422	48,422	-
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	DIR			1,930,223	-	1,930,223	129,951

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EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	PASS	415960780	JANSSEN VACCINES & PREVENTION, B.V.	-	456	456	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.853					1,930,223	456	1,930,679	129,951
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	DIR			1,209,326	-	1,209,326	22,970
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	030811269	BRIGHTMAN AND WOMENS HOSPITAL	-	56,500	56,500	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	580566256	EMORY UNIVERSITY	-	72,397	72,397	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	FTMTDMBR29C7	JOHNS HOPKINS UNIVERSITY	-	61	61	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	ECR5E2LU5BL6	THE GEORGE WASHINGTON UNIVERSITY	-	117,463	117,463	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	RN64EPNH8JC6	REGENTS OF UNIVERSITY OF CALIFORNIA	-	101,282	101,282	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	95-6006143	UCLA	-	36,320	36,320	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.855					1,209,326	384,023	1,593,349	22,970
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	DIR			17,362,964	-	17,362,964	774,432
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	M7PNRH24BBM8	WEST VIRGINIA UNIVERSITY RESEARCH CORPORATION	-	8,100	8,100	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	MKAGLD59JRL1	UNIVERSITY OF PITTSBURGH	-	34,777	34,777	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	64-6008520	UNIVERSITY OF MISSISSIPPI MEDICAL CENTER	-	27,818	27,818	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	26-0636598	THE NATIONAL INSTITUTE FOR PHARMACEUTICAL TECHNOLOGY & EDUCATION	-	38,217	38,217	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	62-0476816	ORAU- OAK RIDGE ASSOCIATED UNIVERSITIES	-	12,071	12,071	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	55-0665758	WEST VIRGINIA RESEARCH CORPORATION	-	28,893	28,893	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.859					17,362,964	149,876	17,512,840	774,432
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	DIR			91,937	-	91,937	9,505
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	PASS	04-2103580	HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH	-	387,138	387,138	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.865					91,937	387,138	479,075	9,505
AGING RESEARCH	93.866	DIR			30,193	-	30,193	-
AGING RESEARCH	93.866	PASS	FLJ7DQKLL226	THE GENERAL HOSPITAL CORPORATION/MASSACHUSETTS GENERAL HOSPITAL	-	28,374	28,374	-
AGING RESEARCH	93.866	PASS	F4N1QNPB95M4	TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK	-	50,318	50,318	-
AGING RESEARCH	93.866	PASS	YND4PLMC9AN7	UNIVERSITY OF ALABAMA AT BIRMINGHAM	-	411,651	411,651	-
AGING RESEARCH	93.866	PASS	1860196696AI	ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF ARIZONA STATE UNIVERSITY	-	27,792	27,792	-
AGING RESEARCH	93.866	PASS	NX9PXMKW5KW8	NEW YORK UNIVERSITY	-	26,779	26,779	-
AGING RESEARCH	93.866	PASS	RN64EPNH8JC6	REGENTS OF THE UNIVERSITY OF CALIFORNIA	-	266,718	266,718	-
AGING RESEARCH	93.866	PASS	L6NFUM28LQM5	THE WASHINGTON UNIVERSITY IN ST LOUIS	-	54,635	54,635	-
AGING RESEARCH	93.866	PASS	FLJ7DQKLL226	MASSACHUSETTS GENERAL HOSPITAL	-	59,184	59,184	-
AGING RESEARCH	93.866	PASS	04-2103580	HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH	-	202,898	202,898	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.866					30,193	1,128,349	1,158,542	-
VISION RESEARCH	93.867	PASS	NX9PXMKW5KW8	NEW YORK UNIVERSITY	-	175,013	175,013	-
ANTIMICROBIAL RESISTANCE SURVEILLANCE IN RETAIL FOOD SPECIMENS	93.876				145,168	-	145,168	-
EPIDEMIOLOGIC RESEARCH STUDIES OF ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) AND HUMAN IMMUNODEFICIENCY VIRUS (HIV) INFECTION IN SELECTED POPULATION GROUPS	93.943	DIR			325,388	-	325,388	10,710
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					40,861,897	6,601,250	47,463,147	1,624,984
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)								
CENTERS FOR HOMELAND SECURITY	97.061	PASS	HLTMVS2JZBS6	NORTHEASTERN UNIVERSITY	-	122,644	122,644	-

