

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

University of Puerto Rico
Year Ended June 30, 2025
With Reports of Independent Auditors



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University of Puerto Rico
 Audited Financial Statements and
 Reports and Schedule Required by the Uniform Guidance
 Year Ended June 30, 2025

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Financial Statements



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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, 2025, 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, 2025, 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, 2025, which financial statements reflect total assets constituting 0.449%, total net position constituting 0.893% and total revenues constituting 0.222%, 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 report have been furnished to us, included a restatement of beginning balance of net assets due to misclassification and timing of recognition of certain liabilities, prepaid expenses, and accumulated depreciation. 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, 2025. 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 that substantial doubt exists about the ability to continue as a going concern. Additionally, the report of the other auditors on the University of Puerto Rico Parking System, Inc. included a qualified opinion because its financial statements were prepared under FASB not-for-profit standards rather than GASB standards. 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.

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 5-23, schedule of changes in the University's net pension liability and related ratios on page 105, schedule of the University's contributions-pension plan and related notes on pages 106-110, and the schedule of changes in the University's total postemployment benefits other than pensions (OPEB) liability and related ratios on page 111 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 January 30, 2026 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

January 30, 2026



DLLP50-826
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, 2025

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, 2025. 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.



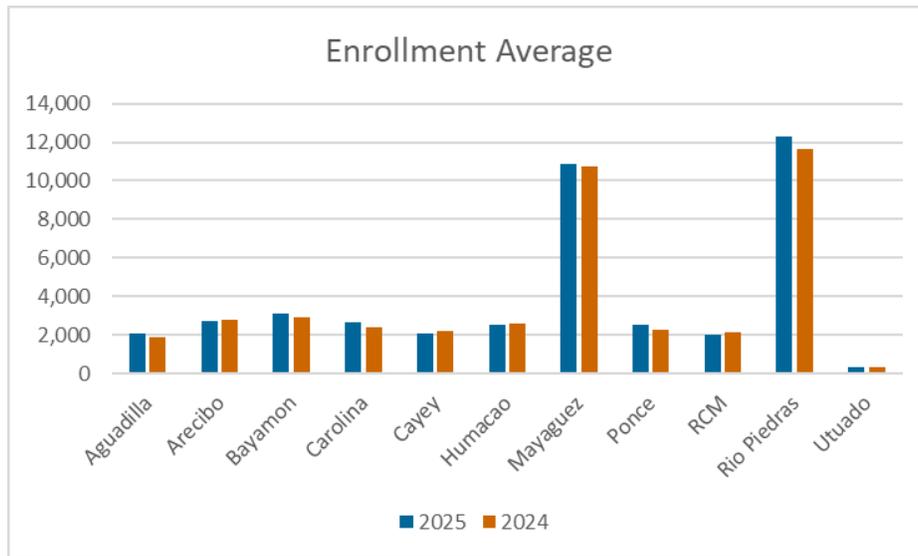
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A key strength of the University is its ability to attract federal funding for research, training, and public services. It secures sponsorships from a broad range of federal agencies across disciplines, including Sciences, Health Sciences, Engineering, 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 2025 and 2024, 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>
2025	2,064	2,743	3,123	2,663	2,068	2,541	10,881	2,546	2,035	12,275	309	43,248
2024	1,865	2,771	2,904	2,387	2,179	2,577	10,730	2,266	2,161	11,660	304	41,804



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, emphasizing the University’s broad academic reach and diverse program offerings.

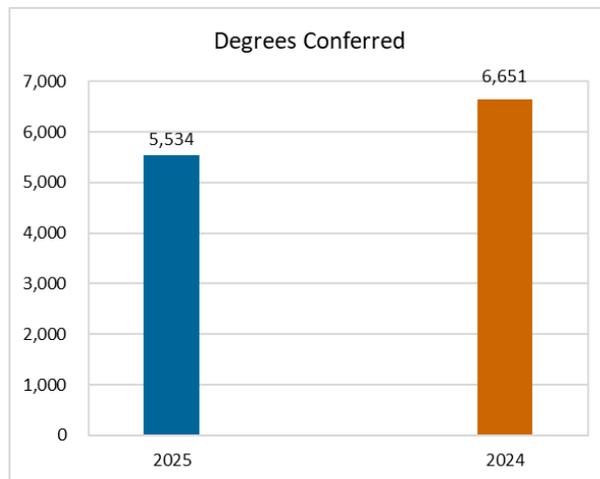
These enrollment trends highlight the University’s commitment to accessibility and academic excellence, ensuring that higher education remains available to students across the island. The institution continues to implement initiatives aimed at enhancing student retention and academic success, further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



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For the fiscal years 2025 and 2024, the University conferred an average of 5,534 and 6,651 degrees, respectively, across its eleven campuses. This represents a decrease of approximately 17% 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. Complete financial statements of the component units can be obtained by contacting their respective administrative offices.

Financial Highlights

As of June 30, 2025, the Primary Government reported a net deficit of \$673.2 million, which is comprised of \$1.7 billion in total assets and \$186.3 million in deferred outflows of resources, less \$2.5 billion in total liabilities and \$63.6 million in deferred inflows of resources.

The net deficit of \$673.2 million is distributed as follows: net investment in capital assets of \$531.9 million, restricted net position of \$425.2 million, and unrestricted deficit of \$1.6 billion.

The total revenues for fiscal year 2025 were approximately \$1.2 billion, reflecting a decrease of \$33 million (1%) from prior year's amount of approximately \$1.3 billion. This decrease can be attributed to a \$7.2 million (4%) increase in governmental grants and contracts, federal grants decreased \$12.5 million (89%), along with a \$65.5 million (10%) decrease in Commonwealth appropriations, which collectively enhanced the University's financial position for the year. Total operating expenses increased by \$164.3 million (19%), rising from \$855.2 million in fiscal year 2024 to \$1 billion in fiscal year 2025. This increase was primarily driven by a decline in pension credit, which decreased by \$125.3 million (62%), along with an additional \$61.7 million attributed to increases in salaries, financial aid, supplies and other services. As a result, the net deficit decreased favorably by \$236.5 million for fiscal year 2025.



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The University's operating loss for the fiscal year ending June 30, 2025, was approximately \$591.6 million, an increase of \$145.7 million (33%) when compared to the operating loss of about \$445.8 million for the fiscal year ended June 30, 2024. Total operating revenues for fiscal year 2025 reached approximately \$428 million, which represents an increase of \$18.6 million (5%) compared to the \$409.3 million reported in fiscal year 2024. In contrast, total operating expenses increased by \$164.4 million (19%) in fiscal year 2025. Net investment income decreased by \$3.1 million, driven by higher rates on interest-bearing investments.

The University's cash and cash equivalents position decreased by \$199.7 million, while investments increased by \$215.1 million. These changes were primarily the result of the maturity of short-term investments that were renewed and were subsequently transferred and classified as investments.

As of June 30, 2025, the University's unearned revenues amounted to \$111.4 million, of which \$67 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 2025, 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.



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Condensed Statements of Net Position (Deficit) (In thousands)

	June 30	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 219,833	\$ 290,867
Investments	61,796	64,412
Accounts receivable, net	38,695	38,590
Due from, net:		
Commonwealth of Puerto Rico	17,919	44,938
Federal government	66,691	57,753
Component units	347	392
Other governmental entities	4,787	6,348
Prepays and other assets	8,786	11,443
Total current assets	418,854	514,743
Non-current assets:		
Cash and cash equivalents	85,794	214,410
Investments	440,606	222,431
Due from component units, net	2,362	3,952
Capital assets, net	761,464	755,425
Other assets	7,256	7,973
Total non-current assets	1,297,482	1,204,191
Total assets	1,716,336	1,718,934
Deferred outflows of resources	186,324	223,971
Total assets and deferred outflows of resources	1,902,660	1,942,905
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	71,742	89,353
Due to:		
Commonwealth of Puerto Rico	25,430	26,789
Component units	1,703	666
Other governmental entities	8,362	3,335
Unearned revenues	111,351	109,506
Long-term debt	24,230	34,475
Other	46,652	27,895
Total current liabilities	289,470	292,019
Non-current liabilities:		
Long-term debt, net of current portion	222,006	247,270
Other long-term liabilities	208,126	202,739
Net pension liability	1,599,892	1,690,923
OPEB liability	192,688	191,138
Total non-current liabilities	2,222,712	2,332,070
Total liabilities	2,512,182	2,624,089
Deferred inflows of resources	63,628	229,177
Total liabilities and deferred inflows of resources	2,575,810	2,853,266
Net position (deficit)		
Net investment in capital assets	531,949	489,034
Restricted:		
Non-expendable	352,647	342,970
Expendable	72,508	74,277
Unrestricted (deficit)	(1,630,254)	(1,816,642)
Total net position (deficit)	\$ (673,150)	\$ (910,361)



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Financial Position Overview

As of June 30, 2025, total assets amounted to approximately \$1.7 billion, consistent with the prior year, reflecting no material change from fiscal year 2024. Current assets decreased by \$95.9 million, moving from \$514.7 million in fiscal year 2024 to \$418.9 million in fiscal year 2025. The net effect of the annual movement of current cash and cash equivalents and investments was an increase of \$73.7 million. Also, due from governmental entities declined by \$28.6 million (56%) when compared to fiscal year 2024.

Total liabilities decreased by approximately \$111.9 million (4%), from \$2.6 billion in fiscal year 2024 to \$2.5 billion in fiscal year 2025. The primary sources of this decrease were reductions in long-term debt and the net pension liability, reflecting the University's efforts to manage its obligations more efficiently. Notwithstanding these reductions, compensated absences increased by \$22.8 million approximately 18%, primarily due to the adoption of Governmental Accounting Standards Board Statement No. 101, Compensated Absences, which updated the recognition and measurement guidance for compensated absences and resulted in the recognition of additional long-term obligations. Additionally, deferred inflows of resources saw a substantial decline of \$165.5 million, decreasing from \$229.2 million in fiscal year 2024 to \$63.6 million in fiscal year 2025, mainly as a result of pension-related adjustments. Furthermore, the net pension liability decreased by \$91 million in fiscal year 2025, 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 \$237.2 million, from \$910.4 million in fiscal year 2024 to \$673.2 million in fiscal year 2025, indicating continuous progress in pursuing financial stability.

Capital Assets

As of June 30, 2025, the University's capital assets, net of accumulated depreciation and amortization, totaled approximately \$761.5 million, reflecting a slight increase from \$755.4 million reported as of June 30, 2024.

The following table summarizes the University's capital assets, net of accumulated depreciation and amortization:

	2025	2024
Land	\$ 49,616	\$ 49,616
Construction in progress and others	62,083	43,676
Land improvements	10,913	11,577
Buildings, fixed equipment, improvements and infrastructure	504,878	518,455
Right-of-use leased assets - building	3,115	3,844
Right-of-use leased assets - equipment	1,156	1,607
Equipment, software and library materials	79,864	74,429
Building and equipment under financed purchase obligations	47,803	49,985
Subscriptions	2,036	2,236
Capital assets, net	<u>\$ 761,464</u>	<u>\$ 755,425</u>



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For the Year Ended June 30, 2025

As of June 30, 2025, the University had outstanding construction commitments totaling approximately \$21 million. In addition, several capital projects were in progress or in planning and design phases. Notable projects include:

- ResiCampus Renovation – Río Piedras Campus: The historic ResiCampus student residence is undergoing a \$20 million comprehensive renovation, including replacement of electrical and mechanical systems, modernization of fire safety infrastructure, and reconfiguration of dormitory units to reduce occupancy from 366 to 233 residents. The project seeks to preserve the architectural elements originally designed by Henry Klumb and is expected to be completed by May 2025.
- Aerospace Research Institute – Mayagüez Campus: With \$7.5 million in federal funding, the campus will establish a 12,000 square-foot Aerospace Research Institute adjacent to the Department of Mechanical Engineering. The facility will house specialized laboratories, auditoriums, and offices aimed at advancing aerospace research and academic programs.
- Campus Modernization – Bayamón Campus: UPR Bayamón is executing a \$58.6 million revitalization plan that includes reconstruction of various academic buildings, the gymnasium, and the Sciences and Technologies Complex. The plan also includes infrastructure improvements such as enhancements to the chilled water plant, roofing systems, sanitation infrastructure, and perimeter facilities. Additionally, the project proposes constructing four new multi-story buildings to modernize the campus.

Major capital projects completed during fiscal year 2025 include:

- Center for Rehabilitation and Integrated Services (CReSI) – Ponce Campus: a 4,693 square-foot facility designed to support rehabilitation services, student clinical practice, and community engagement. The project was funded with \$4.2 million in institutional resources and completed on February 5, 2025.
- Student Housing and Community Center – Humacao Campus: a new two-story, 22,200 square-foot building serving as student housing and a community center was completed on June 27, 2025, with total funding of \$10.3 million from federal sources.

University Debt

Long-term debt obligations include the University's revenue and AFICA bonds, which amounted to approximately \$246.1 million as of June 30, 2025. This represents a decrease of approximately \$35.5 million from the prior year due to scheduled service payments. 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. Further details regarding the University's outstanding debt, including bond obligations and debt service requirements, are disclosed in the accompanying notes to the financial statements.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
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For the Year Ended June 30, 2025

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, 2025, the University's total debt service coverage ratio was 4.33.

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. On September 11, 2025, the University and the Trustee executed an Amended and Restated Trust Agreement, which formalizes the monthly transfers of pledged revenues and reinforces the University's commitment to fiscal discipline. Importantly, this amendment did not alter the principal terms or interest rates of the Bonds.

Operating Results and Revenue Trends

Total operating revenues increased by \$18.6 million, rising from \$409.3 million in fiscal year 2024 to \$428 million in fiscal year 2025. This growth was largely driven by an increase in governmental grants and contracts, which grew by \$7.2 million from \$190.2 million in fiscal year 2024 to \$197.4 million in fiscal year 2025. Tuition and fees, net, increased by \$5.2 million, increasing from \$76.7 million in fiscal year 2024 to \$81.8 million in fiscal year 2025. Additionally, other operating revenues experienced an increase of \$1 million (6%), rising from \$17 million in fiscal year 2024 to \$18 million in fiscal year 2025.

Total operating expenses increased by \$164.4 million, rising from \$855.2 million in fiscal year 2024 to \$1 billion fiscal year 2025. This increase was primarily driven by a decrease of \$125.3 million in the pension credit reported for fiscal year 2025. Additionally, salary expenses grew by \$12 million, increasing from \$529 million in fiscal year 2024 to \$541 million in fiscal year 2025. Finally, expenditure on scholarships and fellowships rose by \$11.2 million, from \$128.8 million to \$140 million.

As a result, the University's operating loss increased by \$145.7 million, rising to \$591.6 million in fiscal year 2025, compared to an operating loss of \$445.8 million in fiscal year 2024.



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

Net non-operating revenues decreased by \$51.7 million, declining from \$861.8 million in fiscal year 2024 to \$810.1 million in fiscal year 2025, reflecting continued financial support from the Commonwealth and Federal government. Commonwealth appropriations decreased by \$65.5 million, dropping from \$642.5 million in 2024 to \$577.1 million in 2025. While Federal Pell Grant funds increased by \$23.6 million from \$164.3 million in fiscal year 2024 to \$188 million in fiscal year 2025. However, Education Stabilization funds decreased by \$13.8 million, declining from \$15.5 million in fiscal year 2024 to \$1.7 million in fiscal year 2025.

Unearned revenues increased by \$1.8 million in fiscal year 2025, primarily due to the receipt of Commonwealth funds designated for training and seminars for governmental employees.

Overall, the University's net position improved by \$236.5 million, reducing the deficit from \$909.7 million in fiscal year 2024, as restated, to \$673.2 million as of June 30, 2025. The net position comprises a net investment in capital assets of approximately \$531.9 million, a restricted net position of \$425.2 million, and an unrestricted net deficit of approximately \$1.6 billion.



University of Puerto Rico
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For the Year Ended June 30, 2025

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

	Years Ended June 30	
	2025	2024
Operating revenues:		
Tuition and fees, net	\$ 81,815	\$ 76,656
Governmental grants and contracts, net	197,426	190,192
Net patient services revenue and other, net	110,242	107,761
Other operating revenues, net	38,468	34,721
Total operating revenues	427,951	409,330
Operating expenses:		
Salaries	541,026	528,986
Benefits:		
Pension (credit) and OPEB expense	(75,361)	(200,678)
Other benefits	162,127	134,196
Scholarships and fellowships	139,989	128,786
Supplies, other services, and utilities	202,629	192,078
Depreciation, amortization, and other operating expenses	49,103	71,784
Total operating expenses	1,019,513	855,152
Operating loss	(591,562)	(445,822)
Non-operating revenues (expenses):		
Commonwealth and other appropriations	577,087	642,542
Federal grants:		
Federal Pell Grant program	187,961	164,312
Education Stabilization Fund	1,663	15,511
Federal Emergency Management Agency ("FEMA")	6,123	4,745
Other	37,275	34,659
Net non-operating revenue	810,109	861,769
Income before other changes in net position	218,547	415,947
Other changes in net position:		
Capital grant contributions	17,785	13,078
Additions to term and permanent endowments - Commonwealth of PR	206	330
Total other changes in net position	17,991	13,408
Change in net position	236,538	429,355
Net position (deficit) - beginning of year, as restated	(909,688)	(1,339,716)
Net position (deficit) - end of year	\$ (673,150)	\$ (910,361)



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Revenues

Approximately 79% 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 decrease in revenues of \$32.3 million is primarily attributable to a drop of \$48.9 million in federal grants, Commonwealth appropriations and net patient services.

Tuition and Fees

Tuition and fees increased by \$5.2 million (7%) in fiscal year 2025 caused by an increase in the number of enrolled students.

The tuition fees per credit during the fiscal years 2025 and 2024 were as follows:

<u>Degree Program</u>	<u>Tuition per Credit</u>
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 2025, maintaining the same rates as in fiscal year 2024.

Even though the net tuition and fees revenue decreased in fiscal year 2025, the student body grew by 1,444 students, increasing from 41,804 students in fiscal year 2024 to 43,248 students in fiscal year 2025.

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 \$110.2 million in fiscal year 2025, compared to \$107.8 million in fiscal year 2024, representing an increase of \$2.5 million. This increase is due to a rise in the billed medical services during fiscal year 2025.



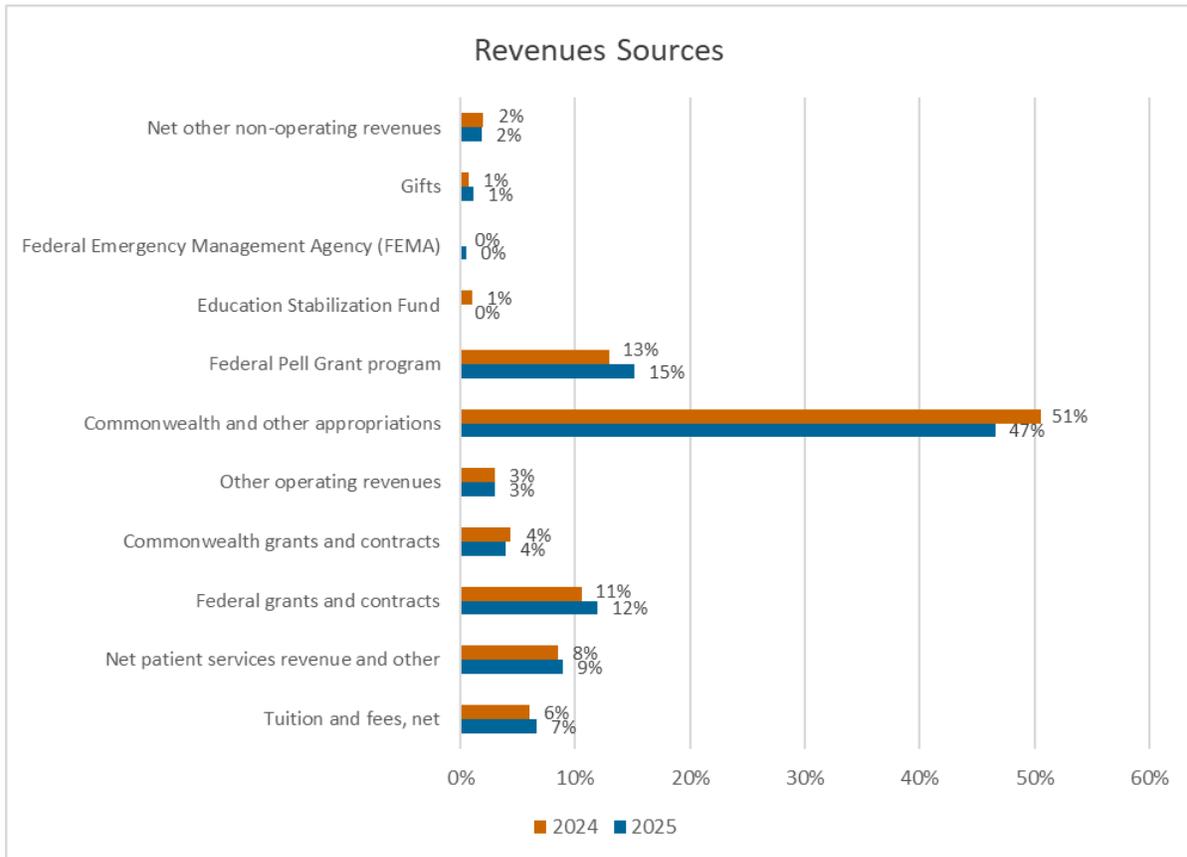
University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
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For the Year Ended June 30, 2025

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 2025, Commonwealth appropriations decreased by \$65.5 million compared to fiscal year 2024. This reduction is primarily due to the non-utilization of a \$102 million budgetary allocation that had been conditionally approved by the Financial Oversight and Management Board for Puerto Rico (FOMB), contingent upon the University’s achievement of specific budgetary and operational milestones. As the required milestones were not met, the allocation was not released and ultimately forfeited. Looking ahead, beginning in fiscal year 2027, Commonwealth appropriations for the University’s operational expenses will be indexed to inflation, ensuring sustained funding adjustments aligned with 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, 2025, and 2024:





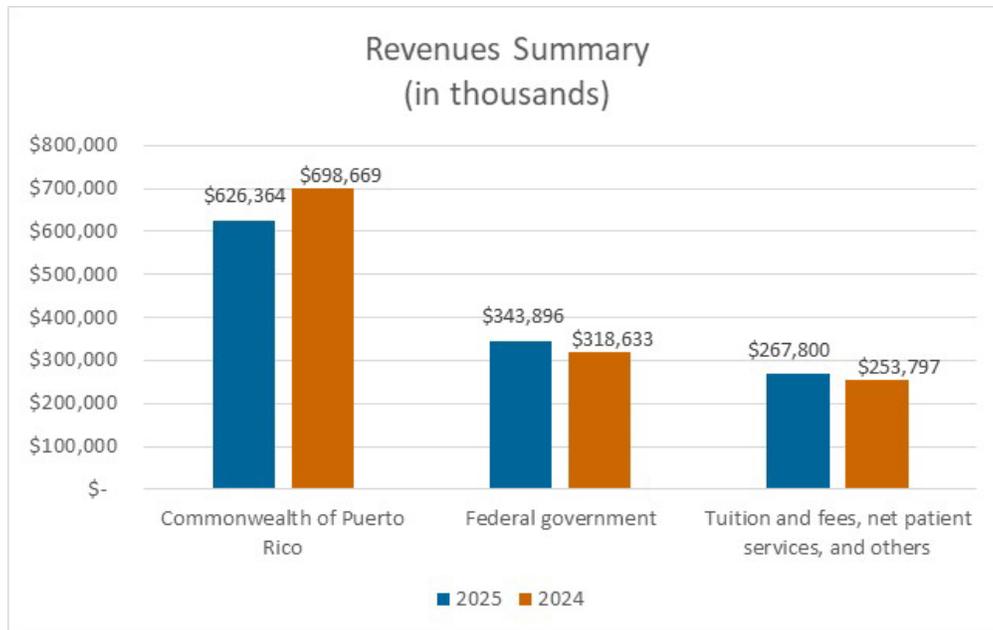
University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025



