Subcommittee on Audit

University of California College of the Law, San Francisco
https://uchastings.zoom.us/j/95140974096
2024-10-15 15:30 - 2024-10-15 17:00 PDT

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ACTION ITEM

1. REPORT BY: Chief Financial Officer David Seward
Deputy Chief Financial Officer Sandra Plenski

2. SUBJECT: Presentation of the 2023-24 Audit Report and Required Communications

3. RECOMMENDATION:

That the Audit Subcommittee recommends to the Finance Committee acceptance of the Reports of Independent Auditors and Financial Statements and Required Communications for the fiscal year ending on June 30, 2024, for UC College of the Law, San Francisco, the Academic Village Finance Authority, and the UC Law SF Foundation.

4. BACKGROUND:

Auditors from Moss Adams, LLC prepared the following reports and audit documentation. Enclosed, please find the following draft document:

- Report of Independent Auditors and Financial Statements with Supplementary Information (including Single Audit Report)
- Communication with Those Charged with Governance Letter
- Board Presentation – Audit Results (PowerPoint)

A closed executive session will be conducted between the auditors and the audit subcommittee to allow for a discussion concerning management performance.

5. PROPOSED RESOLUTION:

Be it resolved that the Audit Subcommittee recommends to the Finance Committee that it be recommended to the Board of Directors that they accept the Reports of Independent Auditors and Financial Statements and Required Communications for the fiscal ending on June 30, 2024.

Attachments:
1. Moss Adams Presentation
2. UC Hastings FY24 Draft Financial Statements
3. UC Hastings FY24 C-260 Letter

2024 Audit Results

Better Together: Moss Adams & UC College of the Law, San Francisco

UC College of the Law, San Francisco

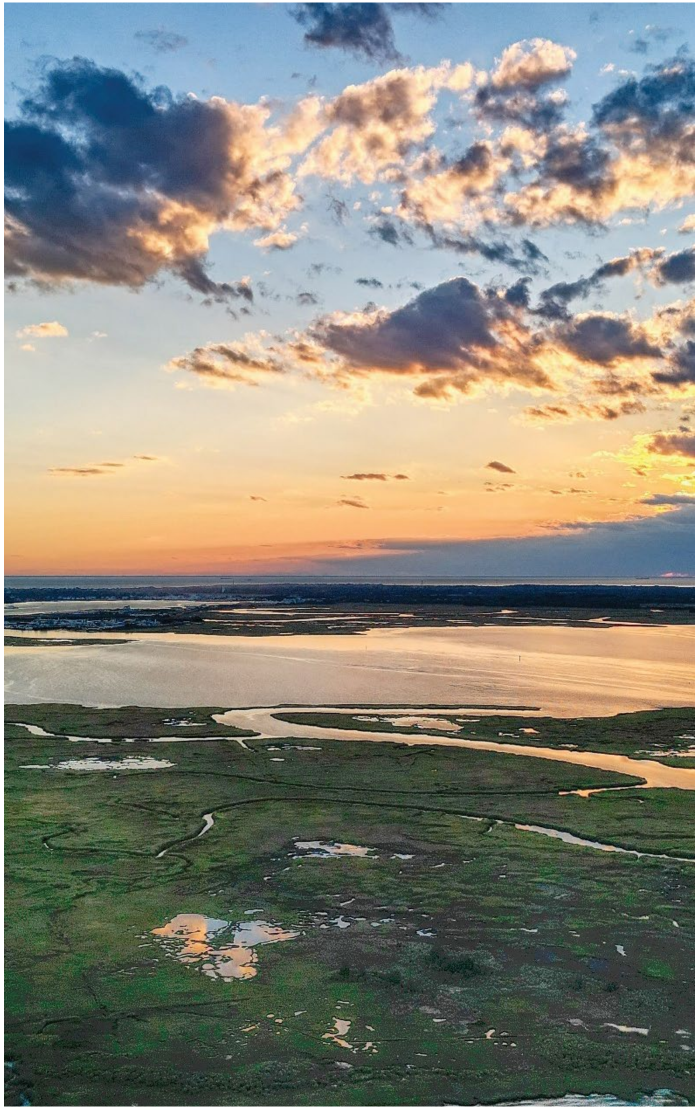
Dear Audit Committee and Board of Directors Members:

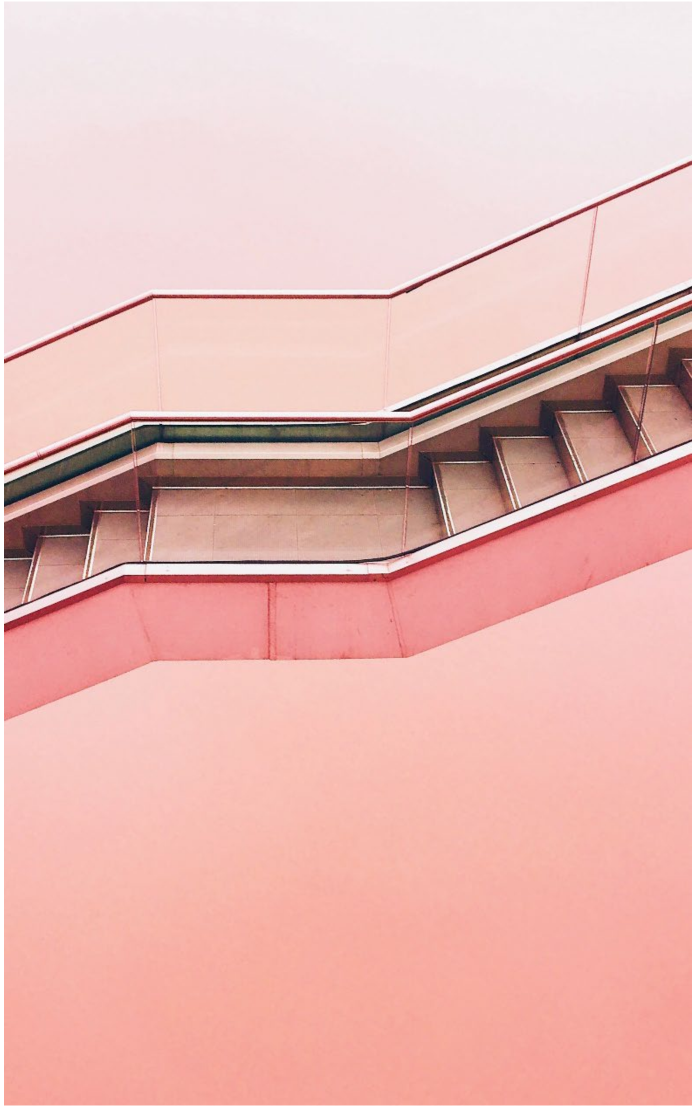
Thank you for your continued engagement of Moss Adams LLP. We're pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements and federal program compliance UC College of the Law, San Francisco (the "College" or "UC Law") and the discretely presented component unit, UC Law Foundation (the "Foundation"), as of and for the year ended June 30, 2024.

The accompanying report, which is intended solely for the use of the Audit Committee and Management and not intended to be, and should not be, used by anyone other than these specified parties, presents important information regarding the College's financial statements and our audit that we believe will be of interest to you.

We conducted our audit with the objectivity and independence that you expect. We received the full support and assistance of the College's personnel. We're pleased to serve and be associated with the UC Law as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.





Agenda

1) Scope of Services
2) Auditor Opinions & Reports
3) Communication with Those Charged with Governance
4) Resources
5) About Moss Adams

Scope of Services

Relationships between Moss Adams and the College and the Foundation:

Annual Audit

Annual financial statement and federal program compliance audit as of and for the year ended June 30, 2024

Nonattest Services

- Assistance with preparation of federal and state income tax returns
- Assistance with auditee portion of Data Collection Form

Auditor Opinions & Reports

Auditor Report on the Financial Statement

Unmodified Opinion

Unmodified Opinion - Financial statements for the College and its discretely presented component, the Foundation, are presented fairly and in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”).

Other Auditor Reports

GAGAS Report on Internal Control Over Financial Reporting and on compliance and other matters

- No financial reporting findings
- No compliance findings

Report on Compliance with Requirements that could have a Direct and Material Effect on the Major Federal Programs and on Internal Control Over Compliance in accordance with the Uniform Guidance for Federal Awards (2 CFR Part 200)

- No control findings
- No compliance findings

Communication with Those Charged with Governance

Our Responsibility Under US Generally Accepted Auditing Standards & *Government Auditing Standards*

1

To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with GAAP. However, our audit doesn't relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards*, issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

3

To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we aren't required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope & Timing of the Audit

It's the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

OUR COMMENTS

The planned scope and timing of the audit was communicated to the audit committee at the audit entrance meeting on February 29, 2024, and was included in the engagement letter for the year ended June 30, 2024.

Significant Accounting Policies & Unusual Transactions

The auditor should determine that the audit committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine the audit committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there's a lack of authoritative guidance or consensus.

OUR COMMENTS

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the College and Foundation are described in the footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. The College adopted Government Accounting Standards ("GASB") Statement No. 99, *Omnibus 2022* and GASB statement No. 100, *Accounting Changes and Error Corrections–An Amendment to GASB Statement No. 62* for the year ended June 30, 2024. There were no other changes to significant accounting policies for the year ended June 30, 2024. We believe management has selected and applied significant accounting policies appropriately and consistent with those of the prior year.

Management Judgments & Accounting Estimates

The audit committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

OUR COMMENTS

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and don't materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: fair value of investments; collectability of student loans receivable and accounts receivable; useful lives of capital assets; discount rate, useful lives, and lease terms related to operating lease right of use assets, lease liabilities, lease receivable, and lease deferred inflows of resources; discount rate, subscription terms, and other assumptions related to subscription assets and subscription liabilities; and actuarially determined liabilities related to retirement benefits and retiree health benefits. We deemed them to be reasonable.

Management Judgments & Accounting Estimates

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

OUR COMMENTS

The disclosures in the financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users; however, we don't believe any of the footnotes are particularly sensitive. We call your attention to:

- Fair value measurements of investments in Note 4 to the financial statements.
- Collectability of accounts receivable and notes receivable in Note 2 and Note 5 to the financial statements.
- Capital assets and net position by type in Note 2 and Note 9 to the financial statements.
- Leases in Note 6 to the financial statements.
- Subscription-based information technology arrangements in Note 7 to the financial statements.
- Long-term debt in Note 10 to the financial statements.
- Actuarially determined liabilities related to retiree health benefits and retirement benefits in Note 13 and Note 14 to the financial statements.

Significant Unusual Transactions

The audit committee should be informed of any significant unusual transactions, including our views on the policies and practices management used to account for significant unusual transactions; and our understanding of the business purpose for significant unusual transactions.

OUR COMMENTS

No significant unusual transactions were identified during our audit of the financial statements.

Difficulties Encountered in Performing the Audit

The audit committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

OUR COMMENTS

No significant difficulties were encountered during our audit.

Circumstances Affecting the Form & Content of the Audit Report

We're required or may otherwise consider it necessary to include additional information in the auditor's report in accordance with the generally accepted auditing standards, and for which communication with those charged with governance is required.

OUR COMMENTS

There were no circumstances that affected the form and content of the auditor's report.

Significant Audit Adjustments & Unadjusted Differences Considered by Management to Be Immaterial

The audit committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the College's and the Foundation's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

The audit committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.

OUR COMMENTS

There were no misstatements identified by us as a result of audit procedures and uncorrected by management that are material, either individually or in the aggregate, to the College's and the Foundation's financial statements taken as a whole.

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Potential Effect on the Financial Statements of Significant Risks, Exposures, & Uncertainties

The audit committee should be adequately informed of the potential effect on the financial statements of significant risks, exposures, and uncertainties that are disclosed in the financial statements.

OUR COMMENTS

The College is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.

Deficiencies in Internal Control

Any material weaknesses and significant deficiencies in the design or operation of internal control that came to the auditor's attention during the audit must be reported to the audit committee.