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CENTERS FOR HOMELAND SECURITY	97.061	PASS	D3LHU66KBLD5	UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	-	98,020	98,020	-
TOTAL FOR ASSISTANCE LISTING NUMBER 97.061					-	220,664	220,664	-
HOMELAND SECURITY RESEARCH, DEVELOPMENT, TESTING, EVALUATION AND DEMONSTRATION OF TECHNOLOGIES RELATED TO COUNTERING WEAPONS OF MASS DESTRUCTION	97.077	DIR			517,667	-	517,667	-
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)					517,667	220,664	738,331	-
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT								
USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS	98.001	DIR			978	-	978	-
USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS	98.001	PASS	35-6002041	PURDUE UNIVERSITY	-	38,368	38,368	-
TOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT					978	38,368	39,346	-
AGENCY NOT IDENTIFIED								
CFDA NOT IDENTIFIED	15.U01	DIR			14,753	-	14,753	-
CFDA NOT IDENTIFIED	10.U01	DIR			1,500	-	1,500	-
CFDA NOT IDENTIFIED	81.U01	PASS	R85KZ9JP3NM3	BROOKHAVEN NATIONAL LABS	-	29,451	29,451	-
TOTAL AGENCY NOT IDENTIFIED					16,253	29,451	45,704	-
TOTAL RESEARCH AND DEVELOPMENT CLUSTER:					76,983,904	11,862,053	88,845,957	5,210,327
OTHER PROGRAMS:								
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)								
PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	10.025	DIR			105,315	-	105,315	-
PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	10.025	PASS	NNFQH1JAEPP3	UNIVERSITY OF FLORIDA	-	210	210	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.025					105,315	210	105,525	-
HIGHER EDUCATION - INSTITUTION CHALLENGE GRANTS PROGRAM	10.217	PASS	Y8CWNJRCNN91	UNIVERSITY OF ILLINOIS	-	17,405	17,405	-
HOMELAND SECURITY AGRICULTURAL	10.304	PASS	NNFQH1JAEPP3	UNIVERSITY OF FLORIDA	-	10,088	10,088	-
DISTANCE EDUCATION GRANTS FOR INSTITUTIONS OF HIGHER EDUCATION IN INSULAR AREAS	10.322	DIR			184,328	-	184,328	-
NATIONAL FOOD SAFETY TRAINING, EDUCATION, EXTENSION, OUTREACH, AND TECHNICAL ASSISTANCE COMPETITIVE GRANTS PROGRAM	10.328	PASS	NNFQH1JAEPP3	UNIVERSITY OF FLORIDA	-	11,985	11,985	-
CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS PROGRAM	10.329	DIR			187,747	-	187,747	24,197
OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED AND VETERAN FARMERS AND RANCHERS	10.443	DIR			185,162	-	185,162	-
COOPERATIVE EXTENSION SERVICE	10.500	DIR			(652)	-	(652)	-
COOPERATIVE EXTENSION SERVICE	10.500	PASS	MECEHTM8DB17	UNIVERSITY OF ARKANSAS	-	34,138	34,138	-
COOPERATIVE EXTENSION SERVICE	10.500	PASS	45-2865351	SYNERGISTIC HAWAII AGRICULTURE COUNCIL	-	1,532	1,532	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.500					(652)	35,670	35,018	-
SMITH-LEVER FUNDING (VARIOUS PROGRAMS)	10.511	DIR			6,698,375	-	6,698,375	-
EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM	10.514	DIR			1,621,800	-	1,621,800	-
RENEWABLE RESOURCES EXTENSION ACT AND NATIONAL FOCUS FUND PROJECTS	10.515	DIR			23,701	-	23,701	-
CHILD AND ADULT CARE FOOD PROGRAM	10.558	PASS	660433481	DEPARTAMENTO DE EDUCACIÓN DE PR	-	8,677	8,677	-
TECHNICAL ASSISTANCE FOR SPECIALTY CROPS PROGRAM	10.604	DIR			46,441	-	46,441	-
COOPERATIVE FORESTRY ASSISTANCE	10.664	DIR			2,092	-	2,092	-
COOPERATIVE FORESTRY ASSISTANCE	10.664	PASS	DYZNJGLTHMR9	HOWARD UNIVERSITY	-	3,373	3,373	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.664					2,092	3,373	5,465	-
URBAN AND COMMUNITY FORESTRY PROGRAM	10.675	DIR			35,799	-	35,799	-
FOREST STEWARDSHIP PROGRAM	10.678	DIR			4	-	4	-
FOREST HEALTH PROTECTION	10.680	DIR			45,110	-	45,110	-
INTERNATIONAL FORESTRY PROGRAMS	10.684	DIR			38,647	-	38,647	-