	2025		2024	
Tuitions and fees, net	\$ 81,815	7%	\$ 76,656	6%
Net patient service revenue and other	110,242	9%	107,761	8%
Federal grants and contracts	148,149	12%	134,065	11%
Commonwealth grants and contracts	49,277	4%	56,127	4%
Other operating revenues	38,468	3%	34,721	3%
Commonwealth and other appropriations	577,087	47%	642,542	51%
Federal Pell Grant program	187,961	15%	164,312	13%
Education Stabilization Fund	1,663	0%	15,511	1%
Federal Emergency Management Agency (FEMA)	6,123	0%	4,745	0%
Gifts	14,551	1%	9,410	1%
Other non-operating revenues	22,724	2%	25,249	2%
	\$ 1,238,060	100%	\$ 1,271,099	100%

The Primary Government's major sources of revenue for fiscal years 2025 and 2024 are the following:

	2025		2024	
Commonwealth of Puerto Rico	\$ 626,364		\$ 698,669	
Federal government	343,896		318,633	
Tuition and fees, net patient services, and others	267,800		253,797	
	\$ 1,238,060		\$ 1,271,099	



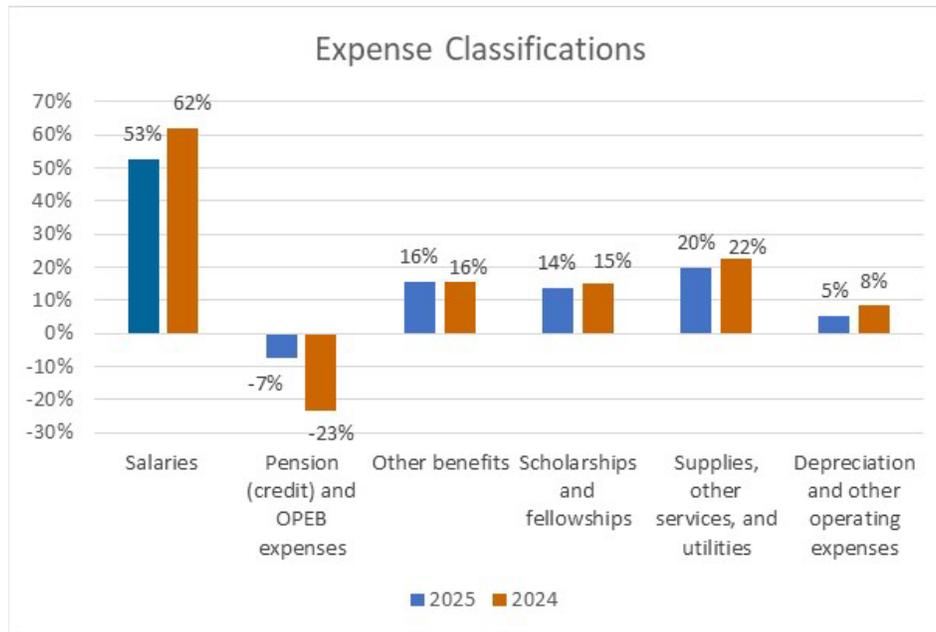


University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2025

Operating Expenses

Salaries amounted to \$541 million in fiscal year 2025, resulting in an increase of \$12 million (4%) when compared to fiscal year 2024. The average salary and benefits per employee were \$59,440 in fiscal year 2025, compared to \$56,691 in fiscal year 2024. The University's total workforce decreased by 231 positions, from approximately 9,333 employees as of June 30, 2024, to 9,102 employees as of June 30, 2025.

The following illustration presents the Primary Government's major operating expenses by natural classification, for the fiscal years ended June 30, 2025, and 2024:

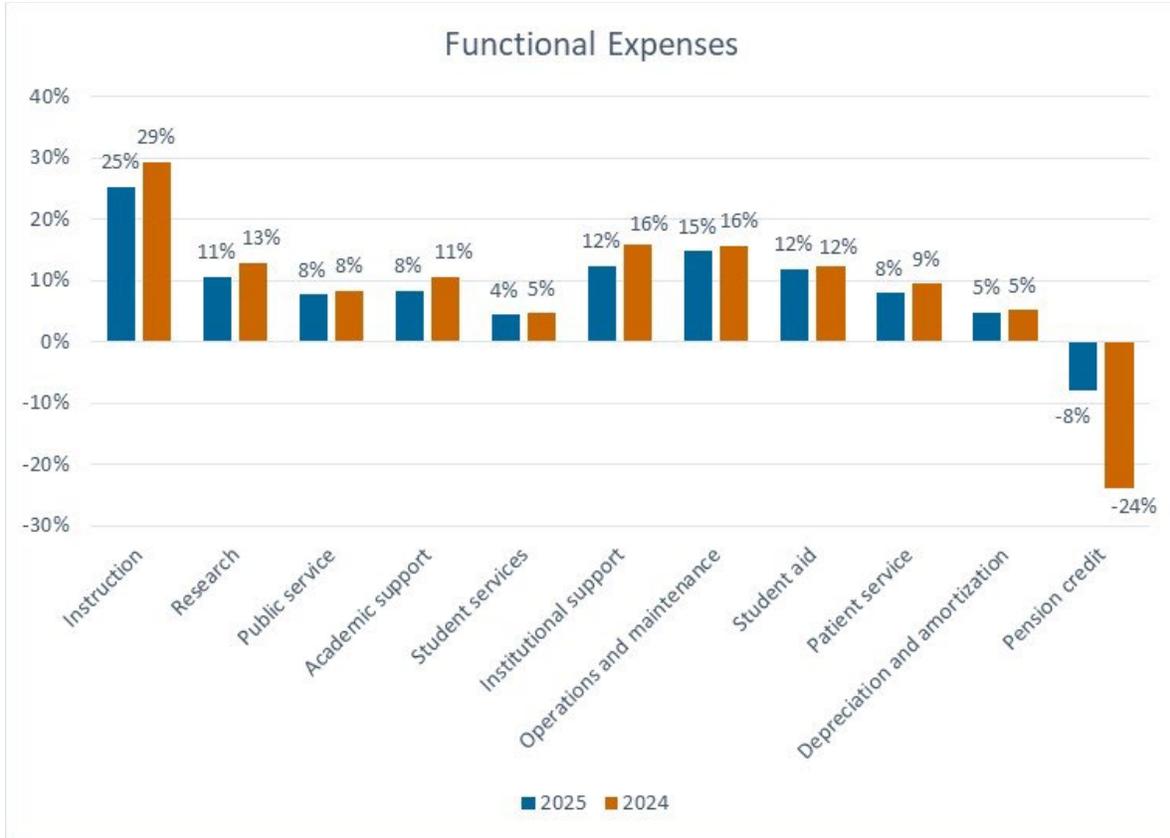


	<u>2025</u>		<u>2024</u>	
Salaries	\$ 541,026	53%	\$ 528,986	62%
Pension (credit) and OPEB expenses	(75,361)	-7%	(200,678)	-23%
Other benefits	162,127	16%	134,196	16%
Scholarships and fellowships	139,989	14%	128,786	15%
Supplies, other services, and utilities	202,629	20%	192,078	22%
Depreciation and other operating expenses	49,103	5%	71,784	8%
	<u>\$1,019,513</u>	<u>100%</u>	<u>\$ 855,152</u>	<u>100%</u>

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, 2025:



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For the Year Ended June 30, 2025



Functional Classification	2025		2024	
Instruction	\$ 258,399	25%	\$ 251,019	29%
Research	108,408	11%	110,545	13%
Public service	78,189	8%	71,190	8%
Academic support	83,803	8%	89,874	11%
Student services	44,731	4%	39,529	5%
Institutional support	126,193	12%	135,485	16%
Operations and maintenance	150,882	15%	133,187	16%
Student aid	120,587	12%	104,721	12%
Patient service	80,689	8%	80,967	9%
Depreciation and amortization	47,678	5%	43,967	5%
Pension credit	(80,046)	-8%	(205,332)	-24%
	<u>\$ 1,019,513</u>	<u>100%</u>	<u>\$ 855,152</u>	<u>100%</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, 2025

Capital Grant Contributions and Additions to Term and Permanent Endowments

Capital grant contributions consisting of federal funds amounted to \$17.8 million in fiscal year 2025, representing an increase of approximately \$4.7 million when compared to fiscal year 2024.

Analysis of Net Position

The major classifications of the net position (deficit) as of June 30, 2025, 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.



University of Puerto Rico
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For the Year Ended June 30, 2025

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

Economic Outlook

The University's total annual budget for the fiscal year ending June 30, 2025, was \$1.2 billion, reflecting a stable financial posture amid ongoing economic and operational challenges. This budget underscores the University's commitment to maintaining fiscal discipline while continuing to invest in strategic priorities.

Tuition and fees revenue for fiscal year 2025 totaled approximately \$81.8 million, supported by a student headcount of 43,248. While enrollment showed a slight increase compared to prior years, tuition rates remained stable, with per-credit charges unchanged from the previous year. This approach reflects the University's dedication to affordability and access.

Net patient services revenue for fiscal year 2025 reached \$110.2 million, significantly exceeding the original budget of \$84.1 million. This strong performance highlights the continued growth and efficiency of the University's clinical and medical service operations.

Commonwealth appropriations, grants, and contracts representing nearly 51% of total revenue amounted to approximately \$626.4 million in fiscal year 2025.

From a macroeconomic standpoint, the annual inflation rate for the United States for the twelve-month period ending December 31, 2025, is estimated to be approximately 3.0%, indicating moderate but stable price growth. In Puerto Rico, inflation was more subdued, with a rate of around 1.9% as of September 2025, and projections suggest it may reach 2.2% by year-end. These inflationary trends have influenced the University's operating costs, particularly in areas such as compensation, utilities, and contracted services.

The University remains committed to strategic financial management to preserve affordability, enhance academic excellence, and ensure institutional sustainability in a dynamic economic landscape.

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, 2025 (in thousands)

	Primary Government	Component Units
Assets		
Current assets:		
Cash and cash equivalents	\$ 37,952	\$ 6,356
Restricted cash and cash equivalents	181,881	74
Short-term investments at fair value	454	-
Restricted investments deposited with trustees and others	61,342	-
Accounts receivable, net	38,695	11,047
Due from, net:		
Commonwealth of Puerto Rico	17,919	-
Federal government	66,691	-
Primary government	-	1,703
Component units	347	-
Other governmental entities	4,787	-
Lease receivable	760	-
Inventories	1,659	1,337
Prepaid expenses and other assets	6,367	1,014
Total current assets	418,854	21,531
Non-current assets:		
Restricted cash and cash equivalents	85,794	10,252
Restricted investments:		
Endowment funds	346,363	-
Deferred compensation plan	91,644	-
Other long-term investments	2,599	-
Due from Commonwealth of Puerto Rico, net	-	265
Due from component units, net	2,362	-
Lease receivable	1,536	101
Notes receivable, net	5,447	-
Capital assets:		
Land and other non-depreciable assets	111,699	-
Depreciable assets (net of accumulated depreciation and amortization)	647,729	29,055
Right-of-use subscription assets, net	2,036	-
Other assets	273	-
Total non-current assets	1,297,482	39,673
Total assets	1,716,336	61,204
Deferred outflows of resources:		
Pension activities	167,830	-
OPEB activities	18,201	-
Deferred refunding loss	293	-
Total deferred outflows of resources	186,324	-
Total assets and deferred outflows of resources	\$ 1,902,660	\$ 61,204

Continues



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Net Position (Deficit)
As of June 30, 2025 (in thousands)

	Primary Government	Component Units
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 71,742	\$ 8,761
Due to:		
Commonwealth of Puerto Rico	25,430	—
Primary government	—	3,168
Component units	1,703	—
Other governmental entities	8,362	—
Unearned revenues	111,351	167
Current portion of long-term debt:		
Notes payable and others	—	643
Bonds payable	24,230	—
Other current liabilities:		
Lease liability	1,511	89
Subscription liability	1,207	—
Claims liability	252	—
Compensated absences	43,682	—
Total current liabilities	289,470	12,828
Non-current liabilities:		
Long-term debt, net of current portion:		
Notes payable and others	116	3,748
Bonds payable	221,890	—
Due to Primary government	—	6,284
Other long-term liabilities, net of current portion:		
Lease liability	3,536	35
Subscription liability	512	—
Deferred compensation plan	91,644	—
Claims liability	7,440	2,169
Compensated absences	104,994	—
Net pension liability	1,599,892	—
Other postemployment benefits (OPEB) liability	192,688	—
Total non-current liabilities	2,222,712	12,236
Total liabilities	2,512,182	25,064
Deferred inflows of resources:		
Pension activities	31,942	—
OPEB activities	29,617	—
Leases	2,069	—
Total deferred inflows of resources	63,628	—
Total liabilities and deferred inflows of resources	2,575,810	25,064
Net position (deficit)		
Net investment in capital assets	531,949	29,156
Restricted, non-expendable:		
Scholarships and fellowships	247,793	—
Research	51,082	—
Other	53,772	75
Restricted, expendable:		
Loans	13,440	—
Capital projects	6,126	—
Debt service	52,942	—
Unrestricted (deficit)	(1,630,254)	6,909
Total net position (deficit)	\$ (673,150)	\$ 36,140

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, 2025 (in thousands)

	Primary Government	Component Units
Operating revenues:		
Tuitions and fees, net	\$ 81,815	\$ —
Net patient service revenue and other, net	110,242	69,288
Federal grants and contracts	148,149	—
Commonwealth grants and contracts, net	49,277	—
Non-governmental grants and contracts, net	8,458	—
Sales and services of educational departments	10,813	—
Auxiliary enterprises, net	1,210	4,250
Other operating revenues	17,987	3,689
Total operating revenues	427,951	77,227
Operating expenses:		
Salaries:		
Faculty	350,107	—
Non-faculty	190,919	23,914
Benefits:		
Pension credit	(80,046)	—
OPEB expense	4,685	—
Other benefits	162,127	4,617
Scholarships and fellowships	139,989	—
Supplies and other services	153,289	33,336
Utilities	49,340	4,702
Depreciation and amortization	47,811	2,778
Other expenses	1,292	5,026
Total operating expenses	1,019,513	74,373
Operating income (loss)	(591,562)	2,854
Non-operating revenues (expenses):		
Commonwealth and other appropriations	577,087	—
Federal grants:		
Federal Pell Grant program	187,961	—
Education Stabilization Fund	1,663	—
Federal Emergency Management Agency (FEMA)	6,123	—
Gifts	14,551	—
Net investment income	35,999	—
Interest expense	(15,558)	(40)
Other	2,283	—
Net non-operating revenues	810,109	(40)
Income before other changes in net position	218,547	2,814
Other changes in net position (expenses):		
Capital grant contributions	17,785	—
Additions to term and permanent endowments	206	—
Total other changes in net position	17,991	—
Change in net position	236,538	2,814
Net position (deficit) - beginning of year as restated	(909,688)	33,326
Net position (deficit) - end of year	\$ (673,150)	\$ 36,140

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, 2025 (in thousands)

	<u>Primary Government</u>
Cash flows from operating activities	
Tuition and fees	\$ 77,417
Grants and contracts	219,644
Patient services	99,584
Payments to employees	(539,943)
Payments for benefits	(271,600)
Payments for scholarships and fellowships	(136,784)
Payments to suppliers	(159,288)
Payments for utilities	(49,353)
Loans issued to students net of collection of loans	1,352
Auxiliary enterprises	1,405
Sales and services educational departments and others	16,874
Net cash used in operating activities	<u>(740,692)</u>
Cash flows from non-capital financing activities	
Commonwealth and other appropriations	605,889
Federal grants:	
Federal Pell Grant program	187,961
Education Stabilization Fund	1,663
FEMA	(2,627)
Endowment gifts	206
Federal direct student loan program receipts	56,078
Federal direct student loan program disbursements	(56,078)
Gifts and grants for other than capital purposes	14,551
Other non-operating receipts, net	116
Net cash provided by non-capital financing activities	<u>807,759</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(53,118)
Disbursements for subscription-based information technology	(473)
Federal government capital contributions	18,284
Principal paid on capital debt and financed purchases	(34,495)
Interest paid on capital debt and financed purchases	(13,959)
Principal and interest paid on leases	1,126
Principal and interest received on leases	(2,236)
Increase in deposits with trustees and others	3,923
Net cash used in capital and related financing activities	<u>(80,948)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	92,955
Purchases of investments	(305,553)
Collections of interest and dividend income on investments	26,728
Other receipts	101
Net cash provided by investing activities	<u>(185,769)</u>
Net change in cash and cash equivalents	<u>(199,650)</u>
Cash and cash equivalents:	
Beginning of year	<u>505,277</u>
End of year	<u>\$ 305,627</u>

Continues



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Statement of Cash Flows
For the Year Ended June 30, 2025 (in thousands)

	<u>Primary Government</u>
Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (591,562)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	47,811
Provision for allowances doubtful accounts	(565)
Changes in operating assets and liabilities and deferred outflows and inflows of resources:	
Decrease (increase) in:	
Grants and contracts receivables	(5,488)
Prepaid expenses, inventories and other	10,464
Deferred outflows of resources from pension activities	35,494
Deferred outflows of resources from OPEB activities	2,030
Increase (decrease) in:	
Accounts payable and accrued liabilities	20,224
Unearned revenue	(4,859)
Net pension liability	(91,031)
OPEB liability	1,550
Deferred inflows of resources from pension activities	(155,781)
Deferred inflows of resources from OPEB activities	(9,375)
Deferred inflows related to leases	396
Net cash used in operating activities	<u>\$ (740,692)</u>
Supplemental schedule of non-cash investing, capital and financing activities	
Increase in fair value of investments	<u>\$ 9,347</u>
Amortization of:	
Bonds premiums, net of discounts	<u>\$ 1,043</u>
Deferred refunding loss	<u>\$ 124</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, 2025

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 and a component unit of the Commonwealth of Puerto Rico (the Commonwealth). Its financial activities and balances are discretely presented in the Commonwealth’s Annual Comprehensive Financial Report (ACFR), and it 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”).



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

1. Reporting Entity Organization (continued)

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

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, 2025, the balance owed on this agreement is \$32.1 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 installments 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 \$7.5 million as of June 30, 2025.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

1. Reporting Entity Organization (continued)

Blended Component Units (continued)

Molecular Sciences Research Center, Inc. (continued)

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

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

1. Reporting Entity Organization (continued)

Discretely Presented Component Units (continued)

Materials Characterization Center, Inc. (continued)

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.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Use of Estimates and Assumptions (continued)

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.

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.

Net investment income also includes earned discounts resulting from the redemption of U.S. Treasury bills that are classified as cash and cash equivalents.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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) other 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. Restricted balances that are expected to be used within one year are classified as current restricted cash or investments.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Receivables (continued)

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 receivable represents 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.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Right-of-Use Lease Assets (continued)

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.

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. Depreciation policy is as follows:

<u>Capital Asset Category</u>	<u>Estimated Useful Life (Years)</u>
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 expensed 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.

No impairment related to capital assets no longer in use was recorded during the year.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Compensated Absences

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

In accordance with GASB Statement No. 101, *Compensated Absences*, the University recognizes a liability for compensated absences when leave is earned and unused and is attributable to services already rendered, if it is more likely than not that the leave will be used or paid. The liability includes salary-related payments directly associated with compensated absences or death, employees are compensated for all accumulated unpaid vacation leave at their current salary rate, regardless of years of service.

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.

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.

Compensatory Time for Employees

In accordance with University policies and collective bargaining agreements, employees may earn compensatory time for hours worked beyond their regular schedule, in lieu of overtime pay. Compensatory time must be used within established policy limits, and unused or forfeited balances are adjusted when no future payment or leave is expected.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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.

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 positions 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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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., Education Stabilization funding, disaster relief assistance), Commonwealth appropriations (state funding), investment income and private donations and endowments.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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.

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.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

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.

Restatement of Previously Issued Financial Statements

During the fiscal year ended June 30, 2025, the University identified certain accounting errors and presentation adjustments related to the financial reporting of MSRC that required a restatement of the previously issued financial statements to correct previously reported balances. The restatement primarily resulted from the reclassification and timing of recognition of certain liabilities, prepaid expenses, and accumulated depreciation, as well as adjustments to reflect the appropriate blending of the component unit in accordance with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 61 and No. 80.

In accordance with the provisions of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the University corrected these errors and presentation adjustments by restating the beginning net position for the period presented. The restatement had no effect on the current year's change in net position or cash flows.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Restatement of Previously Issued Financial Statements

The cumulative effect of these corrections and adjustments on the financial statements as of June 30, 2024, is summarized below:

Net Position	MSRC (in thousands)
Previously reported, July 1, 2024	\$ (6,172)
Adjustment for unearned revenues - Commonwealth grants and contracts	684
Adjustment for accumulated depreciation	(30)
Adjustment for prepaid expenses	19
Restated, July 1, 2024	<u>\$ (5,499)</u>

The restated net position will serve as the opening balance for the fiscal year 2025 financial statements and is reflected in all comparative presentations herein.

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.

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.



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June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Pension (continued)

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.

Adoption of New and Upcoming Accounting Standards

The University adopted the provisions of the following Statements:

- GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to improve the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. Objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The adoption of this Statement had a material impact on the University's financial statements, primarily due to changes in the recognition and measurement of compensated absences, which resulted in the recognition of additional long-term obligations.



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Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Adoption of New and Upcoming Accounting Standards (continued)

- 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 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 adoption of this Statement did not have a material impact on the University's financial statements.

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

- 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.



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June 30, 2025

2. Summary of Significant Accounting Policies (continued)

Adoption of New and Upcoming Accounting Standards (continued)

- GASB Statement No. 103, *Financial Reporting Model Improvements* (continued)

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.

- 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 15, 2025, and all reporting periods thereafter.

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

University Financial Statements

The financial statements include all of the University's activities and operations, with the exception of fiduciary activities which are reported separately. Fiduciary activities, such as pension funds, trust obligations, and other similar funds, are excluded from the government-wide financial statements and are reported in separate fiduciary fund financial statements in accordance with GASB Statement No. 34 and other related standards. These fiduciary activities are not reflected in the University's net position or the change in net position in the financial statements.

The Statement of Net Position presents 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, categorized as net investment in capital assets, restricted, or unrestricted. Fiduciary activities are excluded from the Statement of Net Position and are reported separately.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

2. Summary of Significant Accounting Policies (continued)

University Financial Statements (continued)

The Statement of Revenues, Expenses, and Changes in Net Position reports the University's financial performance for the fiscal year, detailing changes in net position. Revenues and expenses are recorded when transactions occur, regardless of when cash is received or disbursed. Fiduciary activities are excluded from this statement and are reported separately in accordance with applicable financial reporting standards.