OUR COMMENTS

- Material weaknesses
  - None noted
- Significant deficiencies and instances of noncompliance
  - Nothing to communicate

Disagreements with Management

Disagreements with management, whether satisfactorily resolved, about matters that individually or in the aggregate could be significant to the College's and Foundation's financial statements or the auditor's report.

OUR COMMENTS

We're pleased to report there were no disagreements with management.

Management's Consultation with Other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the College's and Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

OUR COMMENTS

We're not aware of any significant accounting or auditing matters for which management consulted with other accountants.

Other Material Written Communications

Report to the audit committee significant written communications between the auditor and client management.

OUR COMMENTS

Other than the engagement letter, management representation letter, and communications to those charged with governance, there have been no other significant communications.

Material Uncertainties Related to Events and Conditions

Any doubt regarding the entity's ability to continue, **as a going concern**, should be communicated to the audit committee.

OUR COMMENTS

No such matters came to our attention.

Fraud and Noncompliance with Laws & Regulations

Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements should be communicated. We're also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

OUR COMMENTS

We haven't become aware of any instances of fraud or noncompliance with laws and regulations.

Resources

Resources

Association of Governing Boards
www.agb.org

AICPA
www.aicpa.org/interestareas/notforprofit

www.aicpa.org/interestareas/GovernmentalAuditQuality

Boardsource
www.boardsource.org

An Array of Resources

In today's fast-paced world, we know how precious your time is. We also know that knowledge is key. These resources offer what you need to know, when you need to know it, and is presented in the format that fits your life.

Articles & Alerts

Industry-specific insight and important tax and assurance updates

Webcasts

On-demand and live sessions with our professionals on technical and timely topics

Reports & Guides

A more in-depth look at significant changes and subjects across the accounting landscape

Events

Seminars destination conferences, networking receptions, and charity events among others

About
Moss Adams

Services

We offer a full range of services and specializations that span accounting, consulting, and wealth management to suit your specific needs.

Accounting

ASSURANCE

- Financial Statement Audits
- Employee Benefit Plans
- Public Company & SEC
- Internal Audit
- SOC Audits
- Contract Compliance
- Sustainability Audits

TAX

- Accounting for Income Taxes (ASC 740)
- Accounting Methods
- Compensation & Benefits
- Controversy & Dispute Resolution
- Credits & Incentives
- International Tax
- Personal
- State & Local
- Tax Structuring

ADVISORY

- Disruption Services
- IPO Solutions
- Outsourced Finance & Accounting
- Technical Accounting

INTERNATIONAL

- China Practice 中国业务
- India Practice
- Latin America Practice

Consulting

TECHNOLOGY

- Automation
- Data Analytics & BI
- Development & Integration
- Enterprise Systems
- Products
- Strategy

RISK IT & COMPLIANCE

- Cybersecurity
- FedRAMP
- IT Compliance
- SOC Examinations

STRATEGY & OPERATIONS

- Organizational Planning
- Performance Audits
- Succession Planning

TRANSACTIONS

- Due Diligence
- M&A Tax
- Merger Management
- Post-Acquisition Dispute Resolution
- Restructuring
- Valuations

SPECIALTY

- Financial Services
- Health Care
- Telecommunications

Wealth Management

INDIVIDUAL

- Tax
- Financial Planning
- Investments
- Family Office

INSTITUTIONAL

- Investments
- Insurance

Our Services for Institutions of Higher Education

ASSURANCE

- Agreed-upon procedures
- Audits and reviews
- Federal awards audits
- Compliance examinations pursuant to federal reporting requirements
- Employee benefit plan services
- Written acknowledgments and agreed-upon procedure engagements in connection with tax-exempt bond offerings

CONSULTING

- Endowment management and investment consulting
- Fraud investigation and forensic accounting
- IT consulting
- Strategic business planning
- Sustainability services
- Systems Control & Operations Risk Evaluation (SCORE!)
- Wealth services

TAX

- Alternative investment issues
- Compensation, payroll, and employment tax issues, including fringe benefits, deferred compensation, and policy setting to meet the rebuttable presumption process
- Complex group structures, including non-501(c)(3) exempt organizations
- Donor-advised fund planning and reporting
- Estate planning for donors and development department marketing
- For-profit organization formation and operations
- Formation of new entities, including preparation of
- Forms 1023 and 1024 and associated state filings
- Independent contractor versus employee determinations
- IRS and state audit representation
- Joint venture formation and operation
- Lobbying and political expenditure classification and reporting
- Maintaining tax-exempt status and public charity status
- Member versus nonmember activity issues
- Preparation of Form 990, 990-T, 990-PF, and relevant state forms
- Private foundation planning analysis
- Public support test planning
- Sales and use tax exemptions
- State and local tax services, including credits and incentives
- State solicitation registration and annual filings
- Tax-exempt bond consultation, including private business use and post-issuance bond compliance procedures
- Third-party management agreements and sponsorship planning
- Transfer pricing and expense allocation methodology
- Unrelated business taxable income

Advanced Technologies and Audit Innovation

We leverage technology across our engagements for a modern, efficient audit and tax experience. Our technology fulfills key functions across our engagements, such as creating the best possible remote audit experience or enabling secure and user-friendly document transfer capabilities. As appropriate, we may also use advanced technology during the course of this engagement.

VIRTUAL AUDIT

VIDEO CONFERENCING
Our firm has a variety of video conferencing capabilities.

MOSS ADAMS PORTAL
Our client portal is a secure and user-friendly web-based tool we use to easily transfer and temporarily store sensitive documents.

VIRTUAL PRIVATE NETWORK (VPN)
Our secure VPN requires triple authentication to safely transfer and store files.

PROSYSTEM FX ENGAGEMENT (PFX)
ProSystem fx Engagement is our trial balance and paperless audit documentation software.

ADVANCED TECHNOLOGY

KIRA
Kira is a machine learning tool that enables us to be more efficient in reviewing and analyzing documents for accuracy.

MINDBRIDGE
MindBridge uncovers outliers and anomalous transactions for the transactions within a general ledger data set.

DATAROBOT
DataRobot is a modeling tool that enables richer data and opportunity analysis through predictive modeling.

ROBOTIC PROCESS INFORMATION
RPA is a cutting-edge form of business process automation technology that helps automate redundant processes.

Diversity, Equity, and Inclusion

Our mission is to foster an inclusive and diverse culture where everyone feels like they belong. To accomplish this mission, we focus on the following objectives.

ATTRACT

Recruit individuals with diverse backgrounds and experiences

DEVELOP

Provide learning and growth opportunities to develop and promote inclusive and diverse leadership across the firm

RETAIN

Promote and support a culture where everyone feels valued, respected, and connected

ADVANCE

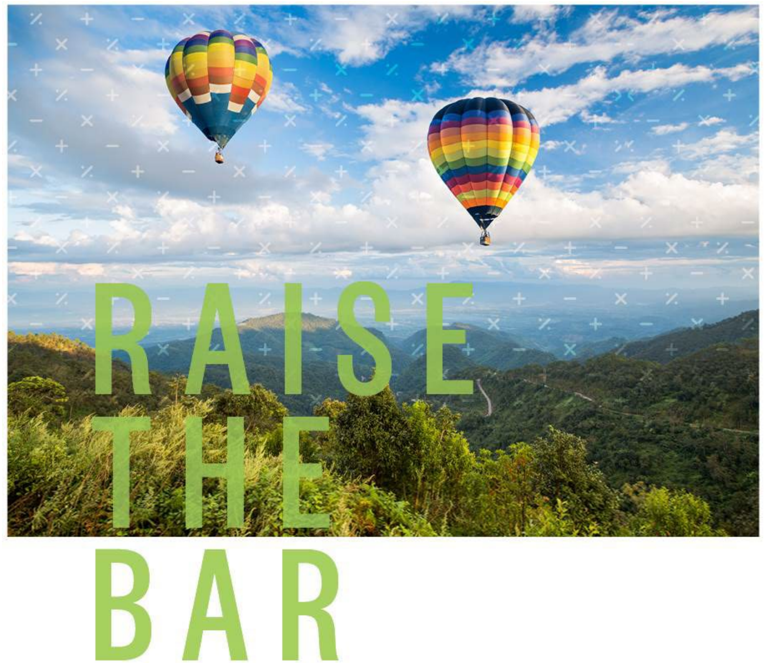
Provide the best place to build a career for everyone by promoting equity, access, and opportunity

Inclusion & Diversity: 2023 Annual Report

Business Resource Groups (BRGs)

We want the employees at our firm to feel like they have an opportunity to learn, grow, and feel included throughout every step of their career at Moss Adams. BRGs were created to foster advocacy and promote professional and personal growth for underrepresented groups within the firm. Through BRGs, we're providing an inclusive space for employees to progress and develop through every step of their career.

- Asian BRG
- Black BRG
- LatinX BRG
- Pride BRG
- Disability BRG
- Forum W
- Racial Equity BRG
- Veterans BRG



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Assurance, tax, and consulting offered through Moss Adams LLP. ISO/IEC 27001 services offered through Cadence Assurance LLC, a Moss Adams company. Investment advisory offered through Moss Adams Wealth Advisors LLC.

THANK YOU

Report of Independent Auditors and
Financial Statements with Supplementary Information

UC College of the Law, San Francisco

June 30, 2024 and 2023

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Report of Independent Auditors

The Board of Directors
UC College of Law, San Francisco

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of UC College of Law, San Francisco (the "College" or "UC Law") and its discretely presented component unit, the UC Law Foundation (the "Foundation"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's and the Foundation'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 UC College of Law, San Francisco and its discretely presented component unit, the UC Law Foundation, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 College 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.

Responsibilities of Management for the Financial Statements

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

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

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 U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. 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 College's and of the Foundation'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 College's and the Foundation'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 accompanying Management's Discussion and Analysis on pages 5 through 18, and the supplementary information on net retiree health benefits liability and net pension liability on pages 65 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

San Francisco, California
October ___, 2024

Management Discussion and Analysis (Unaudited)

The UC College of the Law, San Francisco (the "College" or "UC Law") presents its financial statements for fiscal year 2024 with comparative data presented for fiscal years 2023 and 2022. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2024 and 2023 (2023 and 2022, respectively). There are three financial statements presented: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The following discussion and analysis are intended to help readers of the College's financial statements to better understand its financial position and operating activities. It should be read in conjunction with, and is qualified in its entirety by, the related financial statements and footnotes. The financial statements, footnotes, and this discussion and analysis were prepared by the College and are the responsibility of its management.

The College

The College was founded in 1878 as the "law department" of the University of California ("UC") and is the oldest public law school in California. Founded by Chief Justice Serranus Clinton Hastings, the College was established by the California Legislature with its own Board of Directors which has operated the College independently of the Board of Regents of the University of California since its founding. The Board of Regents possesses degree-granting authority, but all other aspects of the College are under the control of the UC Law Board of Directors. The College is the only stand-alone, public law school in the nation.

The mission of the College is to serve society as a center of higher learning committed to exceptional teaching, influential scholarship, and exemplary public service. The College provides a rigorous, innovative, and inclusive legal education that prepares diverse students to excel as professionals, advance the rule of law, and further justice.

UC Law's reputation for academic excellence, its formal affiliation with the University of California, and its location in San Francisco's downtown civic center are major factors contributing to the overall strength of the law school. This intrinsic quality is reflected in the large number of applications received for a limited number of seats. Hence, enrollment management objectives are to matriculate select students of the highest academic credentials.

The Academic Village Finance Authority

The Academic Village Finance Authority (the "Authority") is a joint powers authority created in 2019 pursuant to a Joint Exercise of Powers Agreement between UC Law and California Public Finance Authority and the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title I of the Government Code of the State of California. The Authority was renamed in 2024 from its prior designation as the Hastings Campus Housing Finance Authority, a change necessitated by the renaming of the College removing the Hastings name from the school.

The Authority is authorized to issue bonds for, among other things, financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by UC Law. The Authority has a broad mandate to operate, construct and finance project facilities and other activities undertaken in furtherance of the Long-Range Campus Plan ("LRCP") adopted in December 2017.