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PARTNERSHIP AGREEMENTS	10.699	DIR			1,800	-	1,800	-
AGRICULTURAL STATISTICS REPORTS	10.950	DIR			67,594	-	67,594	-
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)					9,243,263	87,408	9,330,671	24,197
UNITED STATES DEPARTMENT OF TREASURY (TREAS)								
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	PASS	091089615	OFICINA DE GERENCIA Y PRESUPUESTO - GOBIERNO DE PUERTO RICO	-	473	473	-
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	PASS	HHFQLX1DPWM7	DEPARTAMENTO DE DESARROLLO ECONÓMICO Y COMERCIO	-	25,982	25,982	-
TOTAL UNITED STATES DEPARTMENT OF TREASURY (TREAS)					-	26,455	26,455	-
UNITED STATES DEPARTMENT OF COMMERCE (DOC)								
ECONOMIC ADJUSTMENT ASSISTANCE	11.307	DIR			7,908,736	-	7,908,736	-
ECONOMIC ADJUSTMENT ASSISTANCE	11.307	PASS	521089260	THE SOLAR FOUNDATION	-	3,706	3,706	-
ECONOMIC ADJUSTMENT ASSISTANCE	11.307	PASS	66-0593598	ONE STOP CAREER CENTER OF P.R. INC.	-	151,896	151,896	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.307					7,908,736	155,602	8,064,338	-
SCIENCE, TECHNOLOGY, BUSINESS AND/OR EDUCATION OUTREACH	11.620	PASS	ECR5E2LU5BL6	THE GEORGE WASHINGTON UNIVERSITY	-	1,300	1,300	-
TOTAL UNITED STATES DEPARTMENT OF COMMERCE (DOC)					7,908,736	156,902	8,065,638	-
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)								
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	PASS	66-0558579	DEPARTAMENTO DE VIVIENDA DE PR	-	1,937,583	1,937,583	-
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228	DIR			16,195	-	16,195	-
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228	PASS	66-0558579	DEPARTAMENTO DE VIVIENDA DE PR	-	2,059,063	2,059,063	-
TOTAL FOR ASSISTANCE LISTING NUMBER 14.228					16,195	2,059,063	2,075,258	-
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	PASS	660433514	MUNICIPIO DE HUMACAO	-	70,303	70,303	-
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)					16,195	4,066,949	4,083,144	-
UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)								
COASTAL	15.630	DIR			70,480	-	70,480	-
TOTAL UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)					70,480	-	70,480	-
UNITED STATES DEPARTMENT OF JUSTICE (DOJ)								
GRANTS TO REDUCE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ON CAMPUS	16.525	DIR			233,550	-	233,550	-
CRIME VICTIM ASSISTANCE	16.575	PASS	66-0506252	DEPARTAMENTO DE JUSTICIA DE PUERTO RICO	-	118,571	118,571	-
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582	PASS	660-506252	DEPARTAMENTO DE JUSTICIA DE PUERTO RICO	-	89,766	89,766	-
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	PASS	660637549	OFICINA DE LA PROCURADORA DE LAS MUJERES	-	23,701	23,701	-
POSTCONVICTION TESTING OF DNA EVIDENCE	16.820	DIR			132,677	-	132,677	-
TOTAL UNITED STATES DEPARTMENT OF JUSTICE (DOJ)					366,227	232,038	598,265	-
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)								
FEDERAL TRANSIT FORMULA GRANTS	20.507	PASS	52-1877475	DEPARTMENT OF TRANSPORTATION	-	394,475	394,475	-
BUSES AND BUS FACILITIES FORMULA, COMPETITIVE, AND LOW OR NO EMISSIONS PROGRAMS	20.526	PASS	52-1877475	DEPARTMENT OF TRANSPORTATION	-	6,403	6,403	-
ALCOHOL OPEN CONTAINER REQUIREMENTS	20.607	PASS	66-0476947	COMISIÓN PARA LA SEGURIDAD EN EL TRÁNSITO	-	35,446	35,446	-
MINIMUM PENALTIES FOR REPEAT OFFENDERS FOR DRIVING WHILE INTOXICATED	20.608	PASS	66-0476947	COMISIÓN PARA LA SEGURIDAD EN EL TRÁNSITO	-	114,177	114,177	-
NATIONAL PRIORITY SAFETY PROGRAMS	20.616	PASS	660476947	COMISIÓN PARA LA SEGURIDAD EN EL TRÁNSITO	-	367,763	367,763	-