The Statement of Cash Flows provides insights into the University's liquidity by presenting changes in cash and cash equivalents from operating, non-capital financing, capital financing, and investing activities. Fiduciary activities, such as pension or trust fund transactions, are excluded from the Statement of Cash Flows and are reported separately.

3. University-only Financial Statements

The following tables present the financial information pertaining solely to the University as of June 30, 2025, excluding the blended component units, which are presented in detail in Note 4.



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

3. University-only Financial Statements (continued)

Statement of Net Position (Deficit) as of June 30, 2025 (in thousands)

Assets

Current assets:

Cash and cash equivalents	\$ 37,654
Restricted cash and cash equivalents	176,386
Short-term investments at fair value	454
Restricted investments at fair value:	
Deposited with trustee	42,541
Others	5
Accounts receivable, net	38,695
Due from, net:	
Commonwealth of Puerto Rico	17,919
Federal government	66,691
Component units - Blended	537
Component units - Discrete	347
Other governmental entities	4,645
Lease receivable	760
Inventories	1,659
Prepaid expenses and other assets	6,101

Total current assets 394,394

Non-current assets:

Restricted cash and cash equivalents	85,794
Restricted investments:	
Endowment funds	346,363
Deferred compensation plan	91,644
Other long-term investments at fair value	2,599
Lease receivable	1,536
Notes receivable, net	5,447
Due from component units - Blended	7,500
Due from component units - Discrete, net	2,362
Capital assets (net of accumulated depreciation and amortization):	
Land and other non-depreciable assets	111,699
Depreciable assets	646,104
Rights of use subscription assets	2,036
Other assets	177

Total non-current assets 1,303,261

Total assets 1,697,655

Deferred outflows of resources:

Pension activities	167,830
OPEB activities	18,201
Refunding loss	293

Total deferred outflows of resources 186,324

Total assets and deferred outflows of resources \$ 1,883,979



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

3. University-only Financial Statements (continued)

Statement of Net Position (Deficit) as of June 30, 2025 (in thousands) (continued)

Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 69,595
Due to:	
Commonwealth of Puerto Rico	25,430
Component units - Blended	3,749
Component units - Discrete	1,703
Other governmental entities	8,362
Unearned revenues	105,899
Current portion of long-term debt:	
Bonds payable	20,555
Other current liabilities:	
Lease liability	1,511
Subscription liability	1,207
Claims liability	252
Compensated absences	43,682
Total current liabilities	<u>281,945</u>
Non-current liabilities:	
Long-term debt, net of current portion:	
Notes payable and others	116
Bonds payable	185,082
Due to component units - Blended	32,447
Other long-term liabilities:	
Lease liability	3,536
Subscription liability	512
Deferred compensation plan	91,644
Claims liability	7,440
Compensated absences	104,994
Net pension liability	1,599,892
Other postemployment benefits obligation	192,688
Total non-current liabilities	<u>2,218,351</u>
Total liabilities	<u>2,500,296</u>
Deferred inflows of resources:	
Pension activities	31,942
OPEB activities	29,617
Leases	2,069
Total deferred inflows of resources	<u>63,628</u>
Total liabilities and deferred inflows of resources	<u>2,563,924</u>
Net position (deficit)	
Net investment in capital assets	530,324
Restricted, non-expendable:	
Scholarships and fellowships	247,793
Research	51,082
Other	53,772
Restricted, expendable:	
Loans	13,440
Capital projects	2,508
Debt service	37,764
Unrestricted (deficit)	(1,616,628)
Total net position (deficit)	<u>\$ (679,945)</u>



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

3. University-only Financial Statements (continued)

Statement of Revenues, Expenses, and Changes in Net Position (Deficit) (in thousands)
For the Year Ended June 30, 2025

Operating revenues:	
Tuitions and fees, net	\$ 81,815
Net patient service revenue and other, net	110,242
Federal grants and contracts	148,149
Commonwealth grants and contracts, net	47,414
Non-governmental grants and contracts, net	8,458
Sales and services of educational departments	10,813
Auxiliary enterprise, net	983
Other operating revenues	17,793
Total operating revenues	<u>425,667</u>
Operating expenses:	
Salaries:	
Faculty	350,107
Non-faculty	189,973
Benefits:	
Pension credit	(80,046)
OPEB expense	4,685
Other benefits	162,024
Scholarships and fellowships	139,989
Supplies and other services	152,603
Utilities	48,783
Depreciation and amortization	47,678
Other expenses	425
Total operating expenses	<u>1,016,221</u>
Operating loss	<u>(590,554)</u>
Non-operating revenues (expenses):	
Commonwealth and other appropriations	577,087
Federal Grants:	
Federal Pell Grant program	187,961
Education Stabilization Fund	1,663
Federal Emergency Management Agency (FEMA)	6,123
Gifts	14,551
Net investment income	35,232
Interest expense - debt related	(13,524)
Other	(134)
Net non-operating revenues	<u>808,959</u>
Income before other changes in net position	<u>218,405</u>
Other changes in net position:	
Capital grant contributions	17,785
Additions to term and permanent endowments	206
Total other changes in net position	<u>17,991</u>
Change in net position	<u>236,396</u>
Net position (deficit) - beginning of the year	<u>(916,341)</u>
Net position (deficit) - end of the year	<u>\$ (679,945)</u>



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

3. University-only Financial Statements (continued)

Statement of Cash Flows for the Year Ended June 30, 2025 (in thousands)

Cash flows from operating activities	
Tuition and fees	\$ 77,417
Grants and contracts	215,941
Patient services	99,584
Payments to employees	(538,997)
Payments for benefits	(271,504)
Payments for scholarships and fellowships	(136,784)
Payments to suppliers	(157,046)
Payments for utilities	(48,783)
Loans issued to students net of collection of loans	1,352
Auxiliary enterprises	984
Sales and services educational departments and others	16,874
Net cash used in operating activities	<u>(740,962)</u>
Cash flows from non-capital financing activities	
Commonwealth and other appropriations	605,889
Federal grants:	
Federal Pell Grant program	187,961
Education Stabilization Fund	1,663
FEMA	(2,627)
Endowment gifts	206
Federal direct student loan program receipts	56,078
Federal direct student loan program disbursements	(56,078)
Gifts and grants for other than capital purposes	14,551
Other non-operating, net disbursements	116
Contributions paid to a component unit (MSRC)	(250)
Net cash provided by non-capital financing activities	<u>807,509</u>
Cash flows from capital and related financing activities	
Purchases of capital assets	(52,431)
Disbursements for subscription-based information technology	(473)
Federal government capital contributions	18,284
Principal paid on capital debt and financed purchases	(34,495)
Interest paid on capital debt and financed purchases	(14,047)
Principal and interest paid on leases	1,126
Principal and interest received on leases	(2,236)
Increase in deposits with trustees and others	3,923
Net cash used in capital and related financing activities	<u>(80,349)</u>
Cash flows from investing activities	
Proceeds from sales and maturities of investments	92,955
Purchases of investments	(304,698)
Collections of interest and dividend income on investments	25,961
Loan granted to a component unit (MSRC)	(750)
Net cash used in investing activities	<u>(186,532)</u>
Net change in cash and cash equivalents	<u>(200,334)</u>
Cash and cash equivalents:	
Beginning of year	500,168
End of year	<u>\$ 299,834</u>



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

3. University-only Financial Statements (continued)

Statement of Cash Flows for the Year Ended June 30, 2025 (in thousands) (continued)

Reconciliation of operating loss to net cash used in operating activities

Operating loss	\$ (590,554)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	47,678
Provision for allowances doubtful accounts	(565)
Changes in operating assets and liabilities and deferred outflows and inflows of resources:	
Decrease (increase) in:	
Grants and contracts receivables	(5,354)
Prepaid expenses, inventories and other	10,483
Deferred outflows of resources from pension activities	35,494
Deferred outflows of resources from OPEB activities	2,030
Increase (decrease) in:	
Accounts payable and accrued liabilities	20,898
Unearned revenue	(6,831)
Net pension liability	(91,031)
OPEB liability	1,550
Deferred inflows of resources from pension activities	(155,781)
Deferred inflows of resources from OPEB activities	(9,375)
Deferred inflows related to leases	396
Net cash used in operating activities	<u>\$ (740,962)</u>

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

Increase in fair value of investments	<u>\$ 9,347</u>
Amortization of:	
Bonds premiums, net of discounts	<u>\$ 1,043</u>
Deferred refunding loss	<u>\$ 124</u>



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

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	\$ 67	\$ 231	\$ 298
Restricted cash and cash equivalents	44	5,451	5,495
Restricted investments deposited with trustees and others	18,796	-	18,796
Other	15	393	408
Due from University	3,749	-	3,749
Non-current assets:			
Capital assets, net	-	1,625	1,625
Due from University	32,447	-	32,447
Other	96	-	96
Total assets	55,214	7,700	62,914
Current liabilities:			
Accounts payable, accrued liabilities and others	1,922	225	2,147
Unearned revenue	-	5,452	5,452
Due to University	-	537	537
Bond payable	3,675	-	3,675
Non-current liabilities:			
Due to University	-	7,500	7,500
Bond payable	36,808	-	36,808
Total liabilities	42,405	13,714	56,119
Net investment in capital assets	-	1,625	1,625
Restricted, expendable	18,796	-	18,796
Unrestricted (deficit)	(5,987)	(7,639)	(13,626)
Total net position	\$ 12,809	\$ (6,014)	\$ 6,795
Condensed Statements of Revenues, Expenses and Changes in Net Position			
Operating revenues	\$ -	\$ 2,284	\$ 2,284
Operating expenses	243	3,049	3,292
Operating loss	(243)	(765)	(1,008)
Non-operating revenues	2,934	250	3,184
Non-operating expenses	(2,034)	-	(2,034)
Non-operating income (expenses)	900	250	1,150
Change in net position	657	(515)	142
Net position - beginning of year as restated	12,152	(5,499)	6,653
Net position - end of year	\$ 12,809	\$ (6,014)	\$ 6,795
Condensed Statements of Cash Flows			
Net cash provided by (used in):			
Operating activities	\$ (76)	\$ 346	\$ 270
Non-capital financing activities	-	1,000	1,000
Capital and related financing activities	88	(687)	(599)
Investing activities	13	-	13
Net change in cash and cash equivalents	25	659	684
Cash and cash equivalents - beginning of year	86	5,023	5,109
Cash and cash equivalents - end of year	\$ 111	\$ 5,682	\$ 5,793



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

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	\$ 5,110	\$ 1,073	\$ 173	\$ 6,356
Restricted cash and cash equivalents	-	-	74	74
Accounts receivable, net	10,823	12	212	11,047
Due from University	-	1,703	-	1,703
Other	2,181	44	126	2,351
Non-current assets:				
Restricted cash and cash equivalents	10,252	-	-	10,252
Other	366	-	-	366
Capital assets, net	28,111	138	806	29,055
Total assets	<u>56,843</u>	<u>2,970</u>	<u>1,391</u>	<u>61,204</u>
Current liabilities:				
Accounts payable, accrued liabilities and others	8,326	424	11	8,761
Note payable and others	600	-	43	643
Lease liability	67	22	-	89
Due to Primary Government	-	3,168	-	3,168
Unearned revenues	20	88	59	167
Non-current liabilities:				
Note payable and others	3,652	-	96	3,748
Due to Primary Government	6,284	-	-	6,284
Lease liability	35	-	-	35
Claims liability	2,169	-	-	2,169
Total liabilities	<u>21,153</u>	<u>3,702</u>	<u>209</u>	<u>25,064</u>
Net investment in capital assets	28,212	138	806	29,156
Restricted, non expendable	75	-	-	75
Unrestricted net position (deficit)	7,403	(870)	376	6,909
Total net position (deficit)	<u>\$ 35,690</u>	<u>\$ (732)</u>	<u>\$ 1,182</u>	<u>\$ 36,140</u>
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating revenues	\$ 72,709	\$ 3,930	\$ 588	\$ 77,227
Operating expenses	69,444	4,196	733	74,373
Operating income (loss)	3,265	(266)	(145)	2,854
Interest expense	(21)	-	(19)	(40)
Change in net position	3,244	(266)	(164)	2,814
Net position - beginning of year	32,446	(466)	1,346	33,326
Net position - end of year	<u>\$ 35,690</u>	<u>\$ (732)</u>	<u>\$ 1,182</u>	<u>\$ 36,140</u>
Condensed Statements of Cash Flows				
Net cash provided by (used in):				
Operating activities	\$ 8,314	\$ (388)	\$ (193)	\$ 7,733
Non-capital financing activities	(600)	-	-	(600)
Capital and related financing activities	(4,517)	(36)	(62)	(4,615)
Net change in cash and cash equivalents	3,197	(424)	(255)	2,518
Cash and cash equivalents - beginning of year	12,165	1,497	502	14,164
Cash and cash equivalents - end of year	<u>\$ 15,362</u>	<u>\$ 1,073</u>	<u>\$ 247</u>	<u>\$ 16,682</u>

*The financial statements of MCC have a December 31 year-end. Since these amounts are not considered significant to the University's overall financial statements, no adjustments or reconciliation are disclosed.



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Notes to Financial Statements (continued)
June 30, 2025

6. Cash and Cash Equivalents

The University's cash and cash equivalents as of June 30, 2025, 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	37,928	179,209	217,137
Total cash	<u>37,952</u>	<u>179,209</u>	<u>217,161</u>
Cash equivalents:			
Money market funds	–	88,466	88,466
Total cash equivalents	–	88,466	88,466
Total Primary Government	<u>37,952</u>	<u>267,675</u>	<u>305,627</u>
Current portion	37,952	181,881	219,833
Non-current portion	–	85,794	85,794
Total	<u>\$ 37,952</u>	<u>\$ 267,675</u>	<u>\$ 305,627</u>

The University reported restricted cash totaling \$267.7 million, which is legislatively or contractually restricted for specific purposes. This balance consists of \$10.4 million related to Commonwealth grants, and \$80.7 million related to Federal grants. Additionally, the restricted cash includes \$60.9 related to endowments classified as current, along with \$85.8 million related to endowments classified as non-current. The remaining \$29.9 million represents Commonwealth appropriations restricted for specific programs and purposes.

At June 30, 2025, the University's bank balances were \$148.4 million. The balances in money market funds, which amounted to \$88.4 million at June 30, 2025, are uninsured and uncollateralized, thus, exposed to custodial credit risk.

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.

Interest Rate Risk

The University maintains cash balances in both non-interest-bearing and variable-rate interest-bearing accounts. The frequent resetting of variable rates helps mitigate exposure to interest rate fluctuations.



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Notes to Financial Statements (continued)
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6. Cash and Cash Equivalents

Foreign Currency Risk

The University does not maintain any cash or cash equivalents in foreign currencies and therefore is not subject to foreign currency risk.

7. Investments

The University's investments held as of June 30, 2025, are summarized in the following table (in thousands):

	Restricted Investments in:						Unrestricted Investments	Total
	Permanent Endowment Funds	Sinking Funds	Healthcare Deferred Compensation Plan	Construction Fund	Other			
University:								
U.S. Treasury securities:								
Bills	\$ 206,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,426
Notes	15,776	-	-	-	-	-	-	15,776
Bonds	2	-	-	-	-	-	-	2
U.S. sponsored agencies bonds and notes:								
Federal Farm Credit Bank (FFCB)	1,393	-	-	-	-	-	-	1,393
Federal Home Loan Bank (FHLB)	418	-	-	-	-	-	-	418
Federal National Mortgage Association (FNMA)	-	5,847	-	-	-	-	-	5,847
Tennessee Valley Authority (TVA)	1,477	-	-	-	-	-	-	1,477
U.S. municipal bonds	522	-	-	-	-	2,176	-	2,698
Mortgage-backed securities:								
Government National Mortgage Association (GNMA)	1,111	-	-	-	-	-	-	1,111
Federal Home Loan Mortgage Corporation (FHLMC)	8,762	-	-	-	-	-	-	8,762
FNMA	11,111	-	-	-	-	-	-	11,111
Asset-backed securities	4,625	-	-	-	-	-	-	4,625
Corporate bonds and notes	15,927	-	-	-	-	-	-	15,927
Non-participating guaranteed investment contracts	-	-	59,205	-	-	-	-	59,205
Certificates of deposit	153	-	-	-	5	250	-	408
Money market funds and others	-	51,872	77	3,618	-	-	-	55,567
External investment pools measured at fair value	-	-	32,215	-	-	627	-	32,842
Common stock and convertibles	78,660	-	147	-	-	-	-	78,807
Total University's investments	\$ 346,363	\$ 57,719	\$ 91,644	\$ 3,618	\$ 5	\$ 3,053	\$ -	\$ 502,402
Current portion	\$ -	\$ 57,719	\$ -	\$ 3,618	\$ 5	\$ 454	\$ -	\$ 61,796
Non-current portion	346,363	-	91,644	-	-	2,599	-	440,606
Total	\$ 346,363	\$ 57,719	\$ 91,644	\$ 3,618	\$ 5	\$ 3,053	\$ -	\$ 502,402

Restricted Investments in Permanent Endowment Funds

Restricted investments held in the University's permanent endowment funds on June 30, 2025 amounted to approximately \$346.4 million. These funds may not be expended and must remain with the University in perpetuity. Only the earnings from these funds may be expended.



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7. Investments (continued)

Restricted Investments in Permanent Endowment Funds (continued)

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.

As of June 30, 2025, 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's 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, 2025, net appreciation of approximately \$23.5 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 approximately \$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, 2025, amounted to approximately \$57.7 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.



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7. Investments (continued)

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 \$91.6 million as of June 30, 2025. Such investments include the Voya Retirement Insurance and Annuity Company ("Voya") Fixed Account, a nonparticipating guaranteed investment contract, which amounted to approximately \$59.2 million as of June 30, 2025.

Restricted Investments in Construction Fund

Although the construction of Plaza Universitaria was finished in September 2006, Desarrollos Universitarios, Inc. (DUI) maintains a construction fund account held by trustee, related to the issuance of the AFICA bonds. As of June 30, 2025, the account balance amounted to approximately \$3.6 million and consisted of a money market fund.

Credit Risk

Fixed income securities are subject to credit risk, which is the risk that the issuer or other counterparty to the financial instrument will not fulfill its obligations, or that negative perception of the issuer's ability to make these payments will cause these prices to decline. Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's investment in a single issuer. As of June 30, 2025, the University and DUI did not hold investments in any single issuer representing 5% or more of the total investment portfolio, other than approximately \$222 million of U.S. Government Treasuries in Popular Securities, approximately \$79 million of common stock and convertible securities in Bank of New York Mellon, approximately \$59 million of Annuity Company Fixed Accounts in Voya Retirement Insurance, approximately \$55.5 million of money market deposits held in U.S. Bank and Bank of New York Mellon, and approximately \$32.5 million of mutual funds with Voya Retirement Insurance. These investments are considered to carry minimal or no credit risk.



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Notes to Financial Statements (continued)
June 30, 2025

7. Investments (continued)

Credit Risk (continued)

As of June 30, 2025, the University's credit quality distribution for securities is as follows (in thousands):

	Carrying Value	Credit Rating						Not Subject to Rating
		AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	Not Rated	
U.S. Treasury securities:								
Bills	\$ 206,426	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 206,426	\$ -
Notes	15,776	-	-	-	-	-	15,776	-
Bonds	2	-	-	-	-	-	2	-
U.S. sponsored agencies bonds and notes:								
FFCB	1,393	-	-	-	-	-	1,393	-
FHLB	418	-	-	-	-	-	418	-
FNMA	5,847	-	5,847	-	-	-	-	-
TVA	1,477	-	-	-	-	-	1,477	-
U.S. municipal bonds	2,698	132	2,130	313	-	123	-	-
Mortgage-backed securities:								
GNMA	1,111	-	-	-	-	-	1,111	-
FHLMC	8,762	611	-	-	-	-	8,151	-
FNMA	11,111	-	-	-	-	-	11,111	-
Asset-backed securities	4,625	3,707	-	-	-	-	918	-
Corporate bonds and notes	15,927	957	5,434	8,082	655	-	799	-
External investment pools measured at fair value	32,842	-	-	-	-	-	32,842	-
Common stock and convertibles	78,807	-	-	-	-	-	-	78,807
Total securities	387,222	\$ 5,407	\$ 13,411	\$ 8,395	\$ 655	\$ 123	\$ 280,424	\$ 78,807
Non-participating guaranteed investment contracts	59,205							
Money market funds	55,567							
Certificate of deposit	408							
Total securities	\$ 502,402							

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 \$408 thousand as of June 30, 2025, is uninsured and uncollateralized. These deposits are exposed to custodial credit risk. On June 30, 2025, 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 approximately \$7.1 million as of June 30, 2025.



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June 30, 2025

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 maturity will differ from contractual maturity, because counterparties may have the right to call or prepay obligations with or without call or prepayment penalties. On June 30, 2025, the University had variable rate interest investments amounting to approximately \$1.7 million.

The following table summarizes the type and maturity of investments held by the University as of June 30, 2025 (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:						
Bills	\$ 206,426	\$ —	\$ —	\$ —	\$ —	\$ 206,426
Notes	2,043	4,320	9,413	—	—	15,776
Bonds	2	—	—	—	—	2
U.S. sponsored agencies bonds and notes:						
FFCB	—	453	940	—	—	1,393
FHLB	—	291	127	—	—	418
FNMA	5,847	—	—	—	—	5,847
TVA	413	572	492	—	—	1,477
U.S. municipal bonds	204	1,178	470	846	—	2,698
Mortgage-backed securities:						
GNMA	—	277	—	834	—	1,111
FHLMC	20	3,609	1,076	4,057	—	8,762
FNMA	—	881	2,287	7,943	—	11,111
Asset-backed securities	—	3,817	475	333	—	4,625
Corporate bonds and notes	2,101	10,681	3,145	—	—	15,927
Non-participating guaranteed investment contracts	—	—	—	—	59,205	59,205
Certificates of deposit	408	—	—	—	—	408
Money market funds	—	—	—	—	55,567	55,567
External investment pools measured at fair value	—	—	—	—	32,842	32,842
Common stock and convertibles	—	—	—	—	78,807	78,807
Total	\$ 217,464	\$ 26,079	\$ 18,425	\$ 14,013	\$ 226,421	\$ 502,402

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 approximately \$ 115.2 million, as of June 30, 2025, are not classified in the fair value hierarchy below because they are carried-at-cost.



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Notes to Financial Statements (continued)
June 30, 2025

7. Investments (continued)

Fair Value Hierarchy (continued)

The following is a summary of the fair value hierarchy of the fair value of investments of the University as of June 30, 2025 (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:				
Bills	\$ 206,426	\$ 206,426	\$ -	\$ -
Notes	15,776	15,776	-	-
Bonds	2	2	-	-
U.S. sponsored agencies bonds and notes:				
FFCB	1,393	-	1,393	-
FHLB	418	-	418	-
FNMA	5,847	-	5,847	-
TVA	1,477	-	1,477	-
U.S. municipal bonds	2,698	-	2,698	-
Mortgage-backed securities:				
GNMA	1,111	-	1,111	-
FHLMC	8,762	-	8,762	-
FNMA	11,111	-	11,111	-
Asset-backed securities	4,625	-	4,625	-
Corporate bonds and notes	15,927	-	15,927	-
External investment pools measured at fair value	32,842	328	627	31,887
Common stock and convertibles	78,807	78,807	-	-
Total investments measured at fair value	<u>387,222</u>	<u>\$ 301,339</u>	<u>\$ 53,996</u>	<u>\$ 31,887</u>
Non-participating guaranteed investment contracts	59,205			
Money market funds	55,567			
Certificates of deposit	408			
	<u>\$ 502,402</u>			

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.