The Authority is governed by a seven-member board of directors, all appointed by UC Law's Board of Directors. Three of the seven-member governing board are the persons serving in the employment capacities of UC Law, specifically the Chancellor and Dean, the Chief Financial Officer, and the General Counsel of the College, unless the UC Law Board of Directors specifies otherwise. All Directors serve for terms of four years; provided, however, that any Director who is serving in an ex officio capacity by virtue of his or her position with the College shall serve as a Director so long as he or she is in such position with the College. Vacancies occurring in the Governing Board by expiration of a director's term, death, resignation, or removal are filled by a majority vote of the members of UC Law Board of Directors. In addition, the UC Law Board of Directors has the discretion to remove any Authority Director with or without cause.

The UC Law San Francisco Foundation

The UC Law San Francisco Foundation (the "Foundation") was organized for the purpose of providing an organization for individuals dedicated to the support of the College and to provide a means for soliciting, receiving, and making financial contributions and garnering volunteer support to the College, and to otherwise assist its students, alumni, administration, faculty, and Board of Directors. The Foundation is a California nonprofit public benefit corporation exempt from federal income tax pursuant to Internal Revenue Code Section 501(c)(3) and a public charity pursuant to Code Section 170(b)(1)(A)(iv).

Substantially all restricted gifts and unrestricted gifts made to the College are recognized and accounted for within the Foundation's accounts. To support the College's efforts, the Foundation allocates block grants to the College from the proceeds of unrestricted gifts made to the Foundation. These blocks grants are designated by the Foundation to support the College's alumni office and nonstate costs associated with institutional advancement functions along with funding for special events and other programs based on the Chancellor and Dean's institutional priorities. Additionally, the Foundation supports a variety of purposes such as student scholarships, faculty research and professional development, lectureships, and moot court activities with funds raised from annual giving, class campaigns, and from memorial and endowment gifts.

The Governmental Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations are Component Units—An amendment of GASB Statement No. 14*, is further clarified by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An amendment of GASB Statement No. 14 and No. 34*, detailing the major component unit concept. Major component units are determined based on the nature and significance of their relationship to the primary government. This determination would generally be based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered to be essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government.

The GASB requires the Foundation, as the College's legally separate, tax-exempt, affiliated campus foundation, to be considered a component unit of the College and presented discretely in the College's financial statements due to the nature and significance of the Foundation's relationship with the College. Similarly, the Authority's financial activities are fully embedded within the data reported for the College.

Overview of the College

Strategic Plan

Institutional priorities are determined in part by the Operational Strategic Plan (the “Plan”) that was adopted by the UC Law Board of Directors in March 2020. The Plan has three background assumptions, i.e., that the College will continue to increase in stature while implementing the LRCP and achieving five-year budget targets. Within that framework, the Plan prioritizes student success (first-time bar passage, employment); scholarly achievement and recognition; the development of centers of excellence and new partnerships; diversity, equity, and inclusion; all while maintaining fiscal health.

In the years since the Plan was conceived and approved, the College has pursued a broad range of Strategic Plan initiatives and has experienced gains in the academic program as measured by such metrics as first-time bar passage rates and employment outcomes. UC Law has also made substantial progress implementing its LRCP with the completion of the Cotchett Law Center at 333 Golden Gate (2020) and more recently the Academe at 198, a mix-used 656-unit residential facility at 198 McAllister (2023) in furtherance of the school’s overarching strategic vision of developing an Academic Village.

Bar Success

Using the Class of 2023 data as a baseline, which resulted in a graduating class first-time pass rate of 74 percent, the College hopes to increase the first-time pass rate for the graduating Class of 2024 by ensuring key metrics are increased for the graduating class. These metrics include law school GPA and post-graduate bar course completion. When comparing the graduating Class of 2024 to the graduating Class of 2023, there is an increase in average bar course completion of 81% for the Class of 2024 compared to 76% for the Class of 2023. The College expects the bar passage rate for the graduating Class of 2024 to increase compared to the graduating Class of 2023.

Enrollment – National Trends

Following is the recruitment and enrollment summary for the JD, Transfer, MSL/CSL, LLM and HPL programs for the 2023-24 admission cycle.

- **Enrollment Results – UC Law**

Following are the application and enrollment results for the upcoming academic year 2025 as compared to figures from the 2024 and 2023 admissions cycles:

JD	2022-23	2023-24	2024-25
Applicants	4,069	3,929	3,746
Admits	1,178	1,234	1,392
Admit Rate	29%	31%	37%
Tuition Discount Rate	33%	32%	31%
Net Tuition – All Degrees	$33.41 million	$36.90 million	$36.31 million
Enrolled – 1L Class Only	391	379	391
Yield	33.19%	30.71%	28.09%
LSAT (75/50/25)	163/158/153	163/158/153	162/160/157
UGPA (75/50/25)	3.74/3.52/3.22	3.77/3.55/3.25	3.77/3.63/3.43
Deferrals to Next Fall	30	8	15

* As of August 13, 2024, the first day of orientation. Based on data from prior years, 0-4 students are expected to withdraw between now and early October. Data is based on the first day of fall classes.

- **Total Enrollment**

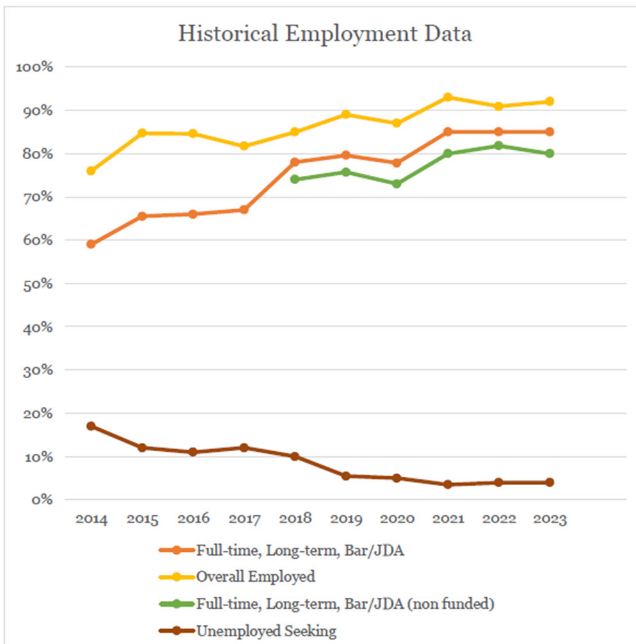
Total enrollment for the fall semesters at UC Law for the academic years 2020 through 2024 was as follows:

	2019-20	2020-21	2021-22	2022-23	2023-24
JD	929.7	981.7	1,077.2	1,103.0	1,101.7
LLM	20.8	9.2	25.8	30.30	28.0
MSL	9.8	16.8	14.6	8.7	13.9
Visitor/Other	2.0	1.9	8.1	15.0	24.7
Total	**962.3**	**1,009.6**	**1,125.7**	**1,157.0**	**1,168.3**

Student Outcome and Success

Employment outcomes continue a multi-year positive trend. Overall employment for the Class of 2023 was 92%, compared to 91% in 2022, 93% in 2021, and 87% in 2020. This is with a significantly increased graduating class size of 341 students in 2023 compared to 309 students in 2022.

Full-time, long-term (FT/LT) Bar Passage Required or JD Advantage jobs that are not law school funded were again strong at over 80% in 2023, compared to 82% for the Class of 2022, 80% for the Class of 2021 and 73% for the Class of 2020.



Highlights of Financial and Campus Operations

- **The Academe at 198 - Campus Housing Project**

The Academe at 198 building opened in August 2023 and offers a total of 656 residential units, retail spaces, and academic spaces. The project's total cost (excluding land and financing) was $284 million. Project close-out is completed, and no claims are outstanding.

In the project's inaugural year of operations, revenue from residential units was $8.7 million, with occupancy at approximately 60%. The Board of Directors approved a $1.4 million rent subsidy in 2023-24 to reduce amounts charged to non-UCSF residents by approximately 10% on average from the initial project pro forma.

The operating income, excluding depreciation, was $10.8 million in 2023-24, which, in conjunction with the remaining funds in the project's Capitalized Interest Account, has been used to cover debt service obligations. The Trust Indenture requires debt service coverage ratios of 1.2 for Series 2020A bonds and 1.05 for Series 2020B bonds. These requirements were met in 2024.

As of fall 2024, occupancy has increased to 79%. This is partially attributable to the full implementation of the Occupancy Agreement on July 26th, 2024. Various marketing efforts are underway to achieve the target occupancy rate of 95%. The building houses a diverse community of students, trainees, and faculty from UC Law, UCSF, USF, UC Davis, UOP—Dugoni School of Dentistry, Golden Gate University, Hult International Business School, and other academic institutions.

- **Ongoing Support from the State of California Remains Strong**

General Fund support for operations in the Budget Act of 2025 totaled $26 million. Strong support from the State of California was once again demonstrated. The table below summarizes year-over-year change:

Item	2023-2024	2024-2025	Dollar Change	% Change
Ongoing General Fund Support	$ 20,956,000	$ 23,181,000	$ 2,225,000	10.6%
Alternative Public Safety Program (BCP = 3 years)	3,000,000	-	(3,000,000)	-100.0%
State General Fund Operations	23,956,000	23,181,000	(775,000)	-3.2%
333 Golden Gate rent, General Fund Lease-Revenue	3,088,000	3,092,000	4,000	0.1%
Total State General Fund Appropriation	$ 27,044,000	$ 26,273,000	$ (771,000)	-2.9%

Financial Position

The narrative detailing UC Law's financial position combines figures for the College and the Foundation, unless otherwise indicated.

The statements of net position present the financial position of the College and the Foundation at the end of 2024 and 2023. The purpose of the statements of net position is to present to the reader a fiscal snapshot of UC Law and the assets available to support the operations of the College.

Similarly, the statement shows liabilities in terms of how much the College owes vendors, investors, and lending institutions. Finally, the statements of net position provide an overview of net position (assets, deferred outflows of resources minus liabilities, and deferred inflows of resources) and their availability for expenditure.

The net position section is classified into three major categories. The first category, Net Investment in Capital Assets, presents the College's equity in property, plant, and equipment. The next asset category is Restricted Assets, which is divided into two categories, Nonexpendable and Expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Assets which are those net assets available for any lawful purpose to support the College.

Detailed statements of net position are included with the financial statements. A condensed version is shown below:

Condensed Statement of Net Position – 2024, 2023, and 2022 (in thousands)

	College	Foundation	2024 Total	2023 Total	2022 Total
ASSETS					
Current assets	$ 91,045	$ 1,537	$ 92,582	$ 105,830	$ 12,546
Noncurrent assets	630,692	2,040	632,732	612,885	623,219
Total assets	721,737	3,577	725,314	718,715	635,765
Deferred outflows of resources	10,598	-	10,598	14,284	20,752
Total assets and deferred outflows of resources	$ 732,335	$ 3,577	$ 735,912	$ 732,999	$ 656,517
LIABILITIES					
Current liabilities	$ 31,123	$ -	$ 31,123	$ 34,652	$ 33,198
Noncurrent liabilities	505,490	-	505,490	517,958	517,715
Total liabilities	536,613	-	536,613	552,610	550,913
Deferred inflows of resources	37,972	-	37,972	29,053	33,462
TOTAL NET POSITION					
Net investment in capital assets	83,606	-	83,606	76,575	76,620
Restricted					
Nonexpendable	28,193	179	28,372	26,512	25,727
Expendable	68,645	3,397	72,042	(12,818)	3,581
Unrestricted	(22,694)	1	(22,693)	61,067	(33,786)
Total net position	157,750	3,577	161,327	151,336	72,142
Total liabilities, deferred inflows of resources, and net position	$ 732,335	$ 3,577	$ 735,912	$ 732,999	$ 656,517

Assets

In 2024, for the College and the Foundation, current assets decreased by $13.2 million (-12.5%) compared to the prior year. The primary cause of this decrease is the use of restricted cash for the seismic upgrade to the Tower at 100 McAllister St.