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TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)					-	918,264	918,264	-
UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)								
AMERICAN LATINO MUSEUM INTERNSHIP AND FELLOWSHIP INITIATIVE	45.031	DIR			50,843	-	50,843	-
PROMOTION OF THE HUMANITIES FEDERAL/STATE PARTNERSHIP	45.129	PASS	66-0359285	FUNDACIÓN PUERTORRIQUEÑA DE LAS HUMANIDADES	-	16,415	16,415	-
PROMOTION OF THE HUMANITIES DIVISION OF PRESERVATION AND ACCESS	45.149	DIR			165,292	-	165,292	4,797
PROMOTION OF THE HUMANITIES PUBLIC PROGRAMS	45.164	DIR			3,380	-	3,380	-
PROMOTION OF THE HUMANITIES OFFICE OF DIGITAL HUMANITIES	45.169	DIR			97,072	-	97,072	-
MUSEUMS FOR AMERICA	45.301	DIR			219,505	-	219,505	-
TOTAL UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)					536,092	16,415	552,507	4,797
UNITED STATES VETERANS AFFAIRS (VA)								
SURVIVORS AND DEPENDENTS EDUCATIONAL ASSISTANCE	64.117	DIR			1,252	-	1,252	-
TOTAL UNITED STATES VETERANS AFFAIRS (VA)					1,252	-	1,252	-
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)								
ENVIRONMENTAL FINANCE CENTER GRANTS - SINGLE	66.203	PASS	150532081	SYRACUSE UNIVERSITY	-	11,666	11,666	-
PERFORMANCE PARTNERSHIP GRANTS	66.605	PASS	66-0433627	DEPARTAMENTO DE RECURSOS NATURALES Y AMBIENTALES (DRNA)	-	409,494	409,494	-
NATIONAL ENVIRONMENTAL EDUCATION TRAINING PROGRAM	66.950	DIR			32,264	-	32,264	-
ENVIRONMENTAL EDUCATION GRANTS PROGRAM	66.951	DIR			22,858	-	22,858	-
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)					55,122	421,160	476,282	-
UNITED STATES DEPARTMENT OF EDUCATION (ED)								
HIGHER EDUCATION INSTITUTIONAL AID	84.031	DIR			2,801,675	-	2,801,675	20,000
HIGHER EDUCATION INSTITUTIONAL AID	84.031	PASS	66-0433481	DEPARTAMENTO DE EDUCACIÓN DE PUERTO RICO	-	(1,693)	(1,693)	-
TOTAL FOR ASSISTANCE LISTING NUMBER 84.031					2,801,675	(1,693)	2,799,982	20,000
FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116	DIR			286,463	-	286,463	-
MINORITY SCIENCE AND ENGINEERING IMPROVEMENT	84.120	DIR			1,090,486	-	1,090,486	-
REHABILITATION LONG-TERM TRAINING	84.129	DIR			217,150	-	217,150	-
SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	84.325	DIR			56,874	-	56,874	-
CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	84.335	DIR			161,347	-	161,347	-
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	PASS	DLWBSLWAJWR1	THE OHIO STATE UNIVERSITY	-	8,005	8,005	-
ACADEMIC COMPETITIVENESS GRANTS	84.375	DIR			(663)	-	(663)	-
COVID-19 EDUCATION STABILIZATION FUND	84.425E	DIR			356,407	-	356,407	-
COVID-19 EDUCATION STABILIZATION FUND	84.425F	DIR			11,702,484	-	11,702,484	-
COVID-19 EDUCATION STABILIZATION FUND	84.425F	PASS	66-0707858	DEPARTAMENTO DE LA FAMILIA	-	132,462	132,462	-
COVID-19 EDUCATION STABILIZATION FUND	84.425F	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	38,065	38,065	-
COVID-19 EDUCATION STABILIZATION FUND	84.425F	PASS	66-0433627	DEPARTAMENTO DE RECURSOS NATURALES Y AMBIENTALES (DRNA)	-	339,002	339,002	-
TOTAL FOR ASSISTANCE LISTING NUMBER 84.425F					11,702,484	509,529	12,212,013	-
EDUCATION STABILIZATION FUND	84.425L	DIR			2,855,308	-	2,855,308	-
DISASTER RECOVERY ASSISTANCE FOR EDUCATION	84.938	DIR			27,278	-	27,278	-
DISASTER RECOVERY ASSISTANCE FOR EDUCATION	84.938T	DIR			9,013,455	-	9,013,455	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)					28,568,264	515,841	29,084,105	20,000
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)								
ENVIRONMENTAL HEALTH	93.113	DIR			164,695	-	164,695	-
ENVIRONMENTAL HEALTH	93.113	PASS	386006309	REGENTS OF THE UNIVERSITY OF MICHIGAN	-	30,892	30,892	-