Investments classified in Level 3, mainly external investment pools, measured at fair value are valued using the accumulated unit value (AUV) reported by the pool's administrator, which represents the University's interest in the fair value of the pool's underlying investments at the measurement date. Several other securities in this group are classified in Levels 1 and 2 according to the hierarchy of valuation inputs used to measure the assets' fair value.



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7. Investments (continued)

Fair Value Hierarchy (continued)

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.

Realized Gains and Losses

The calculation of realized gains and losses on investments is determined as the difference between the proceeds of sale and the original cost of investments sold. These realized gains and losses are independent of the calculation of the net change in the fair value of investments. The University recognizes the net change in the fair value of investments as part of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

Realized gains and losses from investments held for multiple reporting periods are accounted for in the prior and current periods, as part of the changes in fair value for each applicable period. Net investment income also includes earned discounts resulting from the redemption of U.S. Treasury bills that are classified as cash and cash equivalents.

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, 2025, net student tuition revenue is comprised of the following components (in thousands):

Student tuition and fees	\$ 215,631
Less: scholarship allowances	<u>(133,816)</u>
Net student tuition and fees revenue	<u>\$ 81,815</u>

Amounts paid directly to students are recorded as scholarship expenses. The scholarships for the year ended June 30, 2025, are summarized as follows (in thousands):

Scholarships paid directly to students	\$ 139,989
Scholarships applied to tuition and fees	<u>133,816</u>
	<u>\$ 273,805</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, 2025, are as follows (in thousands):

	Gross Balance	Allowance	Net Balance
Accounts receivable:			
Medical plans	\$ 158,267	\$ (127,404)	\$ 30,863
Student tuition and fees	16,228	(13,020)	3,208
Other	21,726	(17,102)	4,624
Total accounts receivable	\$ 196,221	\$ (157,526)	\$ 38,695
Due from:			
Commonwealth of Puerto Rico	\$ 23,658	\$ (5,739)	\$ 17,919
Federal government	93,999	(27,308)	66,691
	117,657	(33,047)	84,610
Component units:			
Current portion:			
University of Puerto Rico Parking System, Inc.	3,168	(2,821)	347
Non-current portion:			
Servicios Médicos Universitarios, Inc.	6,284	(3,922)	2,362
	9,452	(6,743)	2,709
Other governmental and privates entities	33,857	(29,070)	4,787
Total due from	\$ 160,966	\$ (68,860)	\$ 92,106

The University's accounts payable and due to as of June 30, 2025, are as follows (in thousands):

Accounts payable and accrued liabilities	\$ 71,742
Due to:	
Commonwealth of Puerto Rico	\$ 25,430
University of Puerto Rico Parking System, Inc.	1,703
Other governmental entities	8,362
Total	\$ 35,495

The accounts payable and accrued liabilities balance of \$71.7 million as of June 30, 2025, consist mainly of vendor-related payables.



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Notes to Financial Statements (continued)
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9. Receivables and Payables

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, 2025, the net amount due from SMU to the University is \$2.4 million. Related payments for medical services provided by RCM and leased space were approximately \$894 thousand and approximately \$20 thousand, respectively.

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, 2026. As of June 30, 2025, the University owes UPRPS approximately \$1.7 million in management fees and reimbursable expenses, while UPRPS has a due to the University of approximately \$3.2 million in collected rent.

Materials Characterization Center, Inc. (MCC)

MCC is engaged in shared services with the University's Río Piedras Campus. MCC provides high-technology analysis services to faculty and researchers of the Faculty of Natural Sciences and other academic sectors.

In support of MCC's operations, the University contributes various in-kind resources on a nonexchange basis. These contributions include utilities, parking, campus security, and approximately 4,000 square feet of laboratory and administrative space, along with other operational support services.

No receivables or payables are recorded in relation to these services, as the in-kind contributions are not subject to reimbursement and are considered part of an ongoing collaborative academic relationship.



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10. Related-Party Transactions

Transaction Type	Related Party Name	Location	Description	Amount (in thousands)
State appropriations	Commonwealth of Puerto Rico	San Juan, PR	Direct state funding recognized for operational support and student financial aid approved by state legislature as part of the annual budget allocation	\$577,087
Employee 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	\$130,887

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, 2025, the University recognized a total of \$577.1 million in Commonwealth appropriations.

Of this amount, \$441.2 million was allocated to cover the University’s general operational expenses. Additionally, \$4.2 million was awarded for funding for Salary Increases for workers earning below \$10.50 per hour. Another \$50.8 million was designated for several specific activities, including the payment of salaries for the residents and interns at the Medical Sciences Campus, and financial aid for qualifying students. The Puerto Rico Gaming Commission appropriations for the year ended June 30, 2025, amounted to \$80.9 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”.

During the fiscal year, the University recognized \$49.3 million in grants and contracts revenue. This revenue was derived from exchange and exchange-like transactions with Commonwealth agencies, designated for specific programs and services. It was recognized in compliance with applicable revenue recognition requirements.



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10. Related-Party Transactions (continued)

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. Accrued PayGo charges for fiscal years 2019 through 2025 amounting to \$25.3 million are included as part of the due to Commonwealth balance reported as of June 30, 2025.

11. Federal Government Grants and Contracts

The University's due from Federal Government as of June 30, 2025, is as follows (in thousands):

Education Stabilization Fund, mainly for institutional support	\$ 119
FEMA grants for disaster-relief	17,081
Others, mainly research activity grants and contracts	49,491
Total	<u>\$ 66,691</u>

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) Education Stabilization Fund 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.



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11. Federal Government Grants and Contracts (continued)

The University's non-operating revenues from federal grants for the year ended June 30, 2025, are as follows (in thousands):

Federal Pell Grant program	\$ 187,961
Education Stabilization Fund	1,663
FEMA grants for disaster-relief	6,123
Total	<u>\$ 195,747</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 who display financial need and have not 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.

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 2025, the maximum annual Pell Grant award was \$7,395 per student.

Education Stabilization Fund (ESF)

The University received federal support through the Education Stabilization Fund (ESF), established under multiple federal relief acts enacted in response to the COVID-19 pandemic. The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law on March 27, 2020, appropriated \$30.75 billion to the ESF to prevent, prepare for, and respond to COVID-19. Subsequently, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, enacted on December 27, 2020, provided an additional \$81.88 billion for ESF programs. Finally, the American Rescue Plan (ARP) Act of 2021, enacted on March 11, 2021, included approximately \$165 billion in further ESF funding.



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

Education Stabilization Fund (ESF) (continued)

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 Education Stabilization Fund, including both student financial aid grants and institutional support.

Federal Emergency Management Agency (FEMA) Grants

As of June 30, 2025, the University's unearned revenues amounted to \$111.3 million, of which \$66.9 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.

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 approximately \$11.6 million for the year ended June 30, 2025. The University remains committed to maximizing disaster recovery resources while ensuring financial stability and compliance with federal funding requirements.



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12. Capital Assets

Changes in the University's capital assets, for the year then ended June 30, 2025, 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	43,676	31,797	(13,390)	—	62,083
	<u>93,292</u>	<u>31,797</u>	<u>(13,390)</u>	<u>—</u>	<u>111,699</u>
Capital assets being depreciated:					
Land improvements	44,548	—	—	—	44,548
Buildings, fixed equipment, improvements and infrastructure	1,150,883	—	13,390	—	1,164,273
Right to use leased assets - building	8,539	421	—	—	8,960
Right to use leased assets - equipment	4,977	156	—	—	5,133
Equipment, software and library materials	390,404	20,634	—	(8,595)	402,443
Building and equipment under financed purchase obligations	99,974	687	—	—	100,661
Subscriptions	5,291	159	—	—	5,450
	<u>1,704,616</u>	<u>22,057</u>	<u>13,390</u>	<u>(8,595)</u>	<u>1,731,468</u>
Less accumulated depreciation and amortization for:					
Land improvements	(32,971)	(664)	—	—	(33,635)
Buildings, fixed equipment, improvements and infrastructure	(632,428)	(26,967)	—	—	(659,395)
Right to use leased assets - building	(4,695)	(1,150)	—	—	(5,845)
Right to use leased assets - equipment	(3,370)	(607)	—	—	(3,977)
Equipment, software and library materials	(315,975)	(15,231)	—	8,627	(322,579)
Building and equipment under financed purchase obligations	(49,989)	(2,869)	—	—	(52,858)
Subscriptions	(3,055)	(359)	—	—	(3,414)
	<u>(1,042,483)</u>	<u>(47,847)</u>	<u>—</u>	<u>8,627</u>	<u>(1,081,703)</u>
Capital assets being depreciated, net	662,133	(25,790)	13,390	32	649,765
Capital assets, net	<u>\$ 755,425</u>	<u>\$ 6,007</u>	<u>\$ —</u>	<u>\$ 32</u>	<u>\$ 761,464</u>

13. Unearned Revenues

The amounts reported as unearned revenues as of June 30, 2025, are detailed as follows (in thousands):

FEMA and other disaster-relief funds (see Note 11)	\$ 66,950
Commonwealth appropriations	35,617
Others	8,784
	<u>\$ 111,351</u>



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14. Non-current Liabilities

Changes in the University's non-current liabilities for the year ended June 30, 2025, 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	281,629	-	(34,475)	(1,034)	246,120	24,230	221,890
Total University's long-term debt	<u>\$ 281,745</u>	<u>\$ -</u>	<u>\$ (34,475)</u>	<u>\$ (1,034)</u>	<u>\$ 246,236</u>	<u>\$ 24,230</u>	<u>\$ 222,006</u>
Other long-term liabilities							
Lease liability	\$ 6,035	\$ 577	\$ (1,565)	\$ -	\$ 5,047	\$ 1,511	\$ 3,536
Subscription liability	1,878	159	(318)	-	1,719	1,207	512
Deferred compensation payable	88,698	-	-	2,946	91,644	-	91,644
Claims liability	8,126	995	(1,429)	-	7,692	252	7,440
Compensated absences	125,897	82,574	(59,795)	-	148,676	43,682	104,994
Net pension liability	1,690,923	253,770	(344,801)	-	1,599,892	-	1,599,892
OPEB obligation	191,138	13,922	(12,372)	-	192,688	-	192,688
Total University's other long-term liabilities	<u>\$ 2,112,695</u>	<u>\$ 351,997</u>	<u>\$ (420,280)</u>	<u>\$ 2,946</u>	<u>\$ 2,047,358</u>	<u>\$ 46,652</u>	<u>\$ 2,000,706</u>

15. Bonds Payable

The University has issued various types of bonds, including revenue, term, and serial 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, 2025 (in thousands):

Series	Amount	Annual Interest Rate (%)	Due Dates as of June 30
P - Serial	\$ 21,585	5.00%	2026-2027
P - Term	36,590	5.00%	2028-2030
Q - Serial	20,555	5.00%	2026-2027
Q - Term	121,885	5.00%	2028-2036
AFICA - Term	40,515	5.00%	2026-2033
	<u>241,130</u>		
Plus: Unamortized premium	4,990		
Total	<u>\$ 246,120</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.



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15. Bonds Payable (continued)

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.

On June 30, 2025, 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
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	24,985	5,601	30,586	4,465	1,122	5,587	29,450	6,723	36,173
2031 to 2035	70,710	15,034	85,744	20,215	2,083	22,298	90,925	17,117	108,042
2036	16,330	816	17,146	-	-	-	16,330	816	17,146
	<u>\$ 200,615</u>	<u>\$ 55,200</u>	<u>\$ 255,815</u>	<u>\$ 40,515</u>	<u>\$ 9,773</u>	<u>\$ 50,288</u>	<u>\$ 241,130</u>	<u>\$ 64,973</u>	<u>\$ 306,103</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, 2025, were as follows (in thousands):

Pledged revenues:

Tuition and other fees (1)	\$ 165,617
Student fees	9,276
Stabilization fee	24
Rental and other charges received for the right of use and occupancy of facilities in the University system	1,182
Interest on investment of University funds, excluding funds invested pursuant to Article VI of the Trust Agreement	6,035
Funds paid to the University in respect to overhead allowance on federal research projects	24,248
Other income	384
Total pledged revenues	<u>206,766</u>
Sinking fund reserve interests	1,648
Total pledged revenues plus interest	<u>\$ 208,414</u>
Aggregate debt service:	
Principal and interest requirement	<u>\$ 42,555</u>
Senior debt service coverage ratio	<u>4.90</u>
DUI's AFICA Bonds (Subordinate to the University's Bonds)	<u>\$ 5,613</u>
Aggregate debt service	<u>\$ 48,168</u>
Total debt service ratio	<u>4.33</u>

(1) Student economic assistance and tuition exemptions of \$14.3 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, 2025, the University had complied with this requirement.

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.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

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 defines 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 default) 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 credit or 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.
- 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.

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, 2025, the University was not in compliance with the following covenant: 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, 2024, were filed within the 305-days period. No action has ever been taken by the Trustee in regard with the University's non-compliance with the above-mentioned covenant.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

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.

The Trustee has in custody \$42.5 million of pledge revenues as of June 30, 2025.

The Letter Agreement was extended twenty-two times, and the new compliance period was September 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. Subsequently, on July 10, 2025, it was amended to extend it to September 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.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

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.

On September 11, 2025, the University and the Trustee executed the Amended and Restated Trust Agreement. The amendment formalizes the monthly transfer of specified pledged revenues into a segregated account for the benefit of the bondholders of the UPR System Revenue Bonds, consistent with the prior Standstill Agreements. No changes were made to the Bonds' principal terms or interest rates.

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.

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, 2025.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

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.

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 requires DUI to comply with other covenants. On June 30, 2025, 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 covenant.

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.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

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.

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.



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15. Bonds Payable (continued)

Pledged Revenues and Debt Covenants (continued)

On February 4, 2025, the Court issued a judgment ruling that the Operating and Management Agreement had not been renewed and expired on January 1, 2018. It also ruled that DUI must repay the University all amounts paid to it under the Operating and Management Agreement from January 1, 2018 until July 1, 2018. Pursuant to the agreements, it is University's contention that DUI must reimburse all rents collected from private commercial tenants of Plaza Universitaria from January 1, 2018, until present. DUI appealed the decision on March 5, 2025. The University moved to dismiss the appeal for lack of jurisdiction, arguing that appellant failed to notify the Court of First Instance of the appeal within 72 hours of its filing. On April 1, 2025, the Court of Appeals granted the University's motion and dismissed the appeal for lack of jurisdiction. DUI then filed a writ of certiorari before the Supreme Court of Puerto Rico on April 29, 2025. On May 23, 2025, the Supreme Court denied the writ. A motion for reconsideration was filed on June 6, 2025, and was also denied. Judgment has become final. A hearing held on October 24, 2025 had originally been scheduled as a Pretrial Conference; however, at the request of the University, it was changed to a Status Conference, as the case was not yet ready for pretrial proceedings. This modification was made with the consent of the plaintiff. The defendants were requested to update all written discovery responses, as the answers to interrogatories date back to 2022 and current information is required. The Court granted the parties sixty (60) days to complete this process and scheduled the Pretrial Conference for February 19, 2026.

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. The current contract expires on June 30, 2026.

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, 2025, amounted to approximately \$829 thousand, with an additional approximately \$296 thousand recognized as lease interest income. These amounts are not considered significant to the University's overall financial statements.



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16. Leases (continued)

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, 2025, amount to approximately \$14.1 million, less accumulated amortization of approximately \$9.8 million, for a net amount of approximately \$4.3 million.

Lease liability as of June 30, 2025, amounts to approximately \$5 million.

Principal and interest requirements to maturity as of June 30, 2025, are as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,511	\$ 526	\$ 2,037
2027	1,142	373	1,515
2028	1,174	375	1,549
2029	1,157	90	1,247
2030	63	3	66
	<u>\$ 5,047</u>	<u>\$ 1,367</u>	<u>\$ 6,414</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, 2025, amounts to approximately \$5.4 million and with accumulated amortization of approximately \$3.4 million, resulting in a net amount of approximately \$2.0 million.

The subscription liability as of June 30, 2025, amounts to approximately \$1.7 million. Principal and interest requirements to maturity as of June 30, 2025, are as follows (in thousands):

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,207	\$ 116	\$ 1,323
2027	230	74	304
2028	242	28	270
2029	40	3	43
	<u>\$ 1,719</u>	<u>\$ 221</u>	<u>\$ 1,940</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 because 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 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 \$1.26 million at June 30, 2025, 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, 2025, is as follows (in thousands):

Claims liability - July 1	\$ 8,126
Incurred claims and changes in estimates	(210)
Payments for claims and other adjustments	(224)
Claims payable - June 30 (Including \$5.51 million for medical malpractice)	<u>\$ 7,692</u>

The University is a defendant in several lawsuits other than medical malpractice arising out of the normal course of business. Management has accrued \$922.1 thousand as of June 30, 2025, 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

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 participates in the Title IV programs under the Higher Education Act of 1965 (Title IV HEA Programs) and complies with the provisions applicable under the U.S. Department of Education’s cash-management regulations, including requirements under the Zone alternative. Beginning with academic year 2024–2025, the eleven campuses of the University have operated with limited Title IV eligibility and have been placed on the Advance Payment Method, under which the University draws down federal student aid funds in advance of making disbursements to eligible students.

Under the Advance Payment Method, each campus may request Title IV funds from the U.S. Department of Education only to meet its immediate disbursement needs. Funds received must be disbursed to eligible students and parents as soon as administratively feasible, generally within three business days of receipt, and the amount requested may not exceed the actual disbursements the campus is prepared to make. Expenditures of Federal Awards under Title IV HEA programs amounted to \$250 million for the year ended June 30, 2025. The University was in compliance with various program requirements for the year ended June 30, 2025.

The University participates in several 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 \$10.7 million and \$4.1 million as of June 30, 2025.



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" or "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 and discretely presented component units. It is qualified and exempt from local and federal income taxes. The assets of the Retirement System are legally held in a trust, separate from the assets of the University, and are held solely for the purpose of meeting the System's obligations. They are exempt from individual or collective actions from the University or the Retirement System creditors. 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.

The University of Puerto Rico initiated a phased transition from its existing defined benefit retirement plan to a defined contribution plan for its employees, as part of its ongoing financial and organizational reforms. The Governing Board of the University closed the pension plan of the University's Retirement System on July 31, 2023. New employees will participate in a defined contribution plan beginning August 1, 2023. Vested employees and retirees of the University's Retirement System were not impacted with this reorganization.

The Retirement System is a mature retirement system with a significant retiree population. As of June 30, 2024 (i.e., valuation date) membership in the Retirement System consisted of the following:

Retirees and beneficiaries currently receiving benefits	9,318
Terminated plan participants entitled to but not yet receiving benefits	6,366
Current participating employees	<u>7,887</u>
Total membership	<u><u>23,571</u></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. 1-1966 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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Notes to Financial Statements (continued)
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18. University of Puerto Rico Retirement System (continued)

Plan Description and Membership (continued)

The University of Puerto Rico's Governing Board served as the trustee of the UPR Retirement System until October 1, 2020. On that date, the Puerto Rico Court of Appeals issued a judgment removing the Board from its trustee responsibilities over the Retirement System Trust. As a result, the UPR Retirement System Board was appointed as the successor trustee.

The Trust of the University Retirement System is a "de facto trust" since 1945, meaning it has effectively operated as a trust in practice, even if not officially recognized as such by legal formalities. 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.



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

Retirement Benefits and Employee Contributions

Certification	Retirement Eligibility (age/years of service)	Benefit Formula	Minimum Benefit	Avg. Compensation Basis (Monthly/Month Period)	Employee Contribution
Num. 7 7/7 Supplemented	<ul style="list-style-type: none"> • 30 yrs service • Age 58 w/ 10 yrs • Age 55 w/ 25 yrs 	<ul style="list-style-type: none"> • 75% (30+ yrs at age 55) • 65% (30+ yrs under 55) • Reduction of 1.95%/yr for <30 yrs • Reduction of 0.5%/mo <58 	\$250/mo	Highest 36 mos, no limit	from 4% up to 12%
Num. 54 37/37 Coordinated	<ul style="list-style-type: none"> • 30 yrs & age 55 • Age 58 w/ 10 yrs • Age 55 w/ 25 yrs 	<ul style="list-style-type: none"> • 75% (30+ yrs, reduction of 0.5%/mo <58) • Reduction of 1.95%/yr for <30 yrs or reduction of 0.5%/mo <58 	\$250/mo	Highest 36 mos, cap \$35,000	from 4% up to 12%
Num. 55 55/55 Coordinated	<ul style="list-style-type: none"> • 30 yrs & age 55 • Age 58 w/ 10 yrs • Age 55 w/ 25 yrs 	<ul style="list-style-type: none"> • 75% (30+ yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status) • Reduction of 1.95%/yr for <30 yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status 	\$250/mo	Highest 36 mos, cap \$35,000	from 4% up to 12%
Num. 56 55/55 Supplemented	<ul style="list-style-type: none"> • 30 yrs & age 55 • Age 58 w/ 10 yrs • Age 55 w/ 25 yrs 	<ul style="list-style-type: none"> • 75% (30+ yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status) • Reduction of 1.95%/yr for <30 yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status 	\$250/mo	Highest 36 mos, cap \$35,000	from 4% up to 12%
Num. 94	<ul style="list-style-type: none"> • 30 yrs & age 55 • Age 58 w/ 10 yrs • Age 55 w/ 25 yrs 	<ul style="list-style-type: none"> • 75% (30+ yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status) • Reduction of 1.95%/yr for <30 yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status 	\$250/mo	Up to \$50,000	from 4% up to 12%
Num. 139	<ul style="list-style-type: none"> • 30 yrs & age 55 • Age 58 w/ 10 yrs • Age 55 w/ 25 yrs 	<ul style="list-style-type: none"> • 75% (30+ yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status) • Reduction of 1.95%/yr for <30 yrs, reduction of 0.33%/mo <58 or <55 based on 25-yr status 	\$250/mo	Up to \$69,557 (frozen 7/1/2014)	from 4% up to 12%



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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 as retirement annuity, if that amount is less than disability retirement annuity, but reduced annuity plus primary Social Security benefit may not be less than original 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, the benefit payable will be the higher of the two.

Death Benefits

- Pre-retirement death benefit – if the death of an employee is service related, a death benefit 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 salary. If death is non-service related, a lump-sum is paid equal to the employee's contributions plus one year's final salary, 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

Participant 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 participant's reduced annuity. This option is not permitted if a member retires on a disability annuity.

Christmas Bonus

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



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18. University of Puerto Rico Retirement System (continued)

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.