In 2023, for the College and the Foundation, current assets increased by $93.3 million (743.5%) compared to the prior year. The primary cause of this growth is an appropriation of $90 million included in the Budget Act of 2022 to partially fund the renovation of McAllister Tower, located at 100 McAllister Street. Of this amount, $45 million is deposited in restricted cash equivalents (the STIP pool). The remaining $45 million is allocated as restricted investments in the TRIP pool. Additionally, $44 million in investments for the Authority held with BNY Mellon was transferred to restricted cash to support project completion for the Academe at 198 project.

For 2024, noncurrent assets increased by $19.8 million (3.2%) compared to the prior year. This is due to an increase in capital assets by $37.8 million as construction has continued on the Academe at 198 and the McAllister Tower Renovation Project. A decrease in long-term investments of $21.5 million also occurred, primarily due to the need to liquidate project funds to support construction costs.

For 2023, noncurrent assets decreased by $10.3 million (-1.7%) compared to the prior year. This is due in part by $45 million received from the State of California transferred into long term investments for the renovation of 100 McAllister Street, increasing noncurrent assets. Additionally, for the Academe at 198, construction cost increased capital assets by $126 milion, excess cash allocated for the Authority were moved to restricted cash. This in tandem with payment of project debt service decreased the Authority's long term assets by $60 million. The remainder of this difference is attributed to investment gains for the current fiscal year.

UC Law follows the investment philosophy of the University of California and invests excess cash and long-term investments – endowments and operating reserves – in the General Endowment Pool ("GEP") managed by the Office of the Chief Investment Officer. Cash needed for near term liquidity needs is allocated to the Short-Term Investment Pool ("STIP").

- The GEP experienced total returns of 12.1% in 2024 compared to total returns of 8.2% in 2023. Over time, funds managed by the University of California have performed well with average annualized returns of 2.6% over three years, 5.9% over five years and 5.1% over ten years. These results also compare favorably to policy benchmarks for these time frames adopted by the Investment Committee of the Regents of the University of California (3.1% over three years, 2.4% over five years, and 2.0% over ten years).

- The STIP experienced total returns of 5.4% in 2024 compared to 2.8% in 2023.

- Total market value of all funds managed for the College by UC Investments increased to $240.6 million as of June 30, 2024, from $224.1 million as of June 30, 2023, an increase of $16.5 million (7.4%) for the College and the Foundation.

	2024	2023	Dollar Change	% Change
Endowment Fund (GEP)	$ 57,044,861	$ 51,870,292	$ 5,174,569	10.0%
Operating Fund (GEP)	78,274,907	70,102,593	8,172,314	11.7%
Endowed Funds Held by Regents	10,865,949	10,140,815	725,134	7.2%
Tower - TRIP	50,443,458	45,000,000	5,443,458	12.1%
Tower - STIP	43,669,757	46,937,656	(3,267,899)	-7.0%
Cash Pool - STIP	318,127	18,949	299,178	1578.9%
Total	$ 240,617,059	$ 224,070,305	$ 16,546,754	7.4%

Liabilities

For 2024, for the College and the Foundation, current liabilities decreased by $3.5 million (-10.2%) compared to the prior year. The primary cause of this decrease was the decrease in accounts payables for the construction of the Academe at 198 were completed as of April 2024.

For 2023, for the College and the Foundation, current liabilities increased by $1.5 million (4.4%) compared to the prior year. The primary cause is the increase of accounts payable by $1.4 million (5.4%), reflecting an increase in amounts owed to UC Path offset by a decrease in payables for the Authority.

For 2024, noncurrent liabilities decreased by $12.5 million (-2.4%) compared to the prior year. The primary cause of this decrease is the decrease of the net pension liability by $6.3 million and a decrease in retiree health benefits liability by $5.3 million. Due to a favorable investment performance in the current year, projected future payments decreased and thus reduced the balance of the liabilities.

For 2023, noncurrent liabilities increased by $0.2 million (0.0%) compared to the prior year. The primary cause of this increase is the increase of the net pension liability and retiree health benefits liability of $1.0 million (1.4%).

Deferred Outflows and Inflows of Resources

Deferred Outflows and Inflows of Resources are reflected below for the fiscal year periods ended:

	2024	2023	2022
Deferred outflows of resources	$ 10,598,427	$ 14,283,814	$ 20,752,200
Deferred inflows of resources	$ 37,971,837	$ 29,053,427	$ 33,461,854

These amounts reflect the acquisition (outflows) or consumption (inflows) of net assets to support employer pension benefits in the current accounting period but applicable to a future period. Specifically, these amounts are related to the College's share of pension and other postemployment benefits, the calculation of which is guided by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. These amounts fluctuate as actuarial data, such as mortality tables, salary increases, cost of living adjustments, length of service, inflation, investment rates and other assumptions change from year to year. For example, if employees are living longer than expected, the total pension liability increases. With no change to the total pension assets, deferred outflows of resources would increase. The source of these figures is provided by Segal Consulting Report dated September 2024, as commissioned by the University of California Controller's Office.

The 2024 amount in deferred inflows of resources also reflects the $1.8 million fair value of the College's beneficial interest in a remainder trust as well as $7.1 million for lease assets. For the beneficial interest, the revenue will be recognized when cash is received for the remainder interest, as determined by the terms of the governing documents. For the lease assets, the revenue will be recognized over the term of the lease.

Net Position

For 2024, nonexpendable restricted net assets – the corpus of endowed funds – increased by $1.8 million (7.0%) compared to the prior year. Gifts supporting scholarships and professorships account for $1.8 million with the balance of the increase derived from gains on investment in excess of payout for current use. For 2023, nonexpendable restricted net assets – the corpus of endowed funds – increased by $0.8 million (3.1%) compared to the prior year. Gifts supporting scholarships and professorships account for $0.6 million with the balance of the increase derived from gains on investment in excess of payout for current use.

For 2024, expendable restricted net assets increased by $84.9 million (662.1%) from prior year. The primary driver for this is the capital project costs related to the Tower Renovation project as construction began in 2024. For 2023, expendable restricted net assets decreased by $16.4 million (-458.0%) from prior year of which the primary driver is capital projects related to the construction of building Academe at 198.

A key measure of financial status is an entity's unrestricted net position. Unrestricted net position is defined as a group of items with commercial or exchange value that have no external restrictions regarding their use or function. Unrestricted net position can be utilized for any decided-upon purpose. This contrasts with restricted net position that is assigned to specific purposes.

For 2024, the unrestricted net position of the College and its Foundation decreased by $83.8 million (137.2%). This is attributed to the start of construction for the McAllister Tower Renovation Project funded by a $90 million state appropriation received in 2023 and subsequently transferred to capital projects. For 2023, the unrestricted net position of the College and its Foundation increased by $94.9 million (280.7%) going from a deficit of -$33.8 million to a surplus of $60.8 million. This is attributed to the revenues and expense of the College related to unrestricted programs which includes additional state appropriations and enrollment fee revenues, most notably the subsequent reclassification of the $90 million received for the McAllister Tower Renovation Project from an unrestricted state appropriation to a capital projects.

Results of Operations

The statements of revenues, expenses, and changes in net position present UC Law's operating results, as well as the nonoperating revenues and expenses. Operating revenues primarily include net student tuition and fees, grants and contracts, and auxiliary activities. Given a public institution's dependency on revenues such as state appropriations, gifts, and investment income, which are prescribed by GASB as non-operating revenues, operating expenses will always exceed operating revenues resulting in an operating loss. Net nonoperating revenues or expenses are an integral component in determining the increase or decrease in net position.

For 2024, the College with the Foundation, experienced a net income of $6.7 million; when other changes to net assets are included, there is a total increase to net assets of $10.0 million (8.8% of total operating and nonoperating revenues). For 2023, the College with the Foundation, experienced a net income of $77.6 million; when other changes to net assets are included, there is a total increase to net assets of $79.2 million (41.7% of total operating and nonoperating revenues). For 2022, the College with the Foundation experienced a net loss of $14.3 million; when other changes to net assets are included, there is a total decrease to net assets of $15.4 million (16.4% of total operating and nonoperating revenues).

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024, 2023, and 2022 (in thousands)

	2024 Operating		2024 Nonoperating		Gifts Transferred from Foundation to College	2024 Total	2023 Total	2022 Total
	College	Foundation	College	Foundation				
REVENUES								
Tuition and fees, net of grants and scholarships	$ 36,900	$ -	$ -	$ -	$ -	$ 36,900	$ 33,407	$ 31,035
Rental income	8,210	-	-	-	-	8,210	-	-
State appropriations	-	-	27,280	-	-	27,280	113,008	31,072
Grants and contracts	4,649	-	-	-	-	4,649	5,014	4,667
Auxiliary enterprises	4,417	-	-	-	-	4,417	9,212	8,247
Private gifts	-	7,597	6,368	-	(6,132)	7,833	7,389	10,663
Block grant - allocation from Foundation	-	-	675	-	(675)	-	-	-
Investment income	-	-	5,271	7	-	5,278	4,079	1,712
Realized/unrealized gain (loss) on investments	-	-	16,841	56	-	16,897	7,987	(8,747)
Other revenues	2,295	-	-	-	-	2,295	3,291	3,141
Loan interest, net of expense	5	-	-	-	-	5	8	11
Total revenues	56,476	7,597	56,435	63	(6,807)	113,764	183,395	81,801
EXPENSES								
Salaries and benefits	46,352	-	-	-	-	46,352	48,292	45,119
Auxiliary enterprises	3,877	-	-	-	-	3,877	7,700	6,619
Utilities	1,764	-	-	-	-	1,764	1,037	954
Supplies and services	23,939	11	-	-	-	23,950	21,745	17,909
Depreciation	7,217	-	-	-	-	7,217	3,854	3,366
Scholarships and fellowships	563	-	-	-	-	563	369	637
Grants to UC Law	-	6,807	-	-	(6,807)	-	-	12
Interest expense	-	-	20,500	-	-	20,500	20,491	20,262
Events	-	10	-	-	-	10	19	5
Other	2,740	88	-	-	-	2,828	2,303	1,177
Total expenses	86,452	6,916	20,500	-	(6,807)	107,061	105,810	96,060
(Loss) income	$ (29,976)	$ 681	$ 35,935	$ 63	$ -	$ 6,703	$ 77,585	$ (14,259)
OTHER CHANGES IN NET POSITION								
Capital grants and gifts	$ -	$ -	$ -	$ -	$ -	$ 76	$ 434	$ 584
Changes in allocation for pension payable to University of California	-	-	-	-	-	1,034	281	758
Other changes in endowments	-	-	-	-	-	2,177	895	(2,442)
Total other changes in net position	-	-	-	-	-	3,287	1,610	(1,100)
(Decrease) increase in net position	$ (29,976)	$ 681	$ 35,935	$ 63	$ -	$ 9,990	$ 79,195	$ (15,359)

Revenues

The College's instructional program is primarily supported by a combination of net tuition and fees and state appropriations; for 2024, these revenues represented 66.8% of total operating and non-operating revenues (excluding realized gain/loss on sale of investment and unrealized gain/loss on market value of investment).

Tuition and fees net of grants and scholarships increased from $33.4 million in 2023 to $36.9 million in 2024, an increase of $3.5 million (10.5%). 2024 enrollment roughly conformed to planned levels for a total of approximately 1,168 FTE's, up from the 2023 enrollment of approximately 1,163 FTE's. For 2024, the College's overall discount rate was 32%. Tuition discounting has historically ranged between 28% – 31% driven in large measure by state policy regarding return-to-aid.

State appropriations decreased from $113.0 million in 2023 to $27.3 million in 2024 (a decrease of $85.7 million, -75.9%). This decrease is mainly attributed to the one-time allocation of received for the McAllister Tower Renovation Project in the prior year.

In 2024, auxiliary enterprises saw a net income of $0.5 million. This is down $1.0 million compared to the net income in 2023 of $1.5 million. Net income has decreased due to the renovation of the Tower at 100 McAllister, which is closed for operation. Income from auxiliary enterprises continues to help with the College's bottom line.

The GEP experienced total returns of 12.1% in 2024. This level of market performance generated realized and unrealized gains of $16.9 million.