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ENVIRONMENTAL HEALTH	93.113	PASS	14-1410842	RESEARCH FOUNDATION FOR MENTAL HYGIENE	-	221,989	221,989	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.113					164,695	252,881	417,576	-
ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) ACTIVITY	93.118	PASS	ECR5E2LU5BL6	THE GEORGE WASHINGTON UNIVERSITY	-	22,705	22,705	-
NURSE ANESTHETIST TRAINEESHIP	93.124	DIR			35,165	-	35,165	-
EMERGENCY MEDICAL SERVICES FOR CHILDREN	93.127	DIR			213,747	-	213,747	-
CENTERS OF EXCELLENCE	93.157	DIR			746,401	-	746,401	-
DISABILITIES PREVENTION	93.184	PASS	13-6171197	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	-	40,447	40,447	-
HANSEN'S DISEASE NATIONAL AMBULATORY CARE PROGRAM	93.215	DIR			57,304	-	57,304	-
FAMILY PLANNING SERVICES	93.217	DIR			3,168,225	-	3,168,225	1,624,386
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	DIR			562,842	-	562,842	17,439
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.243	PASS	660731885	INTERCAMBIOS PR, INC	-	24,720	24,720	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.243					562,842	24,720	587,562	17,439
CONSTRUCTION SUPPORT	93.352	DIR			560,531	-	560,531	-
NURSE EDUCATION, PRACTICE AND RETENTION GRANTS	93.359	DIR			212,980	-	212,980	-
ACL ASSISTIVE TECHNOLOGY	93.464	DIR			254,969	-	254,969	-
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	PASS	66-0707858	DEPARTAMENTO DE LA FAMILIA	-	42,324	42,324	-
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	570,212	570,212	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.575					-	612,536	612,536	-
FAMILY VIOLENCE PREVENTION AND SERVICES/ STATE DOMESTIC VIOLENCE COALITIONS	93.591	PASS	66-0550935	COORDINADORA PAZ DE LAS MUJERES	-	8,743	8,743	-
FOSTER CARE TITLE IV-E	93.658	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	1,015,679	1,015,679	-
ARRA - CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.713	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	21,420	21,420	-
MEDICAL LIBRARY ASSISTANCE	93.879	DIR			221,261	-	221,261	-
NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	93.889	PASS	74-1613878	BAYLOR COLLEGE OF MEDICINE	-	65,268	65,268	-
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	PASS	660427034	MUNICIPIO DE SAN JUAN	-	4,235	4,235	-
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	PASS	37580294	RYAN WHITE-MUNICIPIO DE SAN JUAN	-	250,329	250,329	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.914					-	254,564	254,564	-
RYAN WHITE HIV/AIDS DENTAL REIMBURSEMENT AND COMMUNITY BASED DENTAL PARTNERSHIP GRANTS	93.924	DIR			11,642	-	11,642	-
SCHOLARSHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS	93.925	DIR			674,571	-	674,571	-
SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE	93.928	PASS	04-2679824	JSI RESEARCH AND TRAINING INSTITUTE	-	112,260	112,260	-
PPHF GERIATRIC EDUCATION CENTERS	93.969	DIR			426,549	-	426,549	-
PPHF GERIATRIC EDUCATION CENTERS	93.969	PASS	806345617	NATIONAL INSTITUTE OF ENVIROMENTAL HEALTH SCIENCE	-	49,066	49,066	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.969					426,549	49,066	475,615	-
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					7,310,882	2,480,289	9,791,171	1,641,825
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)								
AMERICORPS STATE AND NATIONAL 94.006	94.006	DIR			2,184	-	2,184	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)					2,184	-	2,184	-
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)								
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	PASS	66-0433481	COR3	-	8,871,678	8,871,678	-
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	PASS	66-0558579	DEPARTAMENTO DE VIVIENDA DE PR	-	(48,545)	(48,545)	-
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)					-	8,823,133	8,823,133	-
UNITED STATES DEPARTMENT OF STATE (DOS)								

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE	DIR/PASS	PASS THROUGH ID	PASS THROUGH ENTITY	DIRECT	PASS-THROUGH	TOTAL	AMOUNT
	LISTING NO		ENTITY		FEDERAL AWARD EXPENDITURES	FEDERAL AWARD EXPENDITURES		PROVIDED TO SUBRECIPIENTS
ACADEMIC EXCHANGE PROGRAMS - UNDERGRADUATE PROGRAMS	19.009	DIR			13,251	-	13,251	-
TOTAL UNITED STATES DEPARTMENT OF STATE (DOS)					13,251	-	13,251	-
UNITED STATES DEPARTMENT OF LABOR (DOL)								
OCCUPATIONAL SAFETY AND HEALTH SUSAN HARDWOOD TRAINING GRANTS	17.502	DIR			85,817	-	85,817	-
TOTAL UNITED STATES DEPARTMENT OF LABOR (DOL)					85,817	-	85,817	-
TOTAL OTHER PROGRAMS					54,177,765	17,744,854	71,922,619	1,690,819
TOTAL EXPENDITURES					\$ 359,844,684	\$ 29,606,907	\$ 389,451,591	\$ 6,901,146

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2024

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the expenditures of all Federal Awards Programs of the University of Puerto Rico (the “University”). The University’s reporting entity is defined in the notes to the financial statements.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (“Schedule” or “SEFA”) is presented using the accrual basis of accounting.