Net Pension Liability

As permitted by GASB, the University's net pension liability as of June 30, 2024, was measured as of June 30, 2024, (the "2024 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, 2024, 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, 2025, were as follows (in thousands):

Total pension liability	\$ 3,276,440
Less: Plan's fiduciary net position	<u>1,676,548</u>
Employer's net pension liability	<u>\$ 1,599,892</u>
Plan's fiduciary net position as a percentage of the total pension liability	<u>51.17%</u>



University of Puerto Rico
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Notes to Financial Statements (continued)
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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, 2025, are as follows (in thousands):

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at beginning of year	\$ 3,300,628	\$ 1,609,705	\$ 1,690,923
Changes for the year:			
Services cost	32,390	-	32,390
Interest	215,189	-	215,189
Benefit changes	-	-	-
Difference between expected and actual experience	(46,477)	-	(46,477)
Changes in assumptions or other inputs	-	-	-
Contributions - employer	-	125,272	(125,272)
Contributions - participants	-	29,595	(29,595)
Net investment income/(loss)	-	143,457	(143,457)
Benefit payments, including refunds of employee contributions	(225,290)	(225,290)	-
Administrative expenses and other	-	(6,191)	6,191
Net changes	<u>(24,188)</u>	<u>66,843</u>	<u>(91,031)</u>
Balance at end of year	<u>\$ 3,276,440</u>	<u>\$ 1,676,548</u>	<u>\$ 1,599,892</u>

For the year ended June 30, 2025, the University recognized pension credit of approximately \$80 million. As of June 30, 2025, 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	\$ 130,650	\$ -
Differences between expected and actual experience	-	31,120
Changes in assumptions or other inputs	-	822
Net difference between projected and actual earnings on plan investments	37,180	-
Total	<u>\$ 167,830</u>	<u>\$ 31,942</u>



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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, 2025, will be recognized in the pension expense (credit) as follows (in thousands):

Year Ending June 30	Amount
2026	\$ (14,754)
2027	36,348
2028	(8,880)
2029	(7,476)
2030	—
Thereafter	—

Actuarial Methods and Assumptions

The actuarial cost method used to measure the total pension liability at June 30, 2025 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, 2024
Valuation date	June 30, 2024
Reporting date	June 30, 2025
Actuarial cost method	Entry age
Amortization method	Level percent of payroll, 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	22 years
Asset valuation method	5-year smoothed market
Inflation	2.50% per year
Salary increases	2.50% 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	3.94%, based on the S&P Municipal Bond 20-year High Grade Index Rate as of June 30, 2024.
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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18. University of Puerto Rico Retirement System (continued)

Actuarial Methods and Assumptions (continued)

The mortality tables used in fiscal year 2025 (the 2024 Actuarial Valuation) were as follows:

- Pre-retirement Mortality: Pub 2010 Teachers Employees Below Median Amount-Weighted Mortality Table, projected generationally using scale MP-2021.
- Post-retirement Healthy Mortality: Pub 2010 Teachers Retirees Below Median 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, 2024, 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

As of the measurement date, June 30, 2024, the calculation of the net pension liability reflected no changes in actuarial assumptions from those used in the prior measurement period.

Changes in Benefit Terms

As of the measurement date, June 30, 2024, there were no changes in the benefit terms of the University of Puerto Rico Retirement System that had an impact on the measurement of the net pension liability.

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), which 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.



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18. University of Puerto Rico Retirement System (continued)

Actuarial Methods and Assumptions (continued)

Long-Term Expected Rate of Return (continued)

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%	5.88%
Global ex U.S. equity	24.0%	6.55%
Domestic fixed	30.0%	2.87%
High Yield	7.5%	4.41%
Real Estate	5.0%	5.18%
Private Equity	1.5%	9.73%
Total	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2024 (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, 2024. 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 2024 edition published by Horizon Actuarial Services. The SEIR at the beginning of the measurement period was 6.75%.



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June 30, 2025

18. University of Puerto Rico Retirement System (continued)

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

The following presents the net pension liability on June 30, 2025, 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):

1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
\$ 1,928,622	\$ 1,599,892	\$ 1,318,822

Other Pension Costs

For the year ended June 30, 2024, the University's average contribution rate was 39.23% of annual payroll covered. The actuarially determined employer contribution rate considers payment of administrative expenses that are paid out of the trust fund. The University contributed 32.17% of covered-employee payroll in 2024. The University's contributions to the Retirement System amounted to approximately \$130.6 million for the year ended June 30, 2025.

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.

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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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

On August 2023, 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.

In fiscal year 2025, the claim was amended to include additional employer contributions to the Retirement System for fiscal years 2023 and 2024, in the amounts of approximately \$10 million and approximately \$38.7 million, respectively. As a result, the total amount sought in the lawsuit increased to approximately \$107.5 million. In addition, on October 15, 2024, the plaintiffs filed an additional claim alleging that monetary deficiencies resulting from the University's alleged failure to remit required employer contributions caused damage to the Retirement System's investment fund. The plaintiffs seek payment of damages for approximately \$11 million related to this matter. This claim also remains pending before the Court. Any difference between the total pension liability and the plan's fiduciary net position is reflected in the Net Pension Liability reported in the financial statements.

Actuarial Assumption Update – Mortality Table

In May 2025, the mortality table used in the University's pension plan actuarial assumptions was updated after the measurement date but prior to the issuance of these financial statements. Because this change reflects conditions that arose after the measurement date, it was not included in the current measurement of the net pension liability. The impact of this update will be reflected in the actuarial valuation for the next measurement date.



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

Program Description and Membership

The University provides other-than-pension post-employment benefits (“OPEB”), consisting primarily of health insurance benefits or medical subsidies, to its retired employees (the “Program”). The Program is a single-employer OPEB plan without a special funding situation where no assets are accumulated in a trust administered by the University. Substantially all employees may become eligible for these benefits if they meet the retirement requirements of the University Retirement System, which include: completion of 30 years of credited service, attainment of age 58 with at least 10 years of service, or attainment of age 55 with at least 25 years of service. Employees with at least 10 years of service may also qualify for disability retirement benefits. The cost of providing these benefits is recognized as expenses are incurred and 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).

At June 30, 2024, the date of the most recent actuarial valuation, membership in the Program consisted of the following:

Retirees and beneficiaries currently receiving benefits	6,932
Inactive employees entitled to but not yet receiving benefits	–
Current participating employees	<u>7,887</u>
Total membership	<u><u>14,819</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, 2025, of approximately \$192.7 million was measured at June 30, 2024, by actuarial valuations as of June 30, 2024 (the “Program 2024 Actuarial Valuation”).



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

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

Total OPEB Liability (continued)

The TOL is based upon an actuarial valuation performed as of the Valuation Date, June 30, 2024. An expected TOL is determined as of June 30, 2024, 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, 2023, 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, 2024 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, 2024 is determined after any assumption changes. The difference between this result and the TOL as of June 30, 2024 before assumption changes is reflected as an assumption change gain or loss for the year.

Changes in the total Program liability for the year ended June 30, 2025, are as follows (in thousands):

Balance at beginning of year	\$ 191,138
Changes for the year:	
Services cost	2,388
Interest	7,681
Difference between expected and actual experience	(2,077)
Changes in assumptions or other inputs	3,853
Benefit payments, including refunds of employee contributions	<u>(10,295)</u>
Net changes	<u>1,550</u>
Balance at end of year	<u>\$ 192,688</u>

For the year ended June 30, 2025, the University recognized a Program expense of approximately \$4.7 million.

As of June 30, 2025, 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
Differences between expected and actual experience	\$ —	\$ 5,352
Changes in assumptions or other inputs	7,743	24,265
Total	<u>\$ 7,743</u>	<u>\$ 29,617</u>

Deferred outflows of resources related to OPEB resulting from the University's contributions subsequent to the measurement date which amounted to approximately \$10.5 million as of June 30, 2025, are recognized as a reduction of the total OPEB liability in the year ending June 30, 2025.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

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, 2025 will be recognized in the Program expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2026	\$ (7,118)
2027	(8,571)
2028	(6,349)
2029	164
2030	-
Thereafter	-

Actuarial Methods and Assumptions

The actuarial cost method used to measure the total Program liability at June 30, 2024 (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, 2024
Measurement Date	June 30, 2024
Percentage Electing to Receive Medical Subsidy	85% of future retirees (current retirees based on actual election)
Inflation	2.50%
Payroll Growth	Not applicable
Salary Increases	2.5% and wage growth rate of 1.0%
Discount Rate – Municipal Bond Index	3.94% as per Municipal Bond Index Rate at measurement date

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

- Mortality for Healthy Retirees - Pub 2010 Teachers Below Median Amount-Weighted Mortality Table, projected generationally using scale MP-2021.
- Mortality for Disabled Retirees - Pub 2010 Teachers Disabled Retirees Amount-Weighted Mortality Table, for the period after disability retirement.
- Mortality for Survivors and Contingent Beneficiaries - Pub 2010 Teachers Below Median Amount-Weighted Contingent Annuitant Mortality Table, projected generationally using scale MP-2021 was used for beneficiaries.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

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

Actuarial Methods and Assumptions (continued)

Changes of Actuarial Assumptions

In fiscal year 2025 (the Program 2024 Actuarial Valuation), the discount rate decreased from 4.13% to 3.94%.

Changes of Benefit Terms

In fiscal year 2025 (the Program 2024 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, 2025, calculated using the discount rate of 3.94%, 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
2.94%	3.94%	4.94%
\$ 215,209	\$ 192,688	\$ 173,732

20. Functional Information

The University's operating expenses by functional classification for the year ended June 30, 2025, 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	\$ 237,966	\$ 4,154	\$ 14,496	\$ 1,501	\$ —	\$ 282	\$ 258,399
Research	61,997	16,566	27,465	1,357	133	890	108,408
Public service	57,591	2,297	16,468	1,602	—	231	78,189
Academic support	66,269	1,062	16,262	76	—	134	83,803
Student services	37,362	543	6,552	—	—	274	44,731
Institutional support	99,594	114	23,942	1,346	—	1,197	126,193
Operations and maintenance	68,064	21	42,733	43,440	—	(3,376)	150,882
Student aid	3,117	115,203	622	—	—	1,645	120,587
Patient services	75,878	29	4,749	18	—	15	80,689
Depreciation and amortization	—	—	—	—	47,678	—	47,678
Pension credit	(80,046)	—	—	—	—	—	(80,046)
	\$ 627,792	\$ 139,989	\$ 153,289	\$ 49,340	\$ 47,811	\$ 1,292	\$ 1,019,513



University of Puerto Rico
(A Component Unit of the Commonwealth of Puerto Rico)
Notes to Financial Statements (continued)
June 30, 2025

21. Going Concern

The accompanying financial statements are prepared on a going-concern basis, which assumes that the University of Puerto Rico (the “University”) will continue in operation for at least twelve months from the balance sheet date. Management has thoroughly evaluated the University's ability to continue as a going concern, considering all relevant conditions and events. Based on this evaluation, and the significant actions and improvements detailed below, management concludes that the conditions that previously raised substantial doubt about the University's ability to continue as a going concern have been successfully mitigated, and therefore, no substantial doubt exists about its ability to continue operations for the foreseeable future, which is at least twelve months from the date of these financial statements.

The University has effectively addressed challenges related to its financial sustainability through a combination of unwavering government commitment, strategic operational improvements, targeted financial management, and successful debt restructuring.

Sustained Commonwealth Appropriations and Support

A breakdown of Commonwealth appropriations by fiscal year is presented as follows:

<u>Years</u>	<u>Appropriations (in millions)</u>
2018	\$ 631.2
2019	695.7
2020	589.9
2021	597.9
2022	520.6
2023	552.7
2024	642.5
2025	577.1

This financial commitment of the Commonwealth of Puerto Rico is discussed in 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. This legislation explicitly reaffirms the Commonwealth of Puerto Rico's commitment to supporting the University's educational mission, including an annual allocation of \$500 million for unrestricted daily operations for the fiscal years 2022 to 2026, and additional funding for student experience. Act 92-2024 also ensures stricter oversight and accountability in fund utilization, maintaining accreditation standards and supporting economically disadvantaged students, thereby stabilizing the University's long-term sustainability.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

21. Going Concern (continued)

Mitigation of Deficit Position and Operating Losses

As of June 30, 2025, the University reported an unrestricted deficit of approximately \$1.6 billion, of which approximately \$1.6 billion relates to the net pension liability. The reduction in the unrestricted deficit of approximately \$1.3 billion over the past 5 years demonstrates significant progress in addressing pension-related obligations. While operational unrestricted deficits have remained relatively stable year-over-year amidst prevailing circumstances, this stability reflects management's dedicated efforts to control expenses, manage allocated budget, and enhance financial performance.

The trends in the behavioral net position deficit and employer net pension liability over the years are outlined below:

<u>Net Position (in millions)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Unrestricted (deficit)	\$ (2,978,553)	\$ (2,529,221)	\$ (2,196,496)	\$ (1,816,642)	\$ (1,630,254)
Employer net pension liability	(2,722,976)	(1,530,764)	(1,752,230)	(1,690,923)	(1,599,892)
Operational unrestricted (deficit)	<u>\$ (255,577)</u>	<u>\$ (998,457)</u>	<u>\$ (444,266)</u>	<u>\$ (125,719)</u>	<u>\$ (30,362)</u>

Enhanced Ability to Raise Revenues

The University's ability to increase operating revenues, which was previously constrained by a decline in student enrollment, has been significantly bolstered by strategic initiatives. Student enrollment, which decreased from 47,557 in FY2021 to 43,258 in FY2025, has shown stabilizing trends. The University has prioritized enrollment management, and 2025 marked the biggest increase in student enrollment in the past five years. Recent years' efforts to increase enrollment include:

- Expansion of New Academic Offerings and Scheduling Flexibility: Introduction of online and evening programs across campuses to attract non-traditional and working students, including outreach to international markets.
- Digital Marketing and Social Media Campaigns: Use of digital platforms to engage prospective students and highlight the University's academic offerings and campus life.
- Enhanced Student Support Services: Expansion of first-year experience programs and mental health services to promote retention and student success.
- Modernization of Admissions Criteria: Under Certification 33 (2023), the Pilot Plan for Undergraduate Admissions introduced more flexible admission criteria.

Furthermore, on August 16, 2025, the Governor signed Act 113-2025, the Automatic Admission to the University of Puerto Rico Law, demonstrating the continued commitment of the Commonwealth and the University to increasing enrollment. Despite recent tuition increases, the University remains an affordable and accessible option for graduate studies, offering high-quality programs and various financial aid opportunities, making it an attractive choice for students.



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Notes to Financial Statements (continued)
June 30, 2025

21. Going Concern (continued)

Enhanced Ability to Raise Revenues (continued)

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

<u>Year</u>	<u>Student Enrollment</u>
2021	47,557
2022	46,810
2023	41,631
2024	41,804
2025	43,258

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

<u>Operating Revenues (in millions)</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Primary Government only:					
Tuition and fees, net	\$ 73,146	\$ 78,400	\$ 81,445	\$ 76,656	\$ 81,815
Governmental grants and contracts, net	201,368	160,340	157,459	190,192	197,426
Net patient services revenue and other	77,356	81,487	91,784	107,761	110,242
Other operating revenues, net	40,886	31,278	39,215	34,721	38,468
Total operating revenues	<u>\$ 392,756</u>	<u>\$ 351,505</u>	<u>\$ 369,903</u>	<u>\$ 409,330</u>	<u>\$ 427,951</u>

Successful Debt Management and Bonds Credit Risk Mitigation

The University's outstanding revenue bonds presented inherent credit risk due to reliance on Commonwealth appropriations and broader fiscal challenges. However, this risk has been effectively managed. The Standstill Agreement, entered into on June 29, 2017, and subsequently extended through September 1, 2025, facilitated negotiations towards a restructuring of the bonds. During this period, the University agreed to transfer monthly payments of pledged revenues to the Trustee and complied with all agreements. As of June 30, 2025, the University fully complied with the Trust Agreements governing its revenue bonds and the DUI's AFICA bonds, maintaining a total debt service coverage ratio of 4.3 to 1, well above the minimum requirement of 1.5 to 1. On September 11, 2025, the University and the Trustee executed the Amended and Restated Trust Agreement, formalizing the monthly transfer of specified pledged revenues into a segregated account for the benefit of the bondholders of the UPR System Revenue Bonds, without any changes to the Bonds' principal terms or interest rates. Management views this as a significant success reinforcing its commitment to sound fiscal management. Furthermore, as of June 30, 2025, the University maintains a debt service reserve fund sufficient to cover all scheduled principal and interest payments due within the next twelve months, demonstrating adequate resources to meet its near-term bond obligations and mitigate concerns of imminent default.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

21. Going Concern (continued)

Successful Debt Management and Bonds Credit Risk Mitigation (continued)

The details of debt service payments and the reserve account are as follows:

	<u>UPR</u>	<u>DUI</u>	<u>Total</u>
Reserve account as of June 30, 2025	\$ 42,541,221	\$ 15,173,530	\$ 57,714,751
Debt service for fiscal year 2026	30,585,750	5,608,875	36,194,625
Surplus (deficiency)	<u>\$ 11,955,471</u>	<u>\$ 9,564,655</u>	<u>\$ 21,520,126</u>

Based on these factors, bond credit risk does not give rise to substantial doubt about the University's ability to continue as a going concern.

Effective Management Fiscal Plan and Improved Governance

The Oversight Board of PROMESA has certified the University's fiscal plans since 2017, providing a clear roadmap for achieving fiscal responsibility and facilitating capital market access and funding for the Retirement System. The University has made considerable strides in implementing key measures across fiscal years 2022-2025:

- **Operational Efficiencies:** Measures include increased tuition for undergraduate and most graduate programs, successful closure of the Defined Benefit Plan for new members, and the partial implementation of a Shared Services Pilot Program. The pilot program holds considerable promises for enhancing operational efficiency, financial sustainability, cost savings, and improved service quality by centralizing and consolidating necessary services. Key expense measures also include attrition for headcount reduction and centralized procurement. Benefits adjustments also contribute to significant cost savings by streamlining medical insurance management.
- **Revenue Enhancement:** The UPR 2021 Fiscal Plan pursues maximizing revenue from non-tuition sources, such as federal grants, intellectual property, and ancillary service fees. Non-tuition revenue is projected to generate approximately \$16.6 million annually from trainings and seminars services for state agencies during the fiscal year 2025-2026, and this revenue stream is foreseen to continue beyond the fiscal plan period and into future fiscal plans. The plan initially anticipated a gradual increase in undergraduate tuition costs that began from \$124 per credit in FY2021 to \$157 in FY2023; however, subsequently, this did not continue to increase as programmed in the current and official fiscal plan period of 2026. Graduate tuition is expected to remain at \$6,252 in FY2024, with no additional increases anticipated for the remaining period of the valid fiscal plan.



University of Puerto Rico
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Notes to Financial Statements (continued)
June 30, 2025

21. Going Concern (continued)

Effective Management Fiscal Plan and Improved Governance (continued)

- **Pension Reform:** While the University's pension fund faced challenges with approximately 51% of its liabilities unfunded as of June 30, 2025, PROMESA mandates well-funded pension systems. The UPR 2021 Fiscal Plan outlines options to ensure pension obligations are met. The University's contributions to the pension plan were \$161.6 million (FY2022), \$143.7 million (FY2023), \$124.7 million (FY2024), and \$130.65 million (FY2025). The University took significant steps by certifying a pension reform plan, effective August 1, 2023, closing the plan to new members and transitioning them to a defined contribution plan, thereby mitigating future liability risk. The University's operational financial results for FY2025 show a deficit reduction from \$3 million in 2021 to \$1.6 million in 2025.
- **Fiscal Governance and Controls:** The UPR 2021 Fiscal Plan incorporates reforms aimed at enhancing fiscal governance, including cross-campus monitored efforts on revenue collection and expenditure reporting. These achievements are the result of deliberate leadership decisions and a focus on critical financial transactions. This year, after nearly 18 years, the financial closing process was markedly expedited, driven by improved operational discipline and a stronger culture of accountability. Management continues to advance improvements to the Financial Statement Closing Process (FSCP), including measures designed to sustain timely reporting, improve the quality of financial information, and strengthen campus-level accountability. These efforts demonstrate the University's ongoing commitment to prudent fiscal management and long-term financial stability.

The University's driven and comprehensive measures taken, coupled with strong Commonwealth support, have significantly strengthened its financial position and operational resilience. Applying proactive team mentorship, rigorous oversight, and an unwavering commitment to continuous improvement, the University is strategically enhancing its capacity to optimize resource management and secure long-term fiscal stability. These ongoing initiatives are designed not only to ensure compliance with accounting standards but also to substantially strengthen the institution's ability to navigate fiscal pressures and emerging risks with agility and resilience, affirming its continued viability as a going concern.

22. Subsequent Events

The University evaluated subsequent events through January 30, 2026, the date the financial statements were available to be issued.

The Letter Agreement with the Trustee of the University's revenue bonds has been extended twenty-two times. On July 10, 2025 it was amended to extend the compliance period to September 1, 2025.

On September 11, 2025, the University and the Trustee executed the Amended and Restated Trust Agreement, formalizing the monthly transfer of specified pledged revenues into a segregated account for the benefit of the bondholders of the University's revenue bonds, without any changes to the Bonds' principal terms or interest rates.



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Notes to Financial Statements (continued)
June 30, 2025

22. Subsequent Events (continued)

In addition, approximately \$62.7 million in FEMA Hurricane Maria grant funds were refunded to the federal agency on October 1, 2025. This amount is reported as unearned revenue in the Statement of Net Position as of June 30, 2025.

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service cost	\$ 32,390	\$ 26,427	\$ 32,693	\$ 54,863	\$ 74,909	\$ 72,823	\$ 74,827	\$ 52,000	\$ 46,571	\$ 48,107
Interest	215,189	215,619	215,473	187,307	164,223	164,920	167,015	191,144	194,184	177,334
Benefit changes	—	1,401	2,648	(25,509)	—	—	—	—	(14,671)	(45,209)
Differences between expected and actual experience	(46,477)	(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
Benefit payments, including refunds of employee contributions	(225,290)	(224,559)	(222,314)	(220,633)	(218,290)	(207,823)	(198,247)	(188,311)	(182,614)	(176,872)
Net change in total pension liability	(24,188)	(6,005)	3,282	(878,857)	(539,952)	289,651	72,776	1,020,362	199,648	(288,345)
Total pension liability, beginning	3,300,628	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
Total pension liability, ending (a)	<u>\$ 3,276,440</u>	<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>
Fiduciary Net Position:										
Contributions - employer	\$ 125,272	\$ 144,428	\$ 161,705	\$ 160,356	\$ 161,411	\$ 75,263	\$ 73,360	\$ 79,491	\$ 78,004	\$ 88,251
Contributions - employee	29,595	30,087	31,205	29,154	34,252	32,849	35,864	39,042	38,640	35,594
Net investment income	143,457	110,075	(185,059)	348,056	81,796	98,788	110,357	132,950	59,009	76,684
Benefit payments	(225,290)	(224,559)	(222,314)	(220,633)	(218,290)	(207,823)	(198,247)	(188,311)	(182,614)	(176,872)
Administrative expenses and others	(6,191)	(4,729)	(3,721)	(3,578)	(3,639)	(3,751)	(4,458)	(4,340)	(3,367)	(4,689)
Net change in plan net position	66,843	55,302	(218,184)	313,355	55,530	(4,674)	16,876	58,832	(10,328)	18,968
Fiduciary net position, beginning	1,609,705	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
Fiduciary net position, ending (b)	<u>1,676,548</u>	<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>
Employer's Net Pension Liability - Ending (a) - (b)	<u>\$ 1,599,892</u>	<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>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	51.17%	48.77%	47.01%	53.66%	34.89%	29.73%	31.77%	31.92%	39.91%	42.77%
Covered-Employee Payroll	\$ 389,396	\$ 396,438	\$ 392,499	\$ 406,676	\$ 428,086	\$ 453,802	\$ 478,529	\$ 488,775	\$ 515,994	\$ 516,226
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	410.87%	426.53%	445.75%	376.41%	636.08%	731.26%	631.96%	607.28%	388.90%	348.05%

Notes to Required Supplementary Information

- The schedule is intended to show information for 10 years.
- The amounts presented were determined by an actuarial valuation as of June 30, 2024, 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
2024	\$ 154,730	\$ 125,272	\$ 29,458	\$ 389,396	32.17%
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%



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

	2024	2023	2022	2021	2020
Validation Date	June 30, 2022 (Lag)	June 30, 2021 (Lag)	June 30, 2021 (Lag)	June 30, 2020 (Lag)	June 30, 2019 (Lag)
Actuarial Cost Method	Entry age normal				
Actuarial accrued liability amortization method	Level percentage of payroll, closed				
Remaining amortization period	22 years- constant (open basis)	23 years- constant (open basis)	23 years- constant (open basis)	24 years- constant (open basis)	25 years- constant (open basis)
Asset valuation method	5-year smoothed market				
Inflation	2.4% per year	2.4% per year	2.5% per year	2.5% per year	2.5% per year
Projected salary increases	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	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-2021.	Pub 2010 Teachers Employees Amount-Weighted Mortality Table, projected generationally using scale MP-2020.
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-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.
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-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.