Cultivating alumni support and private foundation support continues to be a priority. In 2024, the UC Law Foundation raised and transferred to the College $7.1 million in restricted gifts and $0.5 million in unrestricted gifts. This is slightly up from $6.6 million in restricted gifts and $0.5 million in unrestricted gifts raised and transferred in 2023. Fundraising priorities are focused on need and merit based current-use scholarship awards and capital improvements to support the LRCP and its vision of an Academic Village. The UC Law Foundation continues to play an essential role in leveraging the College's most valuable assets, its strong alumni base.

Expenses

For 2024, the College's total operating expense increased by $1.2 million from $85.2 million in 2023 to $86.4 million in 2024. Several major factors have changed from 2023 to 2024. Pension expense decreased by $4.5 million due to the decrease in the pension liability. Auxiliary expenses are down by $3.8 million due to the closure of the Tower at 100 McAllister. This is offset by an increase in depreciation expense for the building at Academe at 198 along with additional increases in expense for supplies and utilities with new operation at Academe at 198.

For 2024, the College's interest expense of $20.5 million is comparable to the 2023 amount of $20.5 million. As there were no new debt undertakings in the current year or prior year.

As shown in the 2024 Condensed Statement of Revenues, Expenses, and Changes in Net Position, the College and the Foundation finished the fiscal year with a net income of $6.7 million (before an increase of $3.3 million in other changes in net position for a total increase in net assets of $10.0 million).

Cash Flows

The statements of cash flows provide information about cash receipts and cash payments during the year. These statements also help users assess the College's and the Foundation's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

	College (In thousands)			Foundation (In thousands)		
	2024	2023	2022	2024	2023	2022
Cash provided (used) by						
Operating activities	$ (20,620)	$ (23,621)	$ (26,908)	$ (21)	$ (96)	$ (47)
Noncapital financing activities	30,507	118,369	42,296	-	-	-
Capital and related financing activities	(71,108)	(147,866)	(82,794)	-	-	-
Investing activities	43,994	146,561	67,206	20	23	25
Net (decrease) increase in cash	(17,227)	93,443	(200)	(1)	(73)	(22)
Cash, beginning of year	100,801	7,358	7,558	35	108	130
Cash, end of year	$ 83,574	$ 100,801	$ 7,358	$ 34	$ 35	$ 108

As required under GASB reporting standards, negative cash flow for "operating activities" is due to the classification of revenue from state general support appropriations as a "noncapital financing activity" and investment income as an "investing activity."

Looking Forward

The path forward for the College is marked both by major opportunities to enhance the school's competitive position through physical plant upgrades coupled with the upward trajectory of the academic program and its success elevating the College's prominence in higher education.

Outlined are major developments that will affect the near-term future of the institution.

- **State of California – State Budget for 2024-25**

In June of 2024, the State of California's Governor signed the Budget Act of 2024. The approved budget again demonstrates our strong relationship with the State of California. For 2024-25, $23,181,000 has been appropriated for ongoing support, an increase of $2.23 million or 10.6% from the prior year. Other budget adjustments include the removal of $3 million reflecting the one-time character of a prior-year allocation for sidewalk safety services provided by Urban Alchemy.

The table below summarizes year-over-year growth:

Item	2023-2024	2024-2025	Dollar Change	% Change
Ongoing General Fund Support	$ 20,956,000	$ 23,181,000	$ 2,225,000	10.6%
Alternative Public Safety Program (BCP = 3 years)	3,000,000	-	(3,000,000)	-100.0%
State General Fund Operations	23,956,000	23,181,000	(775,000)	-3.2%
333 Golden Gate rent, General Fund Lease-Revenue	3,088,000	3,092,000	4,000	0.1%
Total State General Fund Appropriation	$ 27,044,000	$ 26,273,000	$ (771,000)	-2.9%

This success is a function of the College's institutional standing with executive and legislative branch stakeholders.

- **Academic Village**

A key element of the new strategic plan is the execution of the LRCP and its central focus, the creation of an Academic Village in the heart of San Francisco serving UC Law's broad educational mission and the State of California's priorities for higher education. Sustainability is an important part of the Academic Village as the College strives to become one of the country's greenest urban campuses.

The Academic Village is a platform for interdisciplinary engagement among individuals and across institutions. The Academic Village includes shared housing (for students, trainees and faculty) and amenities (library, food services, study areas, recreational space, etc.) on UC Law's campus for students from multiple graduate and professional schools, as well as a network of collaborations that transcend and enrich the law school, connecting graduate programs and institutions with each other and with the wider community. As a step towards this vision, in the fall of 2017, UC Davis began offering a Business Analytics MBA program at the UC Law campus. This program has doubled in size since its inception and now enrolls approximately 100 students.

UC Law has partnered with Local 2/Unite Here executing an Option Agreement to allow for a fourth phase if a financially feasible project can be developed to expand the College's footprint and allow for the full potential of the Academic Village vision. The projects that comprise the Academic Village are listed below.

1. Academic Building – Cotchett Law Center - 333 Golden Gate Avenue: Completed March 2020
2. Campus Housing & Academic Building – 198 McAllister Street: Completed August 2023
3. Campus Housing & Academic Building: Seismically Upgrade McAllister Tower: Phase 1 funded by $90 million appropriation; construction commenced in September 2024
4. Campus Expansion: Campus Housing and Academic Building – 202-247 Golden Gate Avenue, Local 2/Unite Here (Option Agreement): Project entitlements completed in September 2024.

Financial Statements

UC College of the Law, San Francisco
Statements of Net Position
June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,749,271	$ 34,190	$ 10,201,830	$ 35,419
Restricted cash and cash equivalents	78,824,859	-	90,599,485	-
Accounts receivable, net	4,682,140	-	2,642,773	-
Notes receivable, current portion	98,825	-	100,395	-
Leases receivable, current portion	1,027,099	-	629,597	-
Right-of-use assets, current portion	44,777	-	-	-
Subscription assets, current portion	583,147	-	-	-
Pledges receivable, net	-	1,502,414	-	1,129,566
Prepaid expenses and other assets	1,035,009	-	490,857	-
Total current assets	91,045,127	1,536,604	104,664,937	1,164,985
Noncurrent assets				
Endowment investments	56,409,480	628,755	51,277,102	587,302
Other long-term investments	128,718,365	6,626	155,342,784	5,888
Notes receivable, net	268,408	-	312,228	-
Leases receivable, net	6,313,173	-	3,471,136	-
Right-of-use assets, net	179,272	-	26,320	-
Subscription assets, net	519,549	-	918,394	-
Pledges receivable, net	-	1,404,541	-	1,073,263
Assets held by others	9,326,636	-	8,722,439	-
Capital assets, net	428,860,200	-	391,045,099	-
Prepaid expenses and other assets	96,256	-	103,805	-
Total noncurrent assets	630,691,339	2,039,922	611,219,307	1,666,453
Total assets	721,736,466	3,576,526	715,884,244	2,831,438
Deferred outflows of resources	$ 10,598,427	$ -	$ 14,283,814	$ -
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 22,630,110	$ -	$ 27,420,579	$ -
Compensated absences	2,052,943	-	1,988,742	-
Deposits	26,781	-	24,242	-
Unearned revenues	3,121,233	-	2,107,970	-
Long-term debt, current portion	2,668,075	-	2,583,819	-
Operating lease liabilities, current portion	46,364	-	5,640	-
Subscription liabilities, current portion	577,164	-	520,793	-
Total current liabilities	31,122,670	-	34,651,785	-
Noncurrent liabilities				
Long-term debt, net	425,474,155	-	428,505,464	-
Accreted interest on bonds payable	6,780,382	-	4,571,704	-
Operating lease liabilities, net of current portion	174,833	-	20,680	-
Subscription liabilities, net of current portion	477,113	-	378,935	-
Revolving fund advance from the State	811,900	-	811,900	-
Long-term payables	11,502	-	-	-
Pension liability, net	27,020,000	-	33,368,000	-
Retiree health benefits liability, net	33,680,000	-	39,002,000	-
Payable to University of California	11,060,312	-	11,299,609	-
Total noncurrent liabilities	505,490,197	-	517,958,292	-
Total liabilities	536,612,867	-	552,610,077	-
Deferred inflows of resources	$ 37,971,837	$ -	$ 29,053,427	$ -

See accompanying notes.

UC College of the Law, San Francisco
Statements of Net Position (Continued)
June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
NET POSITION				
Net investment in capital assets	$ 83,606,139	$ -	$ 76,574,524	$ -
Restricted for				
Nonexpendable				
Scholarships and fellowships	19,029,993	-	17,256,559	-
Instruction and research	7,866,248	-	7,826,352	-
Institutional support	1,297,000	178,755	1,250,000	178,755
Subtotal restricted, nonexpendable	28,193,241	178,755	26,332,911	178,755
Expendable				
Student services	241,188	-	236,242	-
Instruction and research	16,176,209	-	14,478,840	-
Public and professional services	209,511	-	302,898	-
Institutional support	449,286	3,396,456	260,151	2,425,134
Capital projects	28,695,432	-	(51,899,876)	-
Scholarships and fellowships	22,631,749	-	21,128,574	-
Perkins loan funds	11,355	-	10,888	-
Other	230,562	-	239,606	-
Subtotal restricted, expendable	68,645,292	3,396,456	(15,242,677)	2,425,134
Unrestricted	(22,694,483)	1,315	60,839,796	227,549
Total net position	$ 157,750,189	$ 3,576,526	$ 148,504,554	$ 2,831,438

See accompanying notes.

UC College of the Law, San Francisco
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
REVENUES				
Operating revenues				
Tuition and fees	$ 54,185,439	$ -	$ 51,178,149	$ -
Less: UC Law's grants	(14,469,086)	-	(14,666,437)	-
Less: tuition and fee scholarships	(2,816,740)	-	(3,105,078)	-
Tuition and fees, net	36,899,613	-	33,406,634	-
Rental income	8,209,759	-	-	-
Contributions, capital campaign	-	7,597,150	-	7,078,046
Government grants and contracts	1,608,779	-	1,560,188	-
Private grants and contracts	3,040,388	-	3,454,391	-
Sales and services of auxiliary enterprises	4,416,693	-	9,211,591	-
Other operating revenues	2,293,199	-	3,280,269	11,400
Loan interest, net of expenses	5,447	-	7,500	-
Federal Perkins loan interest	466	-	543	-
Total operating revenues	56,474,344	7,597,150	50,921,116	7,089,446
EXPENSES				
Operating expenses				
Salaries and wages				
Faculty	14,516,885	-	13,978,213	-
Nonfaculty	21,597,538	-	19,935,953	-
Benefits nonpension	6,307,144	-	5,932,727	-
Pension benefits	3,229,623	-	8,060,945	-
Retiree health benefits	700,691	-	384,807	-
Scholarships and fellowships	562,580	-	369,251	-
Auxiliary enterprises, including depreciation expense of $963,899 ($968,946 in 2023)	3,876,775	-	7,700,820	-
Utilities	1,764,257	-	1,036,746	-
Supplies and services	23,938,591	10,625	21,734,867	9,800
Depreciation, excluding auxiliary enterprise portion	7,216,576	-	3,853,942	-
Events	-	9,798	-	19,042
Grants	-	6,132,374	-	5,992,296
Block grant - allocation to the College	-	675,000	-	750,000
Other	2,739,520	87,583	2,247,010	55,571
Total operating expenses	86,450,180	6,915,380	85,235,281	6,826,709
Operating (loss) income	(29,975,836)	681,770	(34,314,165)	262,737
NONOPERATING REVENUES (EXPENSES)				
State operating appropriations	27,279,943	-	113,008,067	-
Gifts, noncapital	6,367,625	-	6,303,017	-
Investment income	5,270,519	6,851	4,073,345	6,372
Realized and unrealized net gain on investments	16,840,660	56,467	7,949,130	37,442
Interest expense	(20,499,635)	-	(20,403,673)	(87,357)
Block grant - allocation from the Foundation	675,000	-	750,000	-
Net nonoperating revenues (expenses)	35,934,112	63,318	111,679,886	(43,543)
Income before other changes in net position	5,958,276	745,088	77,365,721	219,194
OTHER CHANGES IN NET POSITION				
Capital grants and gifts	76,200	-	434,131	-
Changes in allocation for pension payable to University of California	1,034,297	-	281,075	-
Other changes to endowments	2,176,862	-	894,502	-
Total other changes in net position	3,287,359	-	1,609,708	-
INCREASE IN NET POSITION	9,245,635	745,088	78,975,429	219,194
NET POSITION, beginning of year	148,504,554	2,831,438	69,529,125	2,612,244
NET POSITION, end of year	$ 157,750,189	$ 3,576,526	$ 148,504,554	$ 2,831,438

See accompanying notes.