Expenditures awarded from the Federal Emergency Management Agency (FEMA) under Assistance Listing 97.036 must be presented on the schedule of expenditures of federal awards when FEMA approves the Project Worksheet (PW) and expenditures are incurred. During FY2024, the University of Puerto Rico accounted for \$797,345 of eligible expenditures incurred in prior years from approved current year FEMA project worksheets.

3. Matching Costs

Matching costs, such as the nonfederal share of certain program costs, are not included in the accompanying Schedule.

4. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of federal financial reports vary by federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule, which is prepared on the basis of accounting explained in Note 2. Office of Management and Budget (“OMB”) Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) require that federal financial reports for claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared. The University prepares the federal financial reports and claims for reimbursements primarily based on information from the internal accounting records of the respective Campuses of the University.

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards (continued)

5. Relationship to Financial Statements

Federal awards revenues and expenses are reported in the University's statement of revenues, expenses and changes in net position in accordance with standards issued by the Government Accounting Standards Board ("GASB") No. 35, as amended. Because the Schedule of Expenditures of Federal Awards presents only federal activities of the University, it is not intended to and does not present the financial position, assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows of the University, as a whole.

6. Program Clusters

Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, TRIO, Research and Development, Student Financial Assistance, Economic Development, Highway Safety, CDBG-Entitlement Grants, Federal Transit, and CCDF were identified as clusters.

7. Loan Programs

During the fiscal year ending June 30, 2024, the University processed \$56,132,650 of new loans under the Federal Direct Student Loans Program (Assistance Listing No. 84.268). Since the University does not make the loans, the new loans made in the fiscal year that ended June 30, 2024, relating to this program are considered current year federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ending June 30, 2024, are reported in the Schedule of Expenditures of Federal Awards.

8. Contingencies

The grant amounts received are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor agencies would become a liability of the University. In the opinion of management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

9. Indirect Cost Rate

The University used the ten percent de minimis indirect cost rate allowed by the Uniform Guidance for some units.

University of Puerto Rico

Schedule of Findings and Questioned Costs

June 30, 2024

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified opinion with going concern emphasis of a matter paragraph			
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major federal programs:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	None reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u>	Yes	<u> </u>	No

Identification of major federal programs:

Assistance Listing	
Number(s)	Name of Federal Program or Cluster
Various	Student Financial Assistance Cluster
97.036	Disaster Grants – Public Assistance (FEMA)
93.217	Family Planning Services
84.425	Higher Education Emergency Relief Fund (HEERF)
11.307	Economic Adjustment Assistance
84.938T	Emergency Assistance to Institutions of Higher Education Program

Dollar threshold used to distinguish between Type A and Type B programs: \$3,000,000

Auditee qualified as low-risk auditee? Yes X No

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings

Finding Number: 2024-001 - Financial Statement Close Process

Criteria

A fundamental element of a sound system of internal controls is an effective financial statement close process. Such a process is essential in enabling organizations to prepare timely and accurate financial statements. This process helps ensure that all financial transactions are properly recorded, appropriately supported, and subjected to supervisory review. The financial statement close process begins with accounting data recorded in the University's general ledger and culminates in the preparation of the University's financial statements, including identification and documentation of the relevant disclosures that are required under generally accepted accounting principles.

Condition

During our audit, we noted deficiencies in the University's financial statement close process, including the following:

- Multiple post-closing entries were not initially completed by the University during its closing process. These post-closing entries were necessary to properly record revenue and expense activity, accounts receivable activity, cash activity, prepaid expenses activity and certain liabilities. These entries, when aggregate, were considered material to the financial statements.
- The compilation of financial data and reconciliation processes for several areas are not completed in a timely manner. The lack of procedures and controls in these areas resulted in inefficiencies during the financial statements preparation process.
- The preliminary pension plan actuarial report incorrectly considered changes to benefits that were approved prior to the plan measurement date. The corrected actuarial report was issued on February 5, 2024.
- Draft of the financial statements required multiple corrections in the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position (Deficit), Statement of Cash Flows. The notes to the financial statements also required multiple changes, including missing disclosures.
- The accounting and financial reporting operations of certain units of the University, specifically the Medical Sciences Campus and Mayagüez Campus, are not able to detect or prevent accounting errors effectively nor efficiently which resulted in multiple post-closing adjustments.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings (continued)

Finding Number: 2024-001 - Financial Statement Close Process (continued)

Cause

The lack of adequate controls has resulted in an ineffective and inefficient financial statements close process. This weakness may stem from shortage of personnel, lack of oversight, or ineffective review processes. In addition, the lack of integration between the units and the central administration finance and accounting functions has an adverse impact in the financial reporting of the University as a whole.