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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Validation Date	June 30, 2018 (Lag)	June 30, 2017 (Lag)	June 30, 2016 (Lag)	June 30, 2015 (Lag)	June 30, 2014 (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	26 years- constant (open basis)	27 years- constant (open basis)	28 years- constant (open basis)	29 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	2.5% per year	3.0% per year	3.0% per year	3.00% per year	3.00% per year
Projected salary increases	2.75% per year, including inflation	3.75% per year, including inflation	3.75% per year, including inflation	3.75% per year, including inflation	3.75% per year, including inflation
Investment rate of return	6.75% 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	7.75% 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-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
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-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
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-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



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.

2024

- No changes



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 10 Years
(Dollars in thousands) (Unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service cost	\$ 2,388	\$ 2,542	\$ 4,454	\$ 3,902	\$ 3,928	\$ 3,805	\$ 3,945	\$ 4,560
Interest	7,681	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	(2,077)	(4,712)	(763)	(1,711)	-	(2,382)	(2,978)	-
Changes in assumptions	3,853	(2,036)	(49,598)	14,548	4,365	11,405	2,680	1,775
Benefit payments	(10,294)	(11,342)	(11,031)	(11,833)	(10,704)	(10,998)	(12,885)	(10,119)
Net change in total OPEB liability	1,551	(7,650)	(51,600)	11,113	4,004	8,426	(5,271)	2,307
Total OPEB liability, beginning	191,137	198,787	250,387	239,274	235,270	226,844	232,115	229,808
Total OPEB liability, ending	<u>\$ 192,688</u>	<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	\$ 389,397	\$ 396,438	\$ 324,970	\$ 406,676	\$ 428,086	\$ 453,802	\$ 478,529
Total OPEB Liability as a Percentage of Covered-Employee Payroll	49.48%	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 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, 2024, the measurement date.
3. The Program is a single-employer OPEB plan without a special funding situation where no assets are accumulated in a trust administered by the University.



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

- The mortality assumptions for retired and disabled participants were updated to Public 2010 Teachers amount-weighted mortality tables projected 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%.

2021

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

2022

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

2023

- The mortality assumptions were updated to the Public 2010 Teachers Below Median amount-weighted mortality tables projected using scale MP-2021.
- The discount rate was changed from 4.09% to 4.13%.

2024

- The discount rate was changed from 4.13% to 3.94%.

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, 2025
(Dollars in thousands) (Unaudited)

	Bond Service Account	Bond Reserve Account	Total
Additions:			
Contributions	\$ 37,593	\$ –	\$ 37,593
Interest earned	998	223	1,221
Total additions	38,591	223	38,814
Deductions:			
Distributions	42,555	–	42,555
Professional and other fees	–	183	183
Total deductions	42,555	183	42,738
Net increase for the year	(3,964)	40	(3,924)
Balance at beginning of year	36,830	9,634	46,464
Balance at end of year	<u>\$ 32,866</u>	<u>\$ 9,674</u>	<u>\$ 42,540</u>

Note: The University's Sinking Fund assets as of June 30, 2025, mainly consisted of investments in money market funds.

Report on Internal Control and on Compliance



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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, 2025, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements and have issued our report thereon dated January 30, 2026.

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 2025-001 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

January 30, 2026



DLLP50-827
University of Puerto Rico

Reports and Schedule Required by the Uniform Guidance



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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 University's major federal programs for the year ended June 30, 2025. 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, 2025.

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 the 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

We performed audit procedures with respect to the Student Financial Assistance Cluster major federal program related to compliance requirements in Special Tests and Provisions N10, *Gramm-Leach Bliley Act – Student Information Security* as outlined in the *OMB Compliance Supplement* for the year ended June 30, 2025. 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.

Report on Internal Control Over Compliance

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



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A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 – SFA Cluster, Special Tests and Provision N5 – Return of Title IV Funds, to be a significant deficiency.

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

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

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



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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, 2025, and have issued our report thereon dated January 30, 2026, 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

January 30, 2026



DLLP50-828
University of Puerto Rico

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO.	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT FEDERAL AWARD EXPENDITURES	INDIRECT 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			\$ 2,883,265	\$ -	\$ 2,883,265	\$ -
FEDERAL WORK-STUDY PROGRAM	84.033	DIR			4,521,834	-	4,521,834	-
FEDERAL PELL GRANT PROGRAM	84.063	DIR			187,771,055	-	187,771,055	-
FEDERAL DIRECT STUDENT LOANS	84.268	DIR			56,077,636	-	56,077,636	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)					251,253,790	-	251,253,790	-
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)								
SCHOLARSHIPS FOR HEALTH PROFESSIONS STUDENTS FROM DISADVANTAGED BACKGROUNDS	93.925	DIR			670,000	-	670,000	-
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					670,000	-	670,000	-
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER					251,923,790	-	251,923,790	-
TRIO CLUSTER:								
UNITED STATES DEPARTMENT OF EDUCATION (ED)								
TRIO STUDENT SUPPORT SERVICES	84.042	DIR			1,266,656	-	1,266,656	-
TRIO TALENT SEARCH	84.044	DIR			585,680	-	585,680	-
TRIO UPWARD BOUND	84.047	DIR			707,976	-	707,976	-
TOTAL TRIO CLUSTER					2,560,312	-	2,560,312	-
RESEARCH AND DEVELOPMENT CLUSTER:								
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)								
AGRICULTURAL RESEARCH BASIC AND APPLIED RESEARCH	10.001	DIR			329,321	-	329,321	18,041
COOPERATIVE FORESTRY RESEARCH	10.202	DIR			70,812	-	70,812	-
PAYMENTS TO AGRICULTURAL EXPERIMENT STATIONS UNDER THE HATCH ACT	10.203	DIR			5,464,773	-	5,464,773	-
PAYMENTS TO 1890 LAND-GRANT COLLEGES AND TUSKEGEE UNIVERSITY	10.205	DIR			45,009	-	45,009	-
ANIMAL HEALTH AND DISEASE RESEARCH	10.207	DIR			3,613	-	3,613	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	PASS	NMJHD63STRC5	UNIVERSITY OF GEORGIA	-	67,256	67,256	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	PASS	586001998	THE BOARD OF REGENTS OF THE UNIVERSITY OF GEORGIA	-	594	594	-
SUSTAINABLE AGRICULTURE RESEARCH AND EDUCATION	10.215	PASS	58-1353149	UNIVERSITY OF GEORGIA OF RESEARCH FOUNDATION	-	9,348	9,348	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.215					-	77,199	77,199	-
1890 INSTITUTION CAPACITY BUILDING GRANTS	10.216	PASS	71222780	LANGSTON UNIVERSITY	-	3,600	3,600	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	DIR			700,948	-	700,948	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	868154089	TEXAS A&M UNIVERSITY - KINGSVILLE	-	626,551	626,551	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	QN8KZSQMCJH6	UNIVERSITY OF TEXAS	-	110,616	110,616	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	F15XKJ8LNF7	TEXAS TECH UNIVERSITY	-	23,821	23,821	-
HISPANIC SERVING INSTITUTIONS EDUCATION GRANTS	10.223	PASS	746001530	TEXAS A&M UNIVERSITY - KINGSVILLE	-	36,100	36,100	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.223					700,948	797,088	1,498,036	-
FROM LEARNING TO LEADING: CULTIVATING THE NEXT GENERATION OF DIVERSE FOOD AND AGRICULTURE PROFESSIONALS	10.237	DIR			806,127	-	806,127	-
RESIDENT INSTRUCTION, AGRICULTURE, AND FOOD SCIENCE FACILITIES AND EQUIPMENT GRANTS	10.308	DIR			568,008	-	568,008	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	DIR			2,999	-	2,999	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	PASS	386005984	MICHIGAN STATE UNIVERSITY	-	10,231	10,231	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	PASS	NNFQH1JAPEP3	UNIVERSITY OF FLORIDA	-	23,596	23,596	-
SPECIALTY CROP RESEARCH INITIATIVE	10.309	PASS	45-2865351	SYNERGISTIC HAWAII AGRICULTURE COUNCIL	-	98,443	98,443	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.309					2,999	132,270	135,269	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	DIR			637,611	-	637,611	43,201

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					EXPENDITURES	EXPENDITURES	EXPENDITURES	
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	868154089	TEXAS A&M UNIVERSITY - KINGSVILLE	-	28,733	28,733	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	586001998	THE BOARD OF REGENTS OF THE UNIVERSITY OF GEORGIA	-	18,941	18,941	-
AGRICULTURE AND FOOD RESEARCH INITIATIVE (AFRI)	10.310	PASS	99-6000354	UNIVERSITY OF HAWAII	-	18,508	18,508	-
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	-	120,385	120,385	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.310					637,611	191,367	828,978	43,201
FORESTRY RESEARCH	10.652	DIR			47,479	-	47,479	-
SOIL AND WATER CONSERVATION	10.902	DIR			304,872	-	304,872	-
SOIL AND WATER CONSERVATION	10.902	PASS	SQ6VAWQ7YSZ4	TEXAS A&M UNIVERSITY-KINGSVILLE	-	16,883	16,883	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.902					304,872	16,883	321,755	-
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	10.912	DIR			126,759	-	126,759	-
ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	10.912	PASS	99-6000354	UNIVERSITY OF HAWAII	-	93,634	93,634	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.912					126,759	93,634	220,393	-
CFDA NOT IDENTIFIED	10.U01	DIR			19,767	-	19,767	-
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)					9,128,097	1,312,041	10,440,139	61,242
UNITED STATES DEPARTMENT OF COMMERCE (DOC)								
INTEGRATED OCEAN OBSERVING SYSTEM (IOOS)	11.012	PASS	DYZNJGLTHMR9	HOWARD UNIVERSITY	-	252,252	252,252	-
INTEGRATED OCEAN OBSERVING SYSTEM (IOOS)	11.012	PASS	66-0842495	CARIBBEAN OCEAN OBSERVING SYSTEM INC.	-	2,155	2,155	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.012					-	254,407	254,407	-
ECONOMIC DEVELOPMENT TECHNICAL ASSISTANCE	11.303	DIR			67,433	-	67,433	-
SEA GRANT SUPPORT	11.417	DIR			1,438,635	-	1,438,635	96,037
SEA GRANT SUPPORT	11.417	PASS	NTXJM52SHK57	MISSISSIPPI UNIVERSITY	-	7,179	7,179	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.417					1,438,635	7,179	1,445,814	96,037
COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	11.419	DIR			(115)	-	(115)	-
COASTAL ZONE MANAGEMENT ADMINISTRATION AWARDS	11.419	PASS	66-0433627	DEPARTAMENTO DE RECURSOS NATURALES Y AMBIENTALES (DRNA)	-	115,522	115,522	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.419					(115)	115,522	115,407	-
CLIMATE AND ATMOSPHERIC RESEARCH	11.431	DIR			1,146,499	-	1,146,499	607,810
CLIMATE AND ATMOSPHERIC RESEARCH	11.431	PASS	C48XLBC11LC6	SYRACUSE UNIVERSITY	-	12,032	12,032	-
CLIMATE AND ATMOSPHERIC RESEARCH	11.431	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	72,043	72,043	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.431					1,146,499	84,075	1,230,574	607,810
SOUTHEAST AREA MONITORING AND ASSESSMENT PROGRAM	11.435	DIR			97,706	-	97,706	-
UNALLIED MANAGEMENT PROJECTS	11.454	PASS	13-4148824	FLORIDA INSTITUTE OF TECHNOLOGY	-	3,514	3,514	-
HABITAT CONSERVATION	11.463	DIR			259,359	-	259,359	-
METEOROLOGIC AND HYDROLOGIC MODERNIZATION DEVELOPMENT	11.467	DIR			201,461	-	201,461	-
OFFICE FOR COASTAL MANAGEMENT	11.473	DIR			49,136	-	49,136	32,699
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	DYZNJGLTHMR9	HOWARD UNIVERSITY	-	16,050	16,050	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	NN99X5PZ3CK1	THE HOWARD UNIVERSITY	-	30,996	30,996	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	ZCYDBE8H7L13	CUNY (CITY UNIVERSITY OF NEW YORK)	-	15,330	15,330	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	L952KGDMSLV5	RESEARCH FOUNDATION OF CITY OF NEW YORK ON BEHALF OF CITY COLLEGE	-	4,822	4,822	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	13-3893536	RESEARCH FOUNDATION OF CUNY ON BEHALF OF CITY COLLEGE OF NEW YORK	-	39,647	39,647	-
EDUCATIONAL PARTNERSHIP PROGRAM	11.481	PASS	53-0204707	THE HORWARD UNIVERSITY	-	10,739	10,739	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.481					-	117,585	117,585	-

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					FEDERAL AWARD EXPENDITURES	FEDERAL AWARD EXPENDITURES		PROVIDED TO SUBRECIPIENTS
TOTAL UNITED STATES DEPARTMENT OF COMMERCE (DOC)					3,260,114	582,282	3,842,395	736,546
UNITED STATES DEPARTMENT OF DEFENSE (DOD)								
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	DIR			265,693	-	265,693	-
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	PASS	35-6002041	PURDUE UNIVERSITY	-	15,100	15,100	-
BASIC AND APPLIED SCIENTIFIC RESEARCH	12.300	PASS	35-9990000	DEPARTMENT OF DEFENSE	-	128,220	128,220	-
TOTAL FOR ASSISTANCE LISTING NUMBER 12.300					265,693	143,320	409,013	-
MILITARY MEDICAL RESEARCH AND DEVELOPMENT	12.420	DIR			881,061	-	881,061	-
BASIC SCIENTIFIC RESEARCH	12.431	DIR			73,882	-	73,882	47,576
BASIC, APPLIED, AND ADVANCED RESEARCH IN SCIENCE AND ENGINEERING	12.630	DIR			1,443,561	-	1,443,561	-
AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12.800	DIR			152,682	-	152,682	-
AIR FORCE DEFENSE RESEARCH SCIENCES PROGRAM	12.800	PASS	C1DEGMMKC7W7	THE UNIVERSITY OF TEXAS AT EL PASO	-	27,437	27,437	-
TOTAL FOR ASSISTANCE LISTING NUMBER 12.800					152,682	27,437	180,119	-
TOTAL UNITED STATES DEPARTMENT OF DEFENSE (DOD)					2,816,878	170,757	2,987,635	47,576
UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)								
ENDANGERED SPECIES RECOVERY IMPLEMENTATION	15.657	DIR			34,108	-	34,108	-
ASSISTANCE TO STATE WATER RESOURCES RESEARCH INSTITUTES	15.805	DIR			139,757	-	139,757	-
EARTHQUAKE HAZARDS PROGRAM ASSISTANCE	15.807	DIR			64,567	-	64,567	-
U.S. GEOLOGICAL SURVEY RESEARCH AND DATA COLLECTION	15.808	DIR			722,899	-	722,899	-
TOTAL UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)					961,331	-	961,331	-
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)								
HIGHWAY TRAINING AND EDUCATION	20.215	DIR			26,686	-	26,686	-
HIGHWAY TRAINING AND EDUCATION	20.215	PASS	66-0433808	DEPARTAMENTO DE TRANSPORTACIÓN Y OBRAS PÚBLICAS (DTOP)	-	36,494	36,494	-
TOTAL FOR ASSISTANCE LISTING NUMBER 20.215					26,686	36,494	63,180	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	623950474	IOWA STATE UNIVERSITY	-	2,066	2,066	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	NKAZLXL7Z91	UNIVERSITY OF SOUTH FLORIDA (NATIONAL INSTITUTE FOR CONGESTION REPRODUCTION)	-	5,230	5,230	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	L952KGDMSLV5	UNIVERSITY TRANSPORTATION CENTERS PROGRAM	-	40,201	40,201	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	74-6002248	TEXAS STATE UNIVERSITY	-	278,189	278,189	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	13-3893536	RESEARCH FOUNDATION OF THE NY CITY UNIVERSITY (CUNY)	-	72,213	72,213	-
UNIVERSITY TRANSPORTATION CENTERS PROGRAM	20.701	PASS	66-0433808	DEPARTAMENTO DE TRANSPORTACIÓN Y OBRAS PÚBLICAS (DTOP)	-	53	53	-
TOTAL FOR ASSISTANCE LISTING NUMBER 20.701					-	397,950	397,950	-
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)					26,686	434,444	461,130	-
UNITED STATES NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)								
SCIENCE	43.001	DIR			808,638	-	808,638	142,324
SCIENCE	43.001	PASS	YM9JN9LJG2W8	SOUTHWEST RESEARCH INSTITUTE	-	30,556	30,556	-
TOTAL FOR ASSISTANCE LISTING NUMBER 43.001					808,638	30,556	839,194	142,324
OFFICE OF STEM ENGAGEMENT (OSTEM)	43.008	DIR			2,816,032	-	2,816,032	35,935
OFFICE OF STEM ENGAGEMENT (OSTEM)	43.008	PASS	742652689	UNIVERSITY OF ARIZONA BOARD OF REGENTS	-	10,368	10,368	-
TOTAL FOR ASSISTANCE LISTING NUMBER 43.008					2,816,032	10,368	2,826,400	35,935
CFDA NOT IDENTIFIED	43.U01	PASS	J5B8YJH8EJ3	SPACE TELESCOPE SCIENCE INSTITUTE	-	10,000	10,000	-
TOTAL UNITED STATES NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA)					3,624,670	50,924	3,675,594	178,259

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UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)								
PROMOTION OF THE HUMANITIES RESEARCH	45.161	PASS	R28EKN92ZT29	MICHIGAN STATE UNIVERSITY	-	20,611	20,611	-
PROMOTION OF THE HUMANITIES TEACHING AND LEARNING RESOURCES AND CURRICULUM DEVELOPMENT	45.162	DIR			65,481	-	65,481	-
TOTAL UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)					65,481	20,611	86,092	-
UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)								
ENGINEERING	47.041	DIR			641,815	-	641,815	235,561
ENGINEERING	47.041	PASS	097394084	GA TECH RESEARCH CORP, GA INSTITUTE OF TECHNOLOGIES	-	117,114	117,114	-
ENGINEERING	47.041	PASS	MECEHTM8DB17	UNIVERSITY OF ARKANSAS	-	15,536	15,536	-
ENGINEERING	47.041	PASS	SMV4HJLNJLP3	THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA	-	274,108	274,108	-
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	-	47,876	47,876	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.041					641,815	454,634	1,096,449	235,561
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	DIR			5,217,246	-	5,217,246	572,366
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	PASS	828007646	CORNELL UNIVERSITY	-	161,284	161,284	-
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	PASS	02484665	THE TRUSTEES OF PRINCETON UNIVERSITY	-	64,805	64,805	-
MATHEMATICAL AND PHYSICAL SCIENCES	47.049	PASS	FPU6XGFXMBE9	UNIVERSITY OF NOTRE DAME	-	145,689	145,689	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.049					5,217,246	371,778	5,589,024	572,366
GEOSCIENCES	47.050	DIR			636,646	-	636,646	44,574
GEOSCIENCES	47.050	PASS	YEZE8W5JKA3	UNIVERSITY CORPORATION FOR ATMOSPHERIC RESEARCH (UCAR)	-	64,119	64,119	-
GEOSCIENCES	47.050	PASS	FCKMS9TMD6F4	HASKELL FOUNDATION	-	20,684	20,684	-
GEOSCIENCES	47.050	PASS	SMV4HJLNJLP3	THE BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA	-	29,944	29,944	-
GEOSCIENCES	47.050	PASS	61-1417308	SOCIEDAD AMBIENTE MARINO SAM	-	2,156	2,156	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.050					636,646	116,903	753,549	44,574
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	DIR			528,059	-	528,059	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	L3N5ZJH8E3D5	UNIVERSITY OF CALIFORNIA - DAVIS CAMPUS	-	1,744	1,744	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	C1DEGMMKC7W7	THE UNIVERSITY OF TEXAS AT EL PASO	-	31,185	31,185	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	SGBMHQ7VXNH5	NEW JERSEY INSTITUTE OF TECHNOLOGIES	-	4,000	4,000	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	GL8EKK2U5YE9	COMPUTING RESEARCH ASSCIIATION (CRA)	-	35,673	35,673	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	NHZFG4TEXYT3	UNIVERSITY OF TEXAS AT EL PASO	-	71,065	71,065	-
COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	47.070	PASS	226000910	NEW JERSEY INSTITUTE OF TECHNOLOGY	-	19,524	19,524	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.070					528,059	163,191	691,250	-
BIOLOGICAL SCIENCES	47.074	DIR			2,825,163	-	2,825,163	603,161
BIOLOGICAL SCIENCES	47.074	PASS	N7U5NURN4T5	TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA	-	370,898	370,898	-
BIOLOGICAL SCIENCES	47.074	PASS	35-6002041	PURDUE UNIVERSITY	-	85,638	85,638	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.074					2,825,163	456,536	3,281,699	603,161
SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	47.075	DIR			204,702	-	204,702	-
SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	47.075	PASS	GNJ7BBPJLCH5	REGENTS OF THE UNIVERSITY OF MICHIGAN	-	91,896	91,896	-
SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	47.075	PASS	386006309	REGENTS OF THE UNIVERSITY OF MICHIGAN	-	5,059	5,059	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.075					204,702	96,955	301,657	-