UC College of the Law, San Francisco
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees (net of all scholarships and grants)	$ 36,337,034	$ -	$ 33,037,205	$ -
Rental sales	12,353,867	-	-	-
Contributions	-	6,893,024	-	6,729,446
Grants and contracts	4,649,168	-	5,014,579	-
Events	-	(9,798)	-	(19,042)
Payments to vendors	(30,983,101)	(10,625)	(19,732,474)	(9,800)
Salaries and benefits	(47,994,880)	-	(45,166,645)	-
Collections of student loans	45,391	-	69,129	-
Foundation awards	-	(6,893,779)	-	(6,796,866)
Sales - auxiliary enterprises	4,435,161	-	8,921,024	-
Expenses - auxiliary enterprises	(2,912,876)	-	(6,730,610)	-
Loan interest income net of expenses	5,914	-	8,043	-
Other receipts	3,443,864	-	958,265	-
Net cash used in operations	(20,620,458)	(21,178)	(23,621,484)	(96,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	22,097,987	-	110,735,346	-
Gifts for endowment	1,366,577	-	580,335	-
Other gifts	7,042,624	-	7,053,017	-
Net cash provided by noncapital financing activities	30,507,188	-	118,368,698	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	76,200	-	256,575	-
Purchases of capital assets	(52,993,050)	-	(129,933,116)	-
Amortization of bond premium/discount	(414,529)	-	(445,333)	-
Principal paid on long-term debt	(745,000)	-	(710,000)	-
Interest paid on long-term debt	(17,031,527)	-	(17,033,730)	-
Net cash used in capital and related financing activities	(71,107,906)	-	(147,865,604)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	42,603,580	19,690	188,712,127	20,092
Interest on investments	2,612,928	259	2,849,302	2,916
Purchase of investments	(1,222,517)	-	(45,000,000)	-
Net cash provided by investing activities	43,993,991	19,949	146,561,429	23,008
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,227,185)	(1,229)	93,443,039	(73,254)
CASH AND CASH EQUIVALENTS, beginning of year	100,801,315	35,419	7,358,276	108,673
CASH AND CASH EQUIVALENTS, end of year	$ 83,574,130	$ 34,190	$ 100,801,315	$ 35,419

See accompanying notes.

UC College of the Law, San Francisco
Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED IN OPERATING ACTIVITIES				
Operating (loss) income	$ (29,975,836)	$ 681,770	$ (34,314,165)	$ 262,737
Depreciation	8,180,475	-	4,822,888	-
Allowance for doubtful accounts	52,695	-	5,913	-
Loss on disposal of capital assets	257,199	-	-	-
Pension benefits	(144,000)	-	3,630,000	-
Retiree health benefits	(1,499,000)	-	(504,000)	-
Awards and honorariums	-	1,178	-	1,000
Changes in operating assets and liabilities				
Accounts receivable, net	75,636	-	(1,808,265)	-
Notes receivable, net	45,391	-	69,129	-
Pledges receivable, net	-	(704,126)	-	(359,999)
Lease receivable, net	(3,239,539)	-	(883,942)	-
Right-of-use assets, net	(224,049)	-	(26,320)	-
Subscription assets, net	(157,983)	-	(730,243)	-
Accounts payable and accrued liabilities	1,857,719	-	3,874,343	-
Deposits	2,539	-	(232,748)	-
Unearned revenues	1,013,263	-	124,234	-
Operating lease liabilities	221,197	-	26,320	-
Subscription liabilities, net	128,229	-	899,727	-
Deferred Inflows leases, net	3,258,007	-	-	-
Prepaid expenses and other assets	(536,602)	-	1,330,425	-
Compensated absences	64,201	-	95,220	-
Net cash used by operations	$ (20,620,458)	$ (21,178)	$ (23,621,484)	$ (96,262)
NONCASH TRANSACTIONS				
Gifts in-kind	$ -	$ -	$ 177,556	$ -
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Current cash and cash equivalents	$ 4,749,271	$ 34,190	$ 10,201,830	$ 35,419
Current restricted cash and cash equivalents	78,824,859	-	90,599,485	-
Total Cash and Cash Equivalents, end of year	$ 83,574,130	$ 34,190	$ 100,801,315	$ 35,419

See accompanying notes.

Note 1 – Organization

UC College of the Law, San Francisco (the "College" or "UC Law") was established as the law department of the University of California (the "University") in 1878. The College, established by the California Legislature with its own Board of Directors, has operated independently of the Board of Regents of the University of California since its founding. The Board of Regents possesses degree-granting authority, but all other aspects of the College are under control of the College's Board of Directors. The College is a charter member of the Association of American Law Schools and is fully accredited by the American Bar Association. The College is also accredited by the Western Association of Schools and Colleges ("WASC").

The Academic Village Finance Authority (the "Authority") is a joint exercise of powers authority created in 2019 pursuant to a Joint Exercise of Powers Agreement between UC Law and the California Public Finance Authority and the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title I of the Government Code of the State of California. The Authority is authorized to issue bonds for, among other things, financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by UC Law. The Authority has a broad mandate to operate, construct and finance project facilities and other activities undertaken in furtherance of the Long-Range Campus Plan adopted in December 2017.

The Authority is governed by a seven-member board of directors, all appointed by the UC Law Board of Directors. Three of the seven-member governing board are the persons serving in the capacities of UC Law's Chancellor and Dean of the College, the Chief Financial Officer, and the General Counsel of the College, unless the UC Law Board of Directors specifies otherwise. All Directors serve for terms of four years; provided, however, that any Director who is serving in an ex officio capacity by virtue of his or her position with the College shall serve as a Director so long as he or she is in such position with the College. Vacancies occurring in the Governing Board by expiration of a Director's term, death, resignation, or removal are filled by a majority vote of the members of the UC Law Board of Directors. In addition, the UC Law Board of Directors has the discretion to remove any Authority Director with or without cause.

The UC Law Foundation (the "Foundation"), formerly known as the 1066 Foundation, was established in 1971 by a group of alumni in order to provide private sources of funds to allow academic programs to grow and to create unique opportunities exclusively at UC Law.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements of the College and the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable effective statements as promulgated by the Governmental Accounting Standards Board ("GASB").

The College and the Foundation consider assets to be current that can reasonably be expected, as part of their normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve-months of the date of the Statement of Net Position. Liabilities that reasonably can be expected, as part of the College's and Foundation's normal business operations, to be liquidated within twelve months of the date of the Statement of Net Position are considered to be current. All other assets and liabilities are considered to be noncurrent; except for those amounts that are required to be reported as deferred outflows or inflows of resources.

The College and the Foundation follow GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The standard defines deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net position in one period that are applicable to future periods.

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—An Amendment to GASB Statement No. 14,* is further clarified by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment to GASB Statement No. 14 and No. 34*, and clarifies the concept of what a major component unit is. Major component units are determined based on the nature and significance of their relationship to the primary government. This determination would generally be based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered to be essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government. The GASB standards require the College's legally separate, tax-exempt, affiliated campus foundation to be considered a component unit of the College and presented discretely in the College's financial statements due to the nature and significance of the Foundation's relationship with the College.

The activities of the Authority are blended into the College's basic financial statements, as the governing body is substantially the same as the governing body of the College.

The following is the condensed combining information for the Authority and the College as of June 30, 2024 (in thousands):

	2024		
	College (Stand Alone)	Housing Authority	College Total
ASSETS			
Current assets	$ 53,673	$ 37,372	$ 91,045
Noncurrent assets	349,646	281,046	630,692
Total assets	403,319	318,418	721,737
Deferred outflows of resources	10,598	-	10,598
LIABILITIES			
Current liabilities	22,396	8,727	31,123
Noncurrent liabilities	135,274	370,216	505,490
Total liabilities	157,670	378,943	536,613
Deferred Inflows of resources	37,972	-	37,972
TOTAL NET POSITION			
Net investment in capital assets	83,606	-	83,606
Restricted			
Nonexpendable	28,193	-	28,193
Expendable	129,170	(60,525)	68,645
Unrestricted	(22,694)	-	(22,694)
Total net position	$ 218,275	$ (60,525)	$ 157,750

	2024					
	Operating		Nonoperating			
	College (Stand Alone)	Campus Housing Authority	College (Stand Alone)	Campus Housing Authority	Intercompany	College Total
REVENUES						
Tuition and fees, net of grants and scholarships	$ 36,900	$ -	$ -	$ -	$ -	$ 36,900
Rental revenue	-	12,413	-	-	(4,203)	8,210
State appropriations	-	-	27,280	-	-	27,280
Grants and contracts	4,649	-	-	-	-	4,649
Auxiliary enterprises	4,417	-	-	-	-	4,417
Private gifts	-	-	6,368	-	-	6,368
Block grant - allocation from Foundation	-	-	675	-	-	675
Investment income	-	-	4,741	530	-	5,271
Realized/unrealized gain on investments	-	-	16,841	-	-	16,841
Other revenues	2,295	-	-	-	-	2,295
Loan interest, net of expense	5	-	-	-	-	5
Total revenues	48,266	12,413	55,905	530	(4,203)	112,911
EXPENSES						
Salaries and benefits	46,034	318	-	-	-	46,352
Auxiliary enterprises	3,877	-	-	-	-	3,877
Utilities	1,210	554	-	-	-	1,764
Supplies and services	27,497	645	-	-	(4,203)	23,939
Depreciation	4,308	2,909	-	-	-	7,217
Scholarships and fellowships	563	-	-	-	-	563
Interest on debt	-	-	1,824	18,676	-	20,500
Other	2,693	47	-	-	-	2,740
Total expenses	86,182	4,473	1,824	18,676	(4,203)	106,952
(Loss) income	$ (37,916)	$ 7,940	$ 54,081	$ (18,146)	$ -	$ 5,959
OTHER CHANGES IN NET POSITION						
Capital grants and gifts	$ -	$ -	$ -	$ -	$ -	$ 76
Changes in allocation for pension payable to University of California	-	-	-	-	-	1,034
Other changes in endowments	-	-	-	-	-	2,177
Total other changes in net position	-	-	-	-	-	3,287
(Decrease) increase in net position	$ (37,916)	$ 7,940	$ 54,081	$ (18,146)	$ -	$ 9,246

	2024		
	College (Stand Alone)	Campus Housing Authority	College Total
Cash (used in) provided by			
Operating activities	$ (31,398)	$ 10,778	$ (20,620)
Noncapital financing activities	28,998	1,509	30,507
Capital and related financing activities	(11,349)	(59,759)	(71,108)
Investing activities	3,224	40,770	43,994
Net decrease in cash	(10,525)	(6,702)	(17,227)
Cash, beginning of year	56,808	43,993	100,801
Cash, end of year	$ 46,283	$ 37,291	$ 83,574

The following is the condensed combining information for the Authority and the College as of June 30, 2023 (in thousands):

	2023		
	College (Stand Alone)	Housing Authority	College Total
ASSETS			
Current assets	$ 60,671	$ 43,994	$ 104,665
Noncurrent assets	323,476	287,743	611,219
Total assets	384,147	331,737	715,884
Deferred outflows of resources	14,284	-	14,284
LIABILITIES			
Current liabilities	19,271	15,381	34,652
Noncurrent liabilities	149,774	368,184	517,958
Total liabilities	169,045	383,565	552,610
Deferred Inflows of resources	29,053	-	29,053
NET POSITION			
Net investment in capital assets	76,575	-	76,575
Restricted			
Nonexpendable	26,333	-	26,333
Expendable	36,585	(51,828)	(15,243)
Unrestricted	60,840	-	60,840
Total net position	$ 200,333	$ (51,828)	$ 148,505