Effect

The post-closing entries recorded by the University resulted in a delayed financial statement close process, thus affecting the audit process and the timing of issuance of the audited financial statements.

Recommendations

Management should continue to improve the annual closing process, including more effective monitoring controls over financial information. All general ledger accounts should be supported by reconciliations, roll-forward schedules and other appropriate documentation which are timely reviewed at two levels and evidenced by supervisory approval. Journal entries should be supported by complete documentation and timely reviewed for the processing of financial statements at year end.

All accounting judgments and estimates should also be properly supported and reviewed. In reviewing and developing the closing process, the University should ensure that it has sufficient accounting personnel with the appropriate experience and training to effectively perform the financial statement close process. Additionally, there is a need for key accounting personnel to develop and review the draft financial statements for correctness of accounting, presentation and disclosure prior to its presentation to the auditors. This may include holding internal training programs for the preparers and first level reviewers to ensure a clear understanding of the financial statement close process.

The University should consider changing or reinforcing the organizational structure to improve monitoring controls over the accounting and financial reporting functions of units. The accounting and financial reporting responsibilities should be centralized, and units should report directly, timely and effectively to the Central Administration Finance Director and Controller. The University should also enforce a standardized financial statement close process for all campuses.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings (continued)

Finding Number: 2024-001 - Financial Statement Close Process (continued)

Recommendations (continued)

An effective control environment requires that those in charge of governance monitor the accounting and financial reporting functions effectively. By implementing these recommendations, the monitoring of the accounting and financial reporting activities of the University will be reinforced.

Management's Response

The University of Puerto Rico concurs with this finding. Management response is included in a separate document.

Conclusion

Not applicable. Management's response is consistent with the finding.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs

Finding Number: 2024-002

Federal Program

Student Financial Assistance (SFA) Cluster - Various ALN
COVID-19 Higher Education Emergency Relief Fund (HEERF) - 84.425

Compliance Requirement

Cash Management

Criteria

The Uniform Guidance requires that non-federal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Furthermore, for drawdowns in the advanced payment method, an entity must have effective internal controls in place to minimize the time elapsing between transfer of federal funds from the federal entity and the disbursement by the non-federal entity.

Condition

It was noted that there is a lack of internal controls in place to ensure that advanced funds were disbursed within the established timeline. Specifically, there is a lack of formalized documentation, procedures, and monitoring mechanisms to track and enforce controls specifically related to minimizing the time elapsed between transfer of federal funds and disbursement by the University.

Cause

Controls over cash management, more specifically, related to minimizing the time elapsed between the receipt of advanced funds and disbursement by the University do not seem to be designed or functioning as intended.

Effect

The lack of properly designed or effectively operating internal controls could lead to the University not meeting federal requirements in regards to time elapsed between receipt and disbursement of advanced funds, which could lead to noncompliance, questioned costs and loss of funds.

Questioned Costs

Not applicable.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-002 (continued)

Context

Management was not able to provide sufficient evidence to support that internal controls related to the timely disbursement of advanced funds are in place and operating effectively.

Identification as a repeat finding, if applicable

Not applicable.

Recommendation

We recommend the University implements internal controls and/or monitoring procedures to ensure the timely disbursement of advanced funds.

Management's Response

The University of Puerto Rico concurs with this finding. Management response is included in a separate document.

Conclusion

Not applicable. Management's response is consistent with the finding.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-003

Program

Student Financial Assistance (SFA) Cluster - Various ALN

Compliance Requirement

Cash Management

Criteria

Advanced Payment Method: An institution submits a drawdown request for funds utilizing ED's electronic grants management system, known as G5, that may not exceed the amount of funds needed to make immediate disbursements to eligible students and parents. If the request is accepted, ED initiates an electronic funds transfer to the institution's account. The institution must then disburse the requested funds no later than three business days following receipt of those funds from ED.

For institutions on the Advance Payment Method, any amount of Title IV funds not disbursed to recipients by the end of the third business day is considered excess cash. ED allows an institution to retain, for up to seven days, excess cash that does not exceed one percent of the total amount of funds drawn by the institution in the prior award year. The institution must return to ED any excess cash over the tolerable amount (one percent) and any amount remaining after the tolerance period (seven days). Questioned costs would be those in excess of the one percent threshold.

Condition

From a sample of 40 transactions selected for testing, we noted two instances in which the disbursement date exceeded the time period established by the Department of Education.