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					EXPENDITURES	EXPENDITURES		EXPENDITURES
STEM EDUCATION	47.076	DIR			4,504,329	-	4,504,329	172,938
STEM EDUCATION	47.076	PASS	T7LHKM4KLN3	FLORIDA INTERNATIONAL UNIVERSITY	-	6,301	6,301	-
STEM EDUCATION	47.076	PASS	ZCYDBE8H7L13	CUNY (CITY UNIVERSITY OF NEW YORK) RESEARCH FOUNDATION OF CUNY ON BEHALF OF CITY	-	29,817	29,817	-
STEM EDUCATION	47.076	PASS	13-3893536	COLLEGE OF NEW YORK	-	14,211	14,211	-
STEM EDUCATION	47.076	PASS	74-6000089	THE UNIVERSITY OF TEXAS AT EL PASO	-	103,289	103,289	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.076					4,504,329	153,618	4,657,947	172,938
OFFICE OF INTERNATIONAL SCIENCE AND ENGINEERING INTEGRATIVE ACTIVITIES	47.079	DIR			18,377	-	18,377	-
NSF TECHNOLOGY, INNOVATION, AND PARTNERSHIPS	47.083	DIR			6,698,499	-	6,698,499	300,626
NSF TECHNOLOGY, INNOVATION, AND PARTNERSHIPS	47.084	DIR			689,027	-	689,027	76,384
NSF TECHNOLOGY, INNOVATION, AND PARTNERSHIPS	47.084	PASS	DSHNXIQWSRD7	IHNNOVA LLC	-	30,111	30,111	-
TOTAL FOR ASSISTANCE LISTING NUMBER 47.084					689,027	30,111	719,138	76,384
TOTAL UNITED STATES NATIONAL SCIENCE FOUNDATION (NSF)					21,963,863	1,843,725	23,807,588	2,005,610
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA) SCIENCE TO ACHIEVE RESULTS (STAR) RESEARCH PROGRAM	66.509	PASS	04-3167352	UNIVERSITY OF MASSACHUSETTS	-	84,400	84,400	-
OFFICE OF RESEARCH AND DEVELOPMENT CONSOLIDATED RESEARCH/TRAINING/FELLOWSHIPS	66.511	PASS	T7KHVDL5JCC5	UNIVERSITY OF MASSACHUSETTS	-	63,279	63,279	-
RESEARCH, DEVELOPMENT, MONITORING, PUBLIC EDUCATION, OUTREACH, TRAINING, DEMONSTRATIONS, AND STUDIES	66.716	PASS	204781422	EXTENSION FOUNDATION	-	10,023	10,023	-
RESEARCH, DEVELOPMENT, MONITORING, PUBLIC EDUCATION, OUTREACH, TRAINING, DEMONSTRATIONS, AND STUDIES	66.716	PASS	DNZBHAA5N4G3	EXTENSION FOUNDATION	-	7,399	7,399	-
TOTAL FOR ASSISTANCE LISTING NUMBER 66.716					-	17,422	17,422	-
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)					-	165,100	165,100	-
UNITED STATES NUCLEAR REGULATORY COMMISSION (NRC) U.S. NUCLEAR REGULATORY COMMISSION SCHOLARSHIP AND FELLOWSHIP PROGRAM	77.008	DIR			186,067	-	186,067	-
TOTAL UNITED STATES NUCLEAR REGULATORY COMMISSION (NRC)					186,067	-	186,067	-
UNITED STATES DEPARTMENT OF ENERGY (DOE) OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	DIR			447,570	-	447,570	66,427
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	FTMTDMBR29C7	JOHNS HOPKINS UNIVERSITY	-	82,029	82,029	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	FDLEQJ8FF63	UNIVERSITY OF ALASKA FAIRBANKS	-	201,655	201,655	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	660201206	UNIVERSIDAD DEL TURABO	-	66,756	66,756	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	94-1156365	SLAC NATIONAL ACCELERATOR LABORATORY	-	55,579	55,579	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	91-0667866	PACIFIC NORTHWEST NATIONAL LABORATORY	-	50,240	50,240	-
OFFICE OF SCIENCE FINANCIAL ASSISTANCE PROGRAM	81.049	PASS	KSPKNZ673H55	UNIVERSIDAD ANA G. MENDEZ	-	12,887	12,887	-
TOTAL FOR ASSISTANCE LISTING NUMBER 81.049					447,570	469,145	916,715	66,427
RENEWABLE ENERGY RESEARCH AND DEVELOPMENT ENERGY EFFICIENCY AND RENEWABLE ENERGY INFORMATION DISSEMINATION, OUTREACH, TRAINING AND TECHNICAL ANALYSIS/ASSISTANCE	81.087	PASS	U3NVH931QJ3	NORTH CAROLINA STATE UNIV	-	836	836	-
NUCLEAR ENERGY RESEARCH, DEVELOPMENT AND DEMONSTRATION	81.117	PASS	56-6000756	NC STATE UNIVERSITY	-	35,892	35,892	-
NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA) MINORITY SERVING INSTITUTIONS (MSI) PROGRAM	81.121	DIR			1,042	-	1,042	-
NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA) MINORITY SERVING INSTITUTIONS (MSI) PROGRAM	81.123	PASS	636001097	ALABAMA A&M UNIVERISTY	-	142,893	142,893	-
NATIONAL NUCLEAR SECURITY ADMINISTRATION (NNSA) MINORITY SERVING INSTITUTIONS (MSI) PROGRAM	81.123	PASS	KSPKNZ673H55	ANA G. MENDEZ	-	227,793	227,793	-
TOTAL FOR ASSISTANCE LISTING NUMBER 81.123					-	370,686	370,686	-
ADVANCED RESEARCH PROJECTS AGENCY - ENERGY	81.135	PASS	KSPKNZ673H55	ANA G. MENDEZ	-	20,260	20,260	-

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					EXPENDITURES	EXPENDITURES	EXPENDITURES	
ADVANCED RESEARCH PROJECTS AGENCY - ENERGY	81.135	PASS	175303262	MARINE BIOLOGICAL LABORATORY	-	13,961	13,961	-
ADVANCED RESEARCH PROJECTS AGENCY - ENERGY	81.135	PASS	59-2201374	INTERSTATE RENEWABLE ENERGY COUNCIL INC	-	311,781	311,781	-
TOTAL FOR ASSISTANCE LISTING NUMBER 81.135					-	346,002	346,002	-
CFDA NOT IDENTIFIED	81.U01	PASS	DUYLXH2NJKAS	SLAC NATIONAL ACCELERATOR LAB	-	15,188	15,188	-
TOTAL UNITED STATES DEPARTMENT OF ENERGY (DOE)					448,612	1,237,749	1,686,362	66,427
UNITED STATES DEPARTMENT OF EDUCATION (ED)								
HIGHER EDUCATION INSTITUTIONAL AID	84.031	DIR			3,293,019	-	3,293,019	10,000
RESEARCH IN SPECIAL EDUCATION	84.324	DIR			251	-	251	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)					3,293,270	-	3,293,270	10,000
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)								
CHRONIC DISEASES: RESEARCH, CONTROL, AND PREVENTION	93.068	PASS	58-2106707	CDC FOUNDATION	-	35,524	35,524	-
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103	DIR			285,913	-	285,913	-
FOOD AND DRUG ADMINISTRATION RESEARCH	93.103	PASS	RKVKGV1CJDB8	NIPTE (NATIONAL INSTITUTE FOR PHARMACEUTICAL TECHNOLOGY AND EDUCATION)	-	1,473	1,473	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.103					285,913	1,473	287,386	-
SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.110	DIR			723,518	-	723,518	-
SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.110	PASS	521800436	ASSOCIATION OF PUBLIC HEALTH LABORATORIES	-	8,000	8,000	-
SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.110	PASS	13-6171197	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	-	24,621	24,621	-
SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.110	PASS	42-6004224	UNIVERSITY OF IOWA LEND PROGRAM	-	4,407	4,407	-
SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.110	PASS	20-0738248	WESTCHESTER INSTITUTE FOR HUMAN DEVELOPMENT	-	2,486	2,486	-
SPECIAL PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	93.110	PASS	34-0714775	UNIVERSITY HOSPITALS CLEVELAND MEDICAL CENTER	-	27,249	27,249	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.110					723,518	66,763	790,281	-
ORAL DISEASES AND DISORDERS RESEARCH	93.121	DIR			171,763	-	171,763	-
ORAL DISEASES AND DISORDERS RESEARCH	93.121	PASS	88-6000024	BOARD OF REGENTS, NSHE, OBO UNIVERSITY OF NEVADA, LAS VEGAS	-	20,196	20,196	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.121					171,763	20,196	191,959	-
NIEHS SUPERFUND HAZARDOUS SUBSTANCES BASIC RESEARCH AND EDUCATION	93.143	PASS	HLTMVS2JZBS6	NORTHEASTERN UNIVERSITY	-	280,108	280,108	-
NIEHS SUPERFUND HAZARDOUS SUBSTANCES BASIC RESEARCH AND EDUCATION	93.143	PASS	56-0686338	RESEARCH TRIANGLE INSTITUTE	-	68,189	68,189	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.143					-	348,297	348,297	-
HIV-RELATED TRAINING AND TECHNICAL ASSISTANCE	93.145	PASS	F4N1QNPB95M4	THE TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK	-	9,613	9,613	-
HIV-RELATED TRAINING AND TECHNICAL ASSISTANCE	93.145	PASS	13-5598093	THE TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK	-	304,144	304,144	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.145					-	313,757	313,757	-
COORDINATED SERVICES AND ACCESS TO RESEARCH FOR WOMEN, INFANTS, CHILDREN, AND YOUTH	93.153	DIR			538,359	-	538,359	-
HUMAN GENOME RESEARCH	93.172	DIR			311,383	-	311,383	-
HUMAN GENOME RESEARCH	93.172	PASS	36-2167817	NORTHWESTERN UNIVERSITY	-	56,765	56,765	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.172					311,383	56,765	368,148	-
RESEARCH RELATED TO DEAFNESS AND COMMUNICATION DISORDERS	93.173	PASS	U3NVH931QJ3	NC STATE UNIVERSITY	-	3,181	3,181	-
GRANTS TO STATES TO SUPPORT ORAL HEALTH WORKFORCE ACTIVITIES	93.236	DIR			409,439	-	409,439	-
MENTAL HEALTH RESEARCH GRANTS	93.242	DIR			133,070	-	133,070	-

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					EXPENDITURES	EXPENDITURES	EXPENDITURES	
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	74-1613878	BAYLOR COLLEGE OF MEDICINE	-	(1,352)	(1,352)	-
MENTAL HEALTH RESEARCH GRANTS	93.242	PASS	231352685	TRUSTEES OF THE UNIVERSITY OF PENNSYLVANIA	-	2,478	2,478	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.242					133,070	1,126	134,196	-
ADVANCED NURSING EDUCATION WORKFORCE GRANT PROGRAM	93.247	DIR			(410)	-	(410)	-
PUBLIC HEALTH TRAINING CENTERS PROGRAM	93.249	DIR			2,904	-	2,904	-
OCCUPATIONAL SAFETY AND HEALTH PROGRAM	93.262	DIR			53,793	-	53,793	-
ALCOHOL RESEARCH PROGRAMS	93.273	DIR			372,308	-	372,308	-
DRUG USE AND ADDICTION RESEARCH PROGRAMS	93.279	DIR			12,422	-	12,422	-
DRUG USE AND ADDICTION RESEARCH PROGRAMS	93.279	PASS	06-0646973	YALE UNIVERSITY	-	55,820	55,820	-
DRUG USE AND ADDICTION RESEARCH PROGRAMS	93.279	PASS	61-6033693	UNIVERSITY OF KENTUCKY RESEARCH FOUNDATION	-	20,068	20,068	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.279					12,422	75,887	88,309	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	DIR			4,895,095	-	4,895,095	467,568
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	231352630	DREXEL UNIVERSITY	-	(24,233)	(24,233)	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	05-0258954	RHODE ISLAND HOSPITAL	-	25	25	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	N876TLXYGCG4 (UEI)	RHODE ISLAND HOSPITAL	-	130,669	130,669	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	MQE2JHHJW9Q8	UNIVERSITY OF MASSACHUSETTS, WORCESTER	-	24,986	24,986	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	99-6000354	UNIVERSITY OF HAWAII	-	495,380	495,380	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	58-1438873	MOREHOUSE SCHOOL OF MEDICINE	-	58,569	58,569	-
MINORITY HEALTH AND HEALTH DISPARITIES RESEARCH	93.307	PASS	14-1368361	THE RESEARCH FOUNDATION FOR THE STATE UNIVERSITY OF NEW YORK	-	54,760	54,760	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.307					4,895,095	740,156	5,635,251	467,568
TRANS-NIH RESEARCH SUPPORT	93.310	DIR			558,111	-	558,111	107,543
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	HLTMVS2JZBS6	NORTHEASTERN UNIVERSITY	-	527,892	527,892	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	04-1679980	NORTHEASTERN UNIVERSITY	-	5,294	5,294	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	75-6064033	THE UNIVERSITY OF NORTH TEXAS HEALTH SCIENCE CENTER AT FORT WORTH	-	650,162	650,162	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	14-1410842	RESEARCH FOUNDATION FOR MENTAL HYGIENE	-	5,012	5,012	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	581438873	MOREHOUSE SCHOOL OF MEDICINE	-	76,289	76,289	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	95-2856725	NATIONAL ALLIANCE FOR HISPANIC HEALTH	-	86,293	86,293	-
TRANS-NIH RESEARCH SUPPORT	93.310	PASS	66-0992288	GRUPO NEXOS INC	-	1,682	1,682	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.310					558,111	1,352,624	1,910,735	107,543
NATIONAL CENTER FOR ADVANCING TRANSLATIONAL SCIENCES RESEARCH INFRASTRUCTURE PROGRAMS	93.350	PASS	06-0646973	YALE UNIVERSITY	-	1,373	1,373	-
21ST CENTURY CURES ACT - PRECISION MEDICINE INITIATIVE	93.351	DIR			7,627,376	-	7,627,376	106,388
CANCER CAUSE AND PREVENTION RESEARCH	93.368	PASS	LSSMJCFWJJK1	HEALTHY AMERICAS FOUNDATION	-	6,666	6,666	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	DIR			8,872	-	8,872	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	PASS	66-0654313	UNIVERSITY OF PUERTO RICO COMPREHENSIVE CANCER CENTER	-	30,050	30,050	-
CANCER CAUSE AND PREVENTION RESEARCH	93.393	PASS	66-0654313	CENTRO COMPRESIVO DE CANCER	-	16,725	16,725	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.393					8,872	46,775	55,647	-
CANCER DETECTION AND DIAGNOSIS RESEARCH	93.394	DIR			591,740	-	591,740	359,835
CANCER TREATMENT RESEARCH	93.395	PASS	74-6001118	THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	-	400	400	-
CANCER CENTERS SUPPORT GRANTS	93.397	DIR			580,583	-	580,583	-
CANCER CONTROL	93.399	PASS	66-0654313	UNIVERSITY OF PUERTO RICO COMPREHENSIVE CANCER CENTER	-	47,967	47,967	-
CANCER CONTROL	93.399	PASS	66-0654313	JOAN AND SANFORD I. WEILL MEDICAL COLLEGE OF CORNELL UNIVERSITY	-	192,766	192,766	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.399					-	240,733	240,733	-

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					FEDERAL AWARD EXPENDITURES	FEDERAL AWARD EXPENDITURES		PROVIDED TO SUBRECIPIENTS
FAMILY VIOLENCE PREVENTION AND SERVICES/DISCRETIONARY UNIVERSITY CENTERS FOR EXCELLENCE IN DEVELOPMENTAL DISABILITIES EDUCATION, RESEARCH, AND SERVICE	93.592	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	12,950	12,950	-
	93.632	DIR			641,287	-	641,287	-
SOCIAL SERVICES RESEARCH AND DEMONSTRATION	93.647	PASS	95-2856725	THE NATIONAL ALLIANCE FOR HISPANIC HEALTH AWARD AGREEMENT	-	14,633	14,633	-
CARDIOVASCULAR DISEASES RESEARCH	93.837	DIR			13,846	-	13,846	-
CARDIOVASCULAR DISEASES RESEARCH	93.837	PASS	FLJ7DQKLL226	MASSACHUSETTS GENERAL HOSPITAL	-	1,897	1,897	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.837					13,846	1,897	15,743	-
LUNG DISEASES RESEARCH	93.838	DIR			3,575	-	3,575	-
LUNG DISEASES RESEARCH	93.838	PASS	05-0258954	RHODE ISLAND HOSPITAL	-	412,813	412,813	-
LUNG DISEASES RESEARCH	93.838	PASS	MNL4D3VQUWA5	WEST VIRGINIA UNIVERSITY	-	644,934	644,934	-
LUNG DISEASES RESEARCH	93.838	PASS	MKAGLD59JRL1	UNIVERSITY OF PITTSBURGH	-	448,233	448,233	-
LUNG DISEASES RESEARCH	93.838	PASS	56-0532129	DUKE UNIVERSITY	-	10,565	10,565	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.838					3,575	1,516,546	1,520,120	-
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	PASS	95-1644600	CEDARS - SINAI MEDICAL CENTER	-	35,560	35,560	23,866
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	PASS	04-2103580	HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH	-	41,308	41,308	-
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	PASS	95-1644599	CEDARS SINAI MEDICAL CENTER	-	(23,866)	(23,866)	(23,866)
DIABETES, DIGESTIVE, AND KIDNEY DISEASES EXTRAMURAL RESEARCH	93.847	PASS	S9LHLCWJ6A17	SIL TECHNOLOGIES LLC	-	560	560	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.847					-	53,562	53,562	-
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	DIR			1,928,275	-	1,928,275	5,846
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	PASS	SKX6AXF9ZTM3	ALL ALS WEST COORDINATING CENTER	-	757	757	-
EXTRAMURAL RESEARCH PROGRAMS IN THE NEUROSCIENCES AND NEUROLOGICAL DISORDERS	93.853	PASS	04-3230035	MASS GENERAL BRIGHAM	-	38,420	38,420	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.853					1,928,275	39,177	1,967,452	5,846
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	DIR			683,945	-	683,945	66,659
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	030811269	BRIGHMAN AND WOMENS HOSPITAL	-	3,509	3,509	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	580566256	EMORY UNIVERSITY	-	135,274	135,274	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	FTMTDMBR29C7	JOHNS HOPKINS UNIVERSITY	-	36	36	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	ECR5E2LU5BL6	THE GEORGE WASHINGTON UNIVERSITY	-	18,392	18,392	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	RN64EPNH8JC6	REGENTS OF THE UNIVERSITY OF CALIFORNIA	-	136,244	136,244	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	95-6006143	UCLA	-	(9,412)	(9,412)	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	43-0653611	THE WASHINGTON UNIVERSITY IN ST. LOUIS	-	356,609	356,609	-
ALLERGY AND INFECTIOUS DISEASES RESEARCH	93.855	PASS	043230035	WOMENS HOSPITAL, INC/ NATIONAL INSTITUTE	-	5,158	5,158	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.855					683,945	645,810	1,329,755	66,659
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	DIR			20,376,514	-	20,376,514	1,445,326
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	94-1196203	DIGNITY HEALTH	-	112,149	112,149	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	MKAGLD59JRL1	UNIVERSITY OF PITTSBURGH	-	26,200	26,200	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	64-6008520	UNIVERSITY OF MISSISSIPPI MEDICAL CENTER	-	16,563	16,563	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	26-0636598	THE NATIONAL INSTITUTE FOR PHARMACEUTICAL TECHNOLOGY & EDUCATION	-	92,865	92,865	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	62-0476816	ORAU- OAK RIDGE ASSOCIATED UNIVERSITIES	-	6,785	6,785	-
BIOMEDICAL RESEARCH AND RESEARCH TRAINING	93.859	PASS	55-0665758	WEST VIRGINIA RESEARCH CORPORATION	-	135,221	135,221	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.859					20,376,514	389,784	20,766,298	1,445,326
CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	DIR			94,780	-	94,780	18,184

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CHILD HEALTH AND HUMAN DEVELOPMENT EXTRAMURAL RESEARCH	93.865	PASS	04-2103580	PRESIDENT AND FELLOWS OF HARVARD COLLEGE, HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH	-	325,867	325,867	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.865					94,780	325,867	420,647	18,184
AGING RESEARCH	93.866	DIR			244,900	-	244,900	-
AGING RESEARCH	93.866	PASS	FLJ7DQKLL226	THE GENERAL HOSPITAL CORPORATION/MASSACHUSETTS GENERAL HOSPITAL	-	28,493	28,493	-
AGING RESEARCH	93.866	PASS	F4N1QNPB95M4	TRUSTEES OF COLUMBIA UNIVERSITY IN THE CITY OF NEW YORK	-	106,533	106,533	-
AGING RESEARCH	93.866	PASS	YND4PLMC9AN7	UNIVERSITY OF ALABAMA AT BIRMINGHAM	-	310,677	310,677	-
AGING RESEARCH	93.866	PASS	25-0965591	UNIVERSITY OF PITTSBURGH	-	23,535	23,535	-
AGING RESEARCH	93.866	PASS	94-6036493	THE REGEANTS OF THE UNIVERSITY OF CALIFORNIA SAN FRANCISCO	-	39,661	39,661	-
AGING RESEARCH	93.866	PASS	48-1108830	UNIVERSITY OF KANSAS MEDICAL CENTER RESEARCH INSITITUE, INC.	-	3,000	3,000	-
AGING RESEARCH	93.866	PASS	NX9PXMKW5KW8	NEW YORK UNIVERSITY	-	(339)	(339)	-
AGING RESEARCH	93.866	PASS	RN64EPNH8JC6	REGENTS OF THE UNIVERSITY OF CALIFORNIA	-	372,013	372,013	-
AGING RESEARCH	93.866	PASS	L6NFUM28LQM5	THE WASHINGTON UNIVERSITY IN ST LOUIS	-	196,754	196,754	-
AGING RESEARCH	93.866	PASS	FLJ7DQKLL226	MASSACHUSETTS GENERAL HOSPITAL	-	11,222	11,222	-
AGING RESEARCH	93.866	PASS	04-2103580	HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH	-	188,905	188,905	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.866					244,900	1,280,454	1,525,354	-
VISION RESEARCH	93.867	DIR			92,220	-	92,220	-
VISION RESEARCH	93.867	PASS	23-6000204	WILLS EYE HOSPITAL	-	320,245	320,245	-
VISION RESEARCH	93.867	PASS	NX9PXMKW5KW8	NEW YORK UNIVERSITY	-	(1,777)	(1,777)	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.867					92,220	318,468	410,688	-
ANTIMICROBIAL RESISTANCE SURVEILLANCE IN RETAIL FOOD SPECIMENS	93.876	DIR			166,089	-	166,089	-
EPIDEMIOLOGIC RESEARCH STUDIES OF ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) AND HUMAN IMMUNODEFICIENCY VIRUS (HIV) INFECTION IN SELECTED POPULATION GROUPS	93.943	DIR			306,775	-	306,775	40,408
EPIDEMIOLOGIC RESEARCH STUDIES OF ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) AND HUMAN IMMUNODEFICIENCY VIRUS (HIV) INFECTION IN SELECTED POPULATION GROUPS	93.943	PASS	52-0595110	THE JOHNS HOPKINS UNIVERSITY	-	37,294	37,294	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.943					306,775	37,294	344,069	40,408
CFDA NOT IDENTIFIED	93.U01	DIR			49,999	-	49,999	-
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					41,878,443	7,948,137	49,826,580	2,617,759
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS) CENTERS FOR HOMELAND SECURITY	97.061	PASS	HLTMVS2JZBS6	NORTHEASTERN UNIVERSITY	-	20,370	20,370	-
CENTERS FOR HOMELAND SECURITY	97.061	PASS	D3LHU66KBLD5	UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	-	118,716	118,716	-
TOTAL FOR ASSISTANCE LISTING NUMBER 97.061					-	139,085	139,085	-
HOMELAND SECURITY RESEARCH, DEVELOPMENT, TESTING, EVALUATION AND DEMONSTRATION OF TECHNOLOGIES RELATED TO COUNTERING WEAPONS OF MASS DESTRUCTION	97.077	DIR			267,592	-	267,592	-
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)					267,592	139,085	406,677	-
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT								