	2023					
	Operating		Nonoperating			
	College (Stand Alone)	Authority	College (Stand Alone)	Authority	Intercompany	College Total
REVENUES						
Tuition and fees, net of grants and scholarships	$ 33,407	$ -	$ -	$ -	$ -	$ 33,407
State appropriations	-	-	113,008	-	-	113,008
Grants and contracts	5,014	-	-	-	-	5,014
Auxiliary enterprises	9,212	-	-	-	-	9,212
Private gifts	-	-	6,303	-	-	6,303
Block grant - allocation from Foundation	-	-	750	-	-	750
Investment income	-	-	3,286	787	-	4,073
Realized/unrealized gain on investments	-	-	7,949	-	-	7,949
Other revenues	3,280	-	-	-	-	3,280
Loan interest, net of expense	8	-	-	-	-	8
Total revenues	50,921	-	131,296	787	-	183,004
EXPENSES						
Salaries and benefits	48,256	36	-	-	-	48,292
Auxiliary enterprises	7,700	-	-	-	-	7,700
Utilities	1,037	-	-	-	-	1,037
Supplies and services	21,729	6	-	-	-	21,735
Depreciation	3,854	-	-	-	-	3,854
Scholarships and fellowships	369	-	-	-	-	369
Interest on debt	-	-	1,880	18,524	-	20,404
Other	2,247	-	-	-	-	2,247
Total expenses	85,192	42	1,880	18,524	-	105,638
(Loss) income	$ (34,271)	$ (42)	$ 129,416	$ (17,737)	$ -	$ 77,366
OTHER CHANGES IN NET POSITION						
Capital grants and gifts	$ -	$ -	$ -	$ -	$ -	$ 434
Changes in allocation for pension payable to University of California	-	-	-	-	-	281
Other changes in endowments	-	-	-	-	-	895
Total other changes in net position	-	-	-	-	-	1,610
(Decrease) increase in net position	$ (34,271)	$ (42)	$ 129,416	$ (17,737)	$ -	$ 78,976

	2023		
	College (Stand Alone)	Authority	College Total
Cash (used in) provided by			
Operating activities	$ (23,983)	$ 362	$ (23,621)
Noncapital financing activities	118,369	-	118,369
Capital and related financing activities	(2,499)	(145,367)	(147,866)
Investing activities	(40,820)	187,381	146,561
Net increase in cash	51,067	42,376	93,443
Cash, beginning of year	5,741	1,617	7,358
Cash, end of year	$ 56,808	$ 43,993	$ 100,801

Cash and cash equivalents – Cash and cash equivalents consist of demand deposits and pooled cash invested in the University of California Office of the Treasurer's Short-Term Investment Pool (“STIP”), since such amounts are readily convertible to known amounts of cash. All cash and cash equivalents are carried at cost, which approximates fair market value.

Legally restricted cash balances – The College holds legally restricted cash balances totaling $78,824,859 and $90,599,485 as of June 30, 2024 and 2023, respectively. These balances are recorded in restricted cash and cash equivalents.

Accounts receivable, net – Accounts receivable are $4,682,140 and $2,642,773 as of June 30, 2024 and 2023, respectively. Of these amounts, $3,811,900 and $1,696,900 are due from the State of California (“State”), as of June 30, 2024 and 2023, respectively, for general appropriations. Allowance for doubtful accounts is $84,972 and $36,125 as of June 30, 2024 and 2023, respectively.

Leases receivable, net – The College recognizes lease contracts or equivalents that have a term exceeding one year and meet the definition of other than short-term. The College’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. The College uses the same interest rate it charges to the lessee as the discount rate or that is implicit in the contract to the lessee. The deferred inflow of resources is recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. Short-term lease receipts and variable lease receipts are not included in the measurement of the lease receivable and are recognized as income when earned.

Operating lease right-of-use assets, net – The College has recorded operating lease right-of-use assets as a result of implementing GASB Statement No. 87, *Leases*. The College’s operating lease right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The operating lease right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Subscription assets, net – The College has recorded subscription assets as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (“SBITA”). The College’s subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any contract payments made to the SBITA vendor at the commencement of the subscription term, capitalizable initial implementation cost, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Investments – Investments are reported at fair value. The College’s investments consist of investments in the UC Regents General Endowment Pool (“GEP”) as well as investments held for the Authority. The basis of determining the fair value of pooled funds or mutual funds is determined as the number of units held in the pool multiplied by the price per unit share, computed on the last day of the fiscal year. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Certain securities may be valued on the basis of a price provided by a single source.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded at estimated fair value at the date of donation.

Prepaid expenses – Prepaid expenses primarily consist of amounts paid on projects expected to be realized in the next fiscal year. Such projects include law library online services and other remote cloud services. Other assets primarily consist of bond issuance costs for long-term debt outstanding. These amounts are amortized over the course of the debt's life.

Pledges – Pledges of private gifts to the Foundation to be received in the future are recorded as pledges receivable and revenue in the year promised. Endowment pledges are recorded in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* and are recognized as revenue once the proceeds are received.

The allowance for uncollectible pledges is calculated based on ten percent of which scheduled pledge payments are past due for twelve-months. Management's estimation of the uncollectible pledge amount is based on past collection experience, current conditions, and specific identification of accounts with known uncertainty.

Capital assets – Land and improvements, buildings and improvements, equipment, and library books and collections of works of art are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. Significant additions, replacements, major repairs, and renovations are generally capitalized if the cost exceeds $25,000; equipment and furniture are capitalized if the cost exceeds $5,000 and they have a useful life of more than one year. Minor renovations are charged to operations, as incurred.

Depreciation is calculated using the straight-line method over the estimated economic useful lives of the assets.

Estimated economic lives are generally as follows:

Land improvements	20 years
Buildings	50 to 75 years
Building improvements	30 years
Furniture and equipment	5 to 15 years
Computer software	10 years
Library books and materials	15 years

Inexhaustible capital assets such as land, special collections that are protected, preserved, and held for public exhibition, education or research, and intangible assets of indefinite life, are not depreciated.

Deposits – Deposits include amounts received in advance of being earned for the following: rental of various College facilities, nonstudent library usage, and payments from employers who have hired students with federal work-study grants. Deposits on work-study wages and the library are fully refundable. Deposits are recognized as revenue when earned.

Unearned revenues – Unearned revenues primarily represent nonrefundable enrollment deposits and deposits related to the on-campus interview program along with revenue invoiced for the new Summer Session program. There are also unearned revenues related to housing from the Authority and certain multi-year exchange grants for which the work has not been completed. Unearned revenues are recognized when earned, generally in the following fiscal year.

Lease liabilities – The College recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. The College uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the College's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Subscription liabilities – The College entered into various agreements for information technology ("IT") subscriptions. These agreements range in terms up to financial year 2027. Variable payments based upon the use of the underlying IT asset are not included in the subscription liability because they are not fixed in substance – therefore, these payments are not included in subscription assets or subscription liabilities. There were no variable lease expenses or payments in the fiscal years ended June 30, 2024 and 2023.

The College recognizes SBITA contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. The College uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the College's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Revolving fund advance from the State – The revolving fund advance from the State is an advance on the College's general appropriation from the State. It is expected that the revolving fund advance will be renewed annually; hence, the entire amount has been classified as a noncurrent liability.

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that applies to a future period, respectively.

Changes in net pension liability not included in pension expense, including proportionate shares of collective pension expense from the University of California Retirement Plan ("UCRP"), are reported as deferred outflows of resources or deferred inflows of resources related to pensions for the College.

Changes in net retiree health benefits liability not included in retiree health benefits expense, including proportionate shares of collective retiree health benefits expense from the University of California, are reported as deferred outflows of resources or deferred inflows of resources related to retiree health benefits of the College.

Included in deferred inflows of resources, the Organization's deferred lease resources related to lessor arrangements.

The College's beneficial interest in an irrevocable split-interest agreement, in which a third party is the intermediary, is reported as a deferred inflow of resources.

Retiree health benefits liability, net – The University provides retiree health benefits to retired employees of the College. The University established the University of California Retiree Health Benefit Trust ("UCRHBT") to allow certain University locations and affiliates, including the College, to share the risks, rewards, and costs of providing for retiree health benefits and to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Contributions from the College to the UCRHBT are effectively made to a single-employer health plan administered by the University as a cost-sharing plan. The College is required to contribute at a rate assessed each year by the University.

Net retiree health benefits liability includes the College's share of the University's net retiree health benefits liability for UCRHBT. The College's share of net retiree liability, deferred inflows of resources, deferred outflows of resources and retiree health benefits expense have been determined based upon their proportionate share of UCRP covered compensation for the fiscal year. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. For the purpose of measuring UCRHBT's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Pension liability, net – UCRP provides retirement benefits to retired employees of the College. The College is required to contribute to UCRP at a rate set by The Regents of the University of California ("The Regents"). The pension liability includes the College's share of the net pension liability for UCRP. The College's share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon its proportionate share of covered compensation for the fiscal year. The fiduciary net position and changes in the fiduciary net position of UCRP have been measured consistent with the accounting policies used by the plan. For the purpose of measuring UCRP's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Payable to University of California – Additional deposits in UCRP have been made using the University of California resources to make up the gap between the approved contribution rates and the required contributions based on the Regents' funding policy. These deposits, carried as internal loans by the University, are being repaid by the College, plus accrued interest, over a 30-year period through a supplemental pension assessment. The College's share of the internal loans has been determined based upon its proportionate share of covered compensation for the fiscal year. Supplemental pension assessments are reported as pension expense by the College. Additional deposits in UCRP by the University, and changes in the College's share of the internal loans, are reported as other changes in net position.

Net position – The College's net position is required to be classified for accounting and reporting purposes into the following categories:

Net investment in capital assets

This category includes all the College's capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to unspent proceeds is excluded from the calculation, in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Restricted

The College and the Foundation classify assets resulting from transactions with purpose restrictions as restricted assets until the resources are used for the specific purpose or for as long as the provider requires the resources to remain intact. When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are generally applied first.

Nonexpendable

Assets subject to externally imposed restrictions that they be maintained in perpetuity by the College and the Foundation are classified as nonexpendable net position. Such assets include the College and the Foundation's permanent endowment funds.

Expendable

Assets whose use by the College and the Foundation are subject to externally-imposed restrictions by donors, grantors, creditors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation are classified as expendable net position.

Unrestricted

This category includes assets of the College and the Foundation that are neither restricted nor invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by the Board of Directors.

Revenues and expenses – Operating revenues include receipts from student tuition and fees, receipts from tenants, grants and contracts for specific operating activities, and sales and services from auxiliary enterprises. Operating expenses incurred in conducting the programs and services of the College and the Foundation are presented in the statements of revenues, expenses, and changes in net assets as operating activities.

In accordance with 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,* certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the College and the Foundation are mandated to be recorded as nonoperating revenues, including State general appropriations, private gifts and investment income. Nonoperating revenues and expenses include State general appropriations (for the support of College operating expenses), private gifts for other than capital purposes, investment income, realized and net unrealized gains or losses on investments and interest expense. All grants expended by the Foundation are reflected by the College as either noncapital or capital gifts, or gifts for endowment.

Other changes in net assets include State capital appropriations, gifts for capital funds for specified purposes and gifts of endowments, and the reclassification of restricted net position to a liability as a result of the termination of the Perkins Loan program.

Student tuition and fees – All of the student tuition and fees provide for current operations of the College. Certain waivers of the student tuition and fees considered to be scholarship and financial aid grant allowances (i.e., tuition remission) are recorded as an offset to revenue. Tuition and fee revenue is recognized in the fall, spring, and summer semesters of each year.

Scholarship allowances – The College recognizes certain financial aid allowances (e.g., UC Law grants) and enrollment fee waivers as the difference between the stated charge for tuition and fees and the amount that is paid by the student, as well as third parties making payments on behalf of the student. Payments of financial aid and scholarships made directly to students from private gifts, donations, and endowment income are classified as scholarship and fellowship expenses.

State appropriations – The State provides appropriations to the College on an annual basis. State educational appropriations for the general support of the College are recognized as nonoperating revenue, however, related expenses incurred to support either educational operations or other specific operating purposes are designated as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net assets when the related expenditures are incurred.

Use of estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements adopted or under consideration – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement that are effective are as follows: The requirements related to extension of the use of the London Interbank Offered Rate, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, public-private and public-public partnerships, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The College and the Foundation have implemented this pronouncement for the fiscal year 2024. The pronouncement has no effect on the College and the Foundation's financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62* ("GASB 100"). The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The College and the Foundation have implemented this pronouncement for the fiscal year 2024. The pronouncement has no effect on the College and the Foundation's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. GASB 101 is effective for College and the Foundation for the fiscal year 2025. Management is currently evaluating the impact on the College and the Foundation's financial statements.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2024 and 2023, consist of the following:

	2024		2023	
	College	Foundation	College	Foundation
Cash in banks and on hand	$ 4,431,144	$ 34,190	$ 10,182,881	$ 35,419
Pooled cash included in STIP	318,127	-	18,949	-
Total cash and cash equivalents	$ 4,749,271	$ 34,190	$ 10,201,830	$ 35,419

Restricted cash and cash equivalents as of June 30, 2024 and 2023, consist of the following:

	2024		2023	
	College	Foundation	College	Foundation
Cash held for the Tower	$ 43,669,757	$ -	$ 46,937,656	$ -
Cash held for the Authority	35,151,446	-	43,657,660	-
Cash held for notes receivables	3,656	-	4,169	-
Total cash and cash equivalents	$ 78,824,859	$ -	$ 90,599,485	$ -

The College and the Foundation follow the practice of pooling cash. The cash and cash equivalents pools allocate earnings based on the number of units held of the total on a monthly basis. The College and the Foundation utilize STIP, which is managed by the University of California Office of the Treasurer. STIP consists of money market and fixed income investments with a maximum maturity of five years. The objective of STIP is to maximize returns consistent with liquidity and cash flow needs. The College and the Foundation consider STIP to operate as a demand deposit.

As of June 30, 2024 and 2023, the carrying amounts of the College's deposits in banks were $4,431,144 and $10,182,881, respectively, and the bank balances were $4,676,085 and $7,101,500, respectively.

Of the bank balances for 2024, $250,000 was covered by federal depository insurance and $4,426,085 was uninsured but collateralized with securities held by a third-party financial institution in accordance with the State of California Government Code, but not in the College's name.

As of June 30, 2024 and 2023, the carrying amounts of the College's deposits in banks for restricted cash were $35,151,446 and $43,657,660, respectively, and the bank balances were $35,268,310 and $51,985,410, respectively.

Of the bank balances for restricted cash in 2024, $250,000 was covered by federal depository insurance and $35,018,310 was uninsured but collateralized with securities held by a third-party financial institution in accordance with the State of California Government Code, but not in the College's name.

Note 4 – Investments

The College and the Foundation follow the investment philosophy of the University and invest their excess cash and long-term investments with the University Office of the Treasurer ("Office of the Treasurer"). Accordingly, all investments held by the Office of the Treasurer are uninsured and unregistered and are not held in the College's or the Foundation's name.

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities commingled funds (exchange traded funds and mutual funds) and other publicly traded securities.

Level 2 – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2 investments include fixed or variable-income securities, commingled funds (institutional funds not listed in active markets) and other assets that are valued using market information.

Level 3 – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

Net asset value ("NAV") – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in nongovernmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include commingled balanced funds.

Not leveled – Cash and cash equivalents are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The University managed commingled funds ("UC pooled funds") serve as the core investment vehicle for the College and the Foundation.

GEP – An investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scales. GEP is a balanced portfolio of equities, fixed income securities, and alternative investments. The primary goal is to maximize long-term total return, growth of principal and a growing payout stream to ensure that future funding for endowment-supported activities can be maintained. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements. The College's investment in GEP is classified as commingled funds. GEP is considered to be an external investment pool from the College's perspective.

The fair value of the College's and the Foundation's share in the GEP's investments – all measured at NAV, as well as funds held in investment for the Housing Authority as of June 30, 2024 and 2023, are as follows:

	2024		2023	
	College	**Foundation**	**College**	**Foundation**
GEP Endowment Investments	$ 56,409,480	$ 635,381	$ 51,277,102	$ 593,190
GEP Operating Investments	78,274,907	-	70,102,593	-
Tower Renovation Investments	50,443,458	-	45,000,000	-
Authority Investments	-	-	40,240,191	-
Total investments	$ 185,127,845	$ 635,381	$ 206,619,886	$ 593,190

Risk profile of the investments – Financial instruments that potentially subject the College and the Foundation to concentrations of credit risk consist principally of investments with the Office of the Treasurer, which may invest in cash equivalents, U.S. Government and federal agency obligations, common stocks, and corporate debt securities; the remainder of the Office of the Treasurer's portfolio is diversified and issuers of the securities are dispersed throughout many industries and geographies. There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Credit risk – Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk.

The Office of the Treasurer recognizes that credit risk is appropriate in balanced investment pools such as GEP, by virtue of the benchmark chosen for the fixed-income portion of that pool. That fixed-income benchmark, the Barclay’s Capital US Aggregate Bond Index is comprised of approximately 35 percent treasuries, 30 percent mortgage/asset-backed securities, and 30 percent corporate bonds all of which carry some degree of credit risk. The remaining 5 percent are government-related bonds. Credit risk in the GEP is managed primarily by diversifying across issuers and portfolio guidelines mandate that no more than 10 percent of the market value of fixed income may be invested in issues with credit rating below investment grade. Further, the weighted-average credit rating must be “A” or higher.

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

The Office of the Treasurer portfolio guidelines limit the fixed and variable income portion of the GEP weighted-average effective duration to plus or minus 20 percent of the effective duration of the benchmark (Barclay’s Capital US Aggregate Index). This constrains the potential price movement due to interest rate changes of the portfolio to be similar to that of the benchmark. The effective durations of total investments of the College and the Foundation in the office of the Treasurer’s GEP as of June 30, 2024 and 2023, were 2.67 and 2.56 months, respectively.

Foreign currency risk – The Office of the Treasurer's strategic asset allocation policy for GEP includes an allocation to non-U.S. equities and nondollar denominated bonds. The benchmark for these investments is not hedged; therefore, foreign currency risk is an essential part of the investment strategy. Portfolio guidelines for U.S. investment-grade fixed income securities also allow exposure to non-U.S. dollar denominated bonds up to 10 percent of the total portfolio market value.

Exposure to foreign currency risk from these securities is permitted and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the investment policies, such instruments are not permitted for speculative use or to create leverage. The portions of total investments of the College and the Foundation in the Office of the Treasurer's GEP associated with various foreign currency denominations as of June 30, 2024 and 2023, were $26,044,645 and $11,292,700, respectively.

Note 5 – Notes Receivable

Notes receivable of the College as of June 30, 2024 and 2023, consist of the following:

	2024	2023
Federal Perkins and NDSL loans	$ 3,730	$ 5,300
O'Neill loans	100,890	120,651
UC Law loans	175,411	198,502
California Bar Preparation loans	123,327	124,295
Less: allowance for doubtful accounts	(36,125)	(36,125)
Ending notes receivable	$ 367,233	$ 412,623

All loans, except the California Bar Preparation loans, are payable over approximately ten years following College attendance. Federal Perkins loans accrue interest at 5 percent. O'Neill loans made prior to July 1, 1996, are interest-free; and loans made July 1, 1996, or after accrued interest at 5 percent. Funding for the O'Neill Loan program is made by a private gift to the College. O'Neill loans are advanced to students who reside in Sacramento County. During 2015, the College transitioned the O'Neil loan fund to a scholarship fund. Therefore, there will be no new loans given out from this fund after that fiscal year. UC Law loans are also funded by private gifts to the College and accrue interest at 5 percent. The allowance for doubtful accounts is based upon 5 percent of the outstanding balance of all loans. Management's estimation of the collectible notes receivable amount is based on past collection experience, current conditions, and specific identification of accounts with known uncertainty.

Note 6 – Leases

The College is a lessee for noncancelable leases of operating equipment with lease terms through 2029. For the years ended June 30, 2024 and 2023, total lease payments were $42,118 and $2,467, respectively, related to the equipment leases. The College recognized interest expense of $683 and $587, respectively, for the year ended June 30, 2024 and 2023. There are no residual value guarantees included in the measurement of College's lease liability nor recognized as an expense for the years ended June 30, 2024 and 2023. The College does not have any commitments that were incurred at the commencement of the leases. The College is not subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statement of changes of net position for the years ended June 30, 2024 and 2023. There were no termination penalties incurred during the fiscal years ended June 30, 2024 and 2023.

The College has the following operating lease right-of-use activities for the years ended June 30, 2024 and 2023:

Right-of-Use Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2024	Net Value as of June 30, 2023	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2024
Pitney Bowes	Office Equipment	$ 28,200	3/1/2023	2/28/2028	60	(9,290)	$ 26,320	$ -	$ 6,637	$ (7,410)	$ 25,547
Wash Laundry	Laundry System	$ 236,312	7/31/2023	9/30/2029	75	(37,810)	-	236,312	-	(37,810)	198,502
							$ 26,320	$ 236,312	$ 6,637	$ (45,220)	$ 224,049

Right-of-Use Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2024	Net Value as of June 30, 2023	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2024
Pitney Bowes	Office Equipment	$ 28,200	3/1/2023	2/28/2028	60	(1,880)	$ -	$ 28,200	$ -	$ (1,880)	$ 26,320
							$ -	$ 28,200	$ -	$ (1,880)	$ 26,320

For the years ended June 30, 2024 and 2023, the College recognized $45,220 and $1,880, respectively, in amortization expense included in depreciation and amortization, excluding auxiliary enterprise expense on the statements of revenues, expenses, and changes in net position.

The following is a summary of changes in operating lease liabilities, net for the years ended June 30, 2024 and 2023:

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2024	Outstanding as of June 30, 2023	Additions	Payments	Outstanding as of June 30, 2023
Pitney Bowes	3/1/2023	2/28/2028	2.40%	$ 617	$ 26,320	$ -	$ (1,185)	$ 25,135
Wash Laundry	7/31/2023	9/30/2029	2.42%	$ 3,398	-	236,312	(40,250)	196,062
					$ 26,320	$ 236,312	$ (41,435)	$ 221,197

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2023	Outstanding as of June 30, 2022	Additions	Payments	Outstanding as of June 30, 2023
Pitney Bowes	3/1/2023	2/28/2028	2.40%	$ 617	$ -	$ 28,200	$ (1,880)	$ 26,320
					$ -	$ 28,200	$ (1,880)	$ 26,320

The future principal and interest lease payments as of June 30, 2024, were as follows:

Future maturities are as follows:

Years Ending June 30,	Payments	Interest	Total
2025	$ 46,364	$ 1,816	$ 48,180
2026	45,258	2,922	48,180
2027	44,178	4,002	48,180
2028	40,947	4,766	45,713
2029	35,667	5,112	40,779
2030	8,783	1,412	10,195
	$ 221,197	$ 20,030	$ 241,227

The College evaluated the operating lease right-of-use assets for impairment and determined there was no impairment for the years ended June 30, 2024 and 2023.

The College is also a lessor for noncancelable leases of various retail space, long-term parking and rental space with lease terms through fiscal year 2036. For the years ended June 30, 2024 and 2023, the College recognized $1,149,665 and $893,769, respectively, in lease revenue released from deferred inflows of resources related to the various office, retail, and rental space leases. The College recognized interest revenue of $36,942 and $35,152 for the years ended June 30, 2024 and 2023, respectively. No variable payments charged to the lessees. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the year.

Leases receivable is calculated based on principal payment maturities described as follows for the years ended June 30, 2024 and 2023:

Leasee	Lease Type	Commencement Date	Expiration Date	Interest Rate	Lease Term (Months)	Monthly Rent as of June 30, 2