Cause

Processes and controls over the disbursement of requested funds requirements are not functioning as intended to ensure that the University issues payments timely.

Effect

The University did not comply with cash management requirements, which could lead to funds disallowance.

Questioned Costs

Not applicable.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-003 (continued)

Context

We performed a test of detail where our statistically validated sample consisted of 40 items from a population of 616 cash drawdowns.

Identification as a repeat finding, if applicable

Not applicable.

Recommendation

We recommend the University establishes internal controls and compliance processes to ensure disbursement of requested funds for advanced drawdowns are within the required timeframe.

Management's Response

The University of Puerto Rico concurs with this finding. Management response is included in a separate document.

Conclusion

Not applicable. Management's response is consistent with the finding.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-004

Program

Student Financial Assistance (SFA) Cluster - Various ALN

Compliance Requirement

Special Tests and Provisions – Return of Title IV Funds

Criteria

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began the attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs.

The amount earned Title IV grant or loan assistance is calculated by determining the percentage of Title IV grant or loan assistance that has been earned by the student and applying that percentage to the total amount of Title IV grant or loan assistance that was or could have been disbursed to the student for the payment period or period of enrollment as of the student's withdrawal date.

A student earns 100 percent if his or her withdrawal date is after the completion of 60 percent. Otherwise, the percentage earned by the student is equal to the percentage (less than 60 percent) of the payment period or period of enrollment that was completed as of the student's withdrawal date.

The unearned amount of Title IV assistance to be returned is calculated by subtracting the amount of Title IV assistance earned by the student from the amount of Title IV aid that was disbursed to the student as of the date of the institution's determination that the student withdrew (34 CFR 668.22(e)).

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED as soon as possible, but no later than 45 days after the date institution determines that the student withdrew.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-004 (continued)

Condition

We sampled and selected 40 out of 664 transactions and noted 8 instances in which the return of funds was issued after the 45-day period of the official withdrawal date of the students.

Cause

Processes and controls over the return of payment requirements are not functioning as intended to ensure that the University returns funds timely.

Effect

The University is not compliant with return of title IV funds requirements.

Questioned Costs

Not applicable.

Context

Finding was identified per review of the University's compliance with the specified requirements where a statistically validated sample of 40 items was made from a population of 664 of students who withdrew, stopped attending or never attended.

Identification as a repeat finding

2023-003

Recommendation

We recommend the University establishes procedures to ensure funds are returned timely and accurately in order to comply with the requirements stated in the Compliance Supplement.

Management's Response

The University of Puerto Rico concurs with this finding. Management response is included in a separate document.

Conclusion

Not applicable. Management's response is consistent with the finding.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-005

Program

Student Financial Assistance (SFA) Cluster - Various ALN

Compliance Requirement

Special Tests and Provisions – Enrollment Reporting

Criteria

Institutions are required to report enrollment information under the Pell grant and the Direct and FFEL loan programs via the NSLDS. The administration of the Title IV programs depends heavily on the accuracy and timeliness of the enrollment information reported by institutions. Institutions must review, update, and certify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file or on the Enrollment Maintenance page of the NSLDS.

There are two categories of enrollment information “Campus Level” and “Program Level”, both of which need to be reported accurately and have separate record types. Institutions are responsible for accurately reporting all Campus-Level Record and Program-Level Record data elements.

When a Direct Loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the institution, and the student ceased to be enrolled on at least half-time basis or failed to enroll on at least half-time basis for the period for which the loan was intended,; or a student who is enrolled at the institution and who received a loan under Title IV has changed his or her permanent address, the institution must report the change in its next updated Enrollment Reporting Roster file (due within 60 days of the change).

Condition

Out of a sample of 60 students, 1 student selected for testing, had a status change which was not reported to the National Student Loan Data System (NSLDS).

Cause

Processes and controls over the reporting of the student status change to the Department of Education are not functioning as intended to ensure that the University complies with this requirement.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

Section III – Federal Award Findings and Questioned Costs (continued)

Finding Number: 2024-005 (continued)

Effect

The University is not in compliance with the stated requirements for timely reporting of enrollment data.

Questioned Costs

Not applicable.

Context

We performed a test of detail where our statistically validated sample consisted of 60 items from a population of 5,843 students that had a reduction or increase in attendance levels impacting enrollment status.

Identification as a repeat finding, if applicable

2023-004

Recommendation

We recommend that the University establishes procedures to ensure that enrollment status changes are updated and accurately reported in a timely manner in the NSLDS database.

Management's Response

The University of Puerto Rico concurs with this finding. Management response is included in a separate document.

Conclusion

Not applicable. Management's response is consistent with the finding.

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