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					EXPENDITURES	EXPENDITURES	EXPENDITURES	SUBRECIPIENTS
USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS	98.001	DIR			27,022	-	27,022	-
USAID FOREIGN ASSISTANCE FOR PROGRAMS OVERSEAS	98.001	PASS	35-6002041	PURDUE UNIVERSITY	-	17,600	17,600	-
TOTAL FOR ASSISTANCE LISTING NUMBER 98.001					27,022	17,600	44,622	-
TOTAL UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT					27,022	17,600	44,622	-
TOTAL RESEARCH AND DEVELOPMENT CLUSTER:					87,948,126	13,922,456	101,870,583	5,723,420
OTHER PROGRAMS:								
UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)								
PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	10.025	DIR			99,594	-	99,594	-
PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	10.025	PASS	NNFQH1JAPEP3	UNIVERSITY OF FLORIDA	-	(210)	(210)	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.025					99,594	(210)	99,384	-
HIGHER EDUCATION - INSTITUTION CHALLENGE GRANTS PROGRAM	10.217	PASS	NTLHJXM55KZ6	ARIZONA STATE UNIVERSITY	-	5,300	5,300	-
FOOD AND AGRICULTURE DEFENSE INITIATIVE (FADI)	10.304	DIR			4,438	-	4,438	-
FOOD AND AGRICULTURE DEFENSE INITIATIVE (FADI)	10.304	PASS	NNFQH1JAPEP3	UNIVERSITY OF FLORIDA	-	7,674	7,674	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.304					4,438	7,674	12,112	-
DISTANCE EDUCATION GRANTS FOR INSTITUTIONS OF HIGHER EDUCATION IN INSULAR AREAS	10.322	DIR			222,057	-	222,057	26,106
CROP PROTECTION AND PEST MANAGEMENT COMPETITIVE GRANTS PROGRAM	10.329	DIR			184,960	-	184,960	40,549
OUTREACH AND ASSISTANCE FOR SOCIALLY DISADVANTAGED AND VETERAN FARMERS AND RANCHERS	10.443	DIR			194,386	-	194,386	-
COOPERATIVE EXTENSION SERVICE	10.500	DIR			35	-	35	-
SMITH-LEVER EXTENSION FUNDING	10.511	DIR			7,655,453	-	7,655,453	-
EXPANDED FOOD AND NUTRITION EDUCATION PROGRAM	10.514	DIR			1,561,478	-	1,561,478	-
RENEWABLE RESOURCES EXTENSION ACT	10.515	DIR			10,412	-	10,412	-
AGRICULTURE RISK MANAGEMENT EDUCATION PARTNERSHIPS COMPETITIVE GRANTS PROGRAM	10.520	PASS	UJ4DL1HJNZ18	UNIVERSITY OF ARKANSAS	-	51,347	51,347	-
CHILD AND ADULT CARE FOOD PROGRAM	10.558	PASS	66-0010730	DEPARTAMENTO DE EDUCACIÓN DE PUERTO RICO	-	7,020	7,020	-
CHILD AND ADULT CARE FOOD PROGRAM	10.558	PASS	66-0433481	DEPARTAMENTO DE EDUCACIÓN DE PUERTO RICO	-	4,920	4,920	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.558					-	11,941	11,941	-
TECHNICAL ASSISTANCE FOR SPECIALTY CROPS PROGRAM	10.604	DIR			40,472	-	40,472	-
COOPERATIVE FORESTRY ASSISTANCE	10.664	DIR			13,366	-	13,366	-
COOPERATIVE FORESTRY ASSISTANCE	10.664	PASS	DYZNJGLTHMR9	HOWARD UNIVERSITY	-	1,478	1,478	-
TOTAL FOR ASSISTANCE LISTING NUMBER 10.664					13,366	1,478	14,843	-
URBAN AND COMMUNITY FORESTRY PROGRAM	10.675	DIR			33,081	-	33,081	-
FOREST HEALTH PROTECTION	10.680	DIR			37,054	-	37,054	-
INTERNATIONAL FORESTRY PROGRAMS	10.684	DIR			71,671	-	71,671	-
PARTNERSHIP AGREEMENTS	10.699	DIR			2,992	-	2,992	-
INFLATION REDUCTION ACT URBAN & COMMUNITY FORESTRY PROGRAM	10.727	DIR			148,567	-	148,567	-
CONSERVATION STEWARDSHIP PROGRAM	10.924	DIR			29,413	-	29,413	-
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE (USDA)					10,309,430	77,530	10,386,960	66,655
UNITED STATES DEPARTMENT OF TREASURY (TREAS)								
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	PASS	091089615	OFICINA DE GERENCIA Y PRESUPUESTO - GOBIERNO DE PUERTO RICO	-	(5,174)	(5,174)	-
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	PASS	66-0433627	DEPARTAMENTO DE RECURSOS NATURALES Y AMBIENTALES (DRNA)	-	373,675	373,675	-
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	PASS	HHFQLX1DPWM7	DEPARTAMENTO DE DESARROLLO ECONÓMICO Y COMERCIO	-	486,479	486,479	53,681

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO.	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT	INDIRECT	TOTAL EXPENDITURES	AMOUNT
					FEDERAL AWARD EXPENDITURES	FEDERAL AWARD EXPENDITURES		PROVIDED TO SUBRECIPIENTS
TOTAL UNITED STATES DEPARTMENT OF TREASURY (TREAS)					-	854,980	854,980	53,681
UNITED STATES DEPARTMENT OF COMMERCE (DOC)								
ECONOMIC DEVELOPMENT SUPPORT FOR PLANNING ORGANIZATIONS	11.302	DIR			57,266	-	57,266	-
ECONOMIC ADJUSTMENT ASSISTANCE	11.307	DIR			2,067,861	-	2,067,861	5,940
ECONOMIC ADJUSTMENT ASSISTANCE	11.307	PASS	66-0593598	ONE STOP CAREER CENTER OF P.R. INC.	-	246,620	246,620	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.307					2,067,861	246,620	2,314,481	5,940
TOTAL UNITED STATES DEPARTMENT OF COMMERCE (DOC)					2,125,127	246,620	2,371,747	5,940
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	-	1,673,970	1,673,970	-
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228	PASS	66-0558579	DEPARTAMENTO DE VIVIENDA DE PR	-	2,527,954	2,527,954	-
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA (ACUDEN)	-	498,661	498,661	-
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII	14.228	PASS	66-0433481	COR3 CENTRAL OFFICE FOR RECOVERY, RECONSTRUCTION AND RESILIENCY	-	44,484	44,484	-
TOTAL FOR ASSISTANCE LISTING NUMBER 11.307					-	3,071,099	3,071,099	-
EMERGENCY SOLUTIONS GRANT PROGRAM	14.231	PASS	660433514	MUNICIPIO DE HUMACAO	-	7,372	7,372	-
TOTAL UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)					-	4,752,441	4,752,441	-
UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)								
COASTAL	15.630	DIR			128,823	-	128,823	-
NATIONAL AND REGIONAL CLIMATE ADAPTATION SCIENCE CENTERS	15.820	PASS	U3NVH931QJJ3	NORTH CAROLIINA STATE UNIV	-	38,353	38,353	-
TOTAL UNITED STATES DEPARTMENT OF THE INTERIOR (DOI)					128,823	38,353	167,175	-
UNITED STATES DEPARTMENT OF JUSTICE (DOJ)								
GRANTS TO REDUCE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ON CAMPUS	16.525	DIR			266,513	-	266,513	-
CRIME VICTIM ASSISTANCE	16.575	PASS	660-506252	DEPARTAMENTO DE JUSTICIA DE PUERTO RICO	-	139,404	139,404	-
CRIME VICTIM ASSISTANCE/DISCRETIONARY GRANTS	16.582	PASS	660-506252	DEPARTAMENTO DE JUSTICIA DE PUERTO RICO	-	62,630	62,630	-
VIOLENCE AGAINST WOMEN FORMULA GRANTS	16.588	PASS	660-43-3481/096	OFICINA DE LA PROCURADORA DE LA MUJER	-	35,489	35,489	-
POSTCONVICTION TESTING OF DNA EVIDENCE	16.820	DIR			147,325	-	147,325	-
TOTAL UNITED STATES DEPARTMENT OF JUSTICE (DOJ)					413,839	237,523	651,362	-
UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)								
FEDERAL TRANSIT FORMULA GRANTS	20.507	PASS	52-1877475	DEPARTMENT OF TRANSPORTATION	-	325,182	325,182	-
BUSES AND BUS FACILITIES FORMULA, COMPETITIVE, AND LOW OR NO EMISSIONS PROGRAMS	20.526	PASS	52-1877475	DEPARTMENT OF TRANSPORTATION	-	642,613	642,613	-
ALCOHOL OPEN CONTAINER REQUIREMENTS	20.607	PASS	66-0476947	COMISIÓN PARA LA SEGURIDAD EN EL TRÁNSITO	-	850	850	-
MINIMUM PENALTIES FOR REPEAT OFFENDERS FOR DRIVING WHILE INTOXICATED	20.608	PASS	66-0476947	COMISIÓN PARA LA SEGURIDAD EN EL TRÁNSITO	-	29,029	29,029	-
NATIONAL PRIORITY SAFETY PROGRAMS	20.616	PASS	66-0476947	COMISIÓN PARA LA SEGURIDAD EN EL TRÁNSITO	-	556,532	556,532	-
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION (DOT)					-	1,554,206	1,554,206	-
UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)								
AMERICAN LATINO MUSEUM INTERNSHIP AND FELLOWSHIP INITIATIVE	45.031	DIR			113,700	-	113,700	-
PROMOTION OF THE HUMANITIES FEDERAL/STATE PARTNERSHIP	45.129	PASS	66-0359285	FUNDACIÓN PUERTORRIQUEÑA PARA LAS HUMANIDADES	-	38,118	38,118	-
PROMOTION OF THE HUMANITIES DIVISION OF PRESERVATION AND ACCESS	45.149	DIR			216,025	-	216,025	5,795
PROMOTION OF THE HUMANITIES PUBLIC PROGRAMS	45.164	DIR			15,597	-	15,597	-

University of Puerto Rico
Schedule of Expenditures of Federal Awards
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FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO.	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT FEDERAL AWARD	INDIRECT FEDERAL AWARD	TOTAL EXPENDITURES	AMOUNT PROVIDED TO SUBRECIPIENTS
					EXPENDITURES	EXPENDITURES	EXPENDITURES	
MUSEUMS FOR AMERICA	45.301	DIR			30,495	-	30,495	-
TOTAL UNITED STATES NATIONAL ENDOWMENT FOR THE HUMANITIES (NHE)					375,817	38,118	413,935	5,795
UNITED STATES VETERANS AFFAIRS (VA)								
SURVIVORS AND DEPENDENTS EDUCATIONAL ASSISTANCE	64.117	DIR			35	-	35	-
VOCATIONAL AND EDUCATIONAL COUNSELING FOR SERVICEMEMBERS AND VETERANS	64.125	DIR			4,792	-	4,792	-
TOTAL UNITED STATES VETERANS AFFAIRS (VA)					4,827	-	4,827	-
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)								
ENVIRONMENTAL FINANCE CENTER GRANTS	66.203	PASS	150532081	SYRACUSE UNIVERSITY DEPARTAMENTO DE RECURSOS NATURALES Y AMBIENTALES	-	13,939	13,939	-
PERFORMANCE PARTNERSHIP GRANTS	66.605	PASS	66-0433627	(DRNA)	-	264,359	264,359	-
NATIONAL ENVIRONMENTAL EDUCATION TRAINING PROGRAM	66.950	DIR			17,349	-	17,349	-
ENVIRONMENTAL EDUCATION GRANTS PROGRAM	66.951	DIR			2,142	-	2,142	-
TOTAL UNITED STATES ENVIRONMENTAL PROTECTION AGENCY (EPA)					19,491	278,298	297,789	-
UNITED STATES DEPARTMENT OF ENERGY (DOE)								
DEPARTMENT OF ENERGY	81.000	PASS	C1DEGMMKC7W7	THE UNIVERSITY OF TEXAS AT EL PASO	-	61,308	61,308	-
TOTAL UNITED STATES DEPARTMENT OF ENERGY (DOE)					-	61,308	61,308	-
UNITED STATES DEPARTMENT OF EDUCATION (ED)								
TEACHING WITH PRIMARY SOURCES	42.010	DIR			70,439	-	70,439	-
FEDERAL FAMILY EDUCATION LOANS	84.032	DIR			21,070	-	21,070	-
FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	84.116	DIR			399,417	-	399,417	-
MINORITY SCIENCE AND ENGINEERING IMPROVEMENT	84.120	DIR			1,316,806	-	1,316,806	-
REHABILITATION LONG-TERM TRAINING	84.129	DIR			172,258	-	172,258	-
SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	84.325	DIR			244,113	-	244,113	-
CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	84.335	DIR			222,087	-	222,087	-
ENGLISH LANGUAGE ACQUISITION STATE GRANTS	84.365	PASS	DLWBSLWJWR1	THE OHIO STATE UNIVERSITY	-	34,572	34,572	-
EDUCATION STABILIZATION FUND	84.425E	DIR			(1,183,754)	-	(1,183,754)	-
EDUCATION STABILIZATION FUND	84.425F	DIR			256,682	-	256,682	-
EDUCATION STABILIZATION FUND	84.425F	PASS	660433570	MUNICIPIO DE AGUADILLA	-	12,400	12,400	-
TOTAL FOR ASSISTANCE LISTING NUMBER 84.425F					256,682	12,400	269,082	-
EDUCATION STABILIZATION FUND	84.425L	DIR			296,717	-	296,717	-
EDUCATION STABILIZATION FUND	84.425V	PASS	KUHF2X2EGN3	OFFICE OF MANAGEMENT OF BUDGET (OMB)	-	1,791,367	1,791,367	-
DISASTER RECOVERY ASSISTANCE FOR EDUCATION	84.938	DIR			38,358	-	38,358	-
DISASTER RECOVERY ASSISTANCE FOR EDUCATION	84.938T	DIR			8,906,865	-	8,906,865	-
TOTAL UNITED STATES DEPARTMENT OF EDUCATION (ED)					10,761,058	1,838,339	12,599,397	-
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)								
ENVIRONMENTAL HEALTH	93.113	DIR			178,241	-	178,241	-
ENVIRONMENTAL HEALTH	93.113	PASS	386006309	REGENTS OF THE UNIVERSITY OF MICHIGAN	-	12,826	12,826	-
ENVIRONMENTAL HEALTH	93.113	PASS	14-1410842	RESEARCH FOUNDATION FOR MENTAL HYGIENE	-	233,232	233,232	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.113					178,241	246,058	424,299	-
ACQUIRED IMMUNODEFICIENCY SYNDROME (AIDS) ACTIVITY	93.118	PASS	ECR5E2LU5BL6	THE GEORGE WASHINGTON UNIVERSITY	-	62,417	62,417	-
NURSE ANESTHETIST TRAINEESHIP	93.124	DIR			42,743	-	42,743	-
EMERGENCY MEDICAL SERVICES FOR CHILDREN	93.127	DIR			181,151	-	181,151	-
CENTERS OF EXCELLENCE	93.157	DIR			770,717	-	770,717	-
DISABILITIES PREVENTION	93.184	PASS	13-6171197	ICAHN SCHOOL OF MEDICINE AT MOUNT SINAI	-	34,994	34,994	-

University of Puerto Rico
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

FEDERAL SPONSOR / FEDERAL PROGRAM TITLE / PROJECT TITLE	ASSISTANCE LISTING NO.	DIR/PASS	PASS THROUGH ID ENTITY	PASS THROUGH ENTITY	DIRECT FEDERAL AWARD	INDIRECT FEDERAL AWARD	TOTAL	AMOUNT PROVIDED TO SUBRECIPIENTS
					EXPENDITURES	EXPENDITURES	EXPENDITURES	
HANSEN'S DISEASE NATIONAL AMBULATORY CARE PROGRAM	93.215	DIR			59,351	-	59,351	-
FAMILY PLANNING SERVICES	93.217	DIR			3,611,630	-	3,611,630	2,034,772
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES PROJECTS OF REGIONAL CONSTRUCTION SUPPORT	93.243	DIR			601,150	-	601,150	24,738
NURSE EDUCATION, PRACTICE QUALITY AND RETENTION GRANTS	93.352	DIR			345,217	-	345,217	-
ACL ASSISTIVE TECHNOLOGY	93.359	DIR			36,550	-	36,550	-
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.464	DIR			590,182	-	590,182	-
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	PASS	66-0707858	DEPARTAMENTO DE LA FAMILIA	-	58,862	58,862	-
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	193,283	193,283	-
CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	PASS	660-43-3481/123	ADMINISTRACIÓN DE FAMILIAS Y NIÑOS (ADFAN)	-	184,578	184,578	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.575					-	436,723	436,723	-
FOSTER CARE TITLE IV-E	93.658	PASS	66-0433481	DEPARTAMENTO DE LA FAMILIA - ACUDEN	-	2,253,348	2,253,348	-
MEDICAL LIBRARY ASSISTANCE	93.879	DIR			53,038	-	53,038	-
NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	93.889	PASS	74-1613878	BAYLOR COLLEGE OF MEDICINE	-	40,746	40,746	-
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	PASS	66-0427034	MUNICIPIO DE SAN JUAN	-	319	319	-
HIV EMERGENCY RELIEF PROJECT GRANTS	93.914	PASS	37580294	RYAN WHITE MUNICIPIO AUTÓNOMO DE SAN JUAN	-	249,573	249,573	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.914					-	249,892	249,892	-
RYAN WHITE HIV/AIDS PROGRAM DENTAL REIMBURSEMENT AND COMMUNITY BASED DENTAL PARTNERSHIP GRANTS	93.924	DIR			8,165	-	8,165	-
SPECIAL PROJECTS OF NATIONAL SIGNIFICANCE	93.928	PASS	04-2679824	JSI RESEARCH AND TRAINING INSTITUTE	-	194,788	194,788	-
PPHF GERIATRIC EDUCATION CENTERS	93.969	DIR			66,170	-	66,170	-
PPHF GERIATRIC EDUCATION CENTERS	93.969	PASS	806345617	NATIONAL INSTITUTE OF ENVIROMENTAL HEALTH SCIENCE	-	81,420	81,420	-
TOTAL FOR ASSISTANCE LISTING NUMBER 93.969					66,170	81,420	147,589	-
TOTAL UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					6,544,305	3,600,387	10,144,692	2,059,510
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS) AMERICORPS STATE AND NATIONAL 94.006	94.006	DIR			2,655	-	2,655	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)					2,655	-	2,655	-
UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS) DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	97.036	PASS	66-0433481	COR3 CENTRAL OFFICE FOR RECOVERY, RECONSTRUCTION AND RESILIENCY	-	14,490,484	14,490,484	-
HAZARD MITIGATION GRANT	97.039	PASS	66-0433481	COR3 CENTRAL OFFICE FOR RECOVERY, RECONSTRUCTION AND RESILIENCY	-	2,139,292	2,139,292	2,138,208
CFDA NOT IDENTIFIED	97.U01	PASS	66-0433481	COR3 CENTRAL OFFICE FOR RECOVERY, RECONSTRUCTION AND RESILIENCY	-	568,130	568,130	-
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY (DHS)					-	17,197,906	17,197,906	2,138,208
UNITED STATES DEPARTMENT OF STATE (DOS) ACADEMIC EXCHANGE PROGRAMS - UNDERGRADUATE PROGRAMS	19.009	DIR			877	-	877	-
TOTAL UNITED STATES DEPARTMENT OF STATE (DOS)					877	-	877	-
UNITED STATES DEPARTMENT OF LABOR (DOL) OCCUPATIONAL SAFETY AND HEALTH SUSAN HARWOOD TRAINING GRANTS	17.502	DIR			155,894	-	155,894	-
TOTAL UNITED STATES DEPARTMENT OF LABOR (DOL)					155,894	-	155,894	-
UNITED STATES INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS) LAURA BUSH 21ST CENTURY LIBRARIAN PROGRAM	45.313	DIR			65,654	-	65,654	-
TOTAL UNITED STATES INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)					65,654	-	65,654	-
TOTAL OTHER PROGRAMS					30,907,797	30,776,008	61,683,805	4,329,789
TOTAL EXPENDITURES					\$ 373,340,026	\$ 44,698,464	\$ 418,038,490	\$ 10,053,208

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

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. In accordance with 2 CFR §200.510(b), the Schedule of Expenditures of Federal Awards (SEFA) must accurately reflect the total federal awards expended for each federal program, including consideration of any necessary adjustments related to differences identified from prior periods. Any such changes are required to be appropriately disclosed in the notes to the SEFA.

During the current fiscal year, the University identified and recorded an adjustment reducing expenditures reported on the SEFA for the Education Stabilization Fund programs (Assistance Listings 84.425E, 84.425F, and 84.425L) in the approximate amount of \$2.3 million. The adjustment was recorded in the period in which the difference was identified.

Adjustments related to prior periods differences are generally recognized in the period in which they are identified. As the SEFA represents supplementary information rather than a primary financial statement, reflecting the impact of this adjustment in the current-year SEFA is considered appropriate.

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 are included in the Schedule when FEMA approves the related Project Worksheet (PW) and eligible expenditures are incurred. During the fiscal year ended June 30, 2025, the University of Puerto Rico accounted for \$517,852 of eligible expenditures incurred in prior years related to FEMA project worksheets approved during the current fiscal year.

3. Matching Costs

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

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards (continued)

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.

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, 2025, the University processed \$56,077,636 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, 2025, 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, 2025, are reported in the Schedule of Expenditures of Federal Awards.

University of Puerto Rico

Notes to Schedule of Expenditures of Federal Awards (continued)

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 (continued)

Section II – Financial Statement Findings

Finding Number: 2025-001 - 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 aggregated, 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.
- Draft of the financial statements required multiple corrections in the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position (Deficit), and 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: 2025-001 - 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: 2025-001 - 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: 2025-002

Federal Program

Student Financial Assistance (SFA) Cluster – Various ALN

Compliance Requirement

Special Tests and Provision N5 – Return of Title IV Funds

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.

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.

Entity must have effective internal controls in place to perform the return of title IV funds within the established time frame of 45 days of the University becoming aware of the student's withdrawal.

Condition

Lack of internal controls in place to ensure that the return of title IV is executed within the established timeline. Four instances in which the control related to timely return of funds did not prevent the return of funds outside the 45-day period.

Cause

Controls over return of title IV funds, related to the timeliness of returning funds within 45 days of the University becoming aware of the student's withdrawal 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 timeliness of return of title IV funds, which could lead to noncompliance, questioned costs and loss of funds.

University of Puerto Rico

Schedule of Findings and Questioned Costs (continued)

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

Finding Number: 2025-002 (continued)

Questioned Costs

Not applicable.

Context

Management was not able to provide sufficient evidence to support that internal controls related to the timely return of Title IV funds are in place and operating effectively where statistically validated sample of 60 items was made from a population of 544 students who withdrew, stopped attending or never attended. Based on evidence inspected, we noted 4 instances in which the control did not operate to ensure compliance of the return of funds within the 45-day period. Specifically, 2 instances in that ranged with a return realized from 25 days to 60 days late from the withdrawal, and 2 instances exceeding 90 days from the withdrawal.

Identification as a repeat finding, if applicable

2024-004

Recommendation

We recommend the University implements internal controls and/or monitoring procedures to ensure the timely return of Title IV 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.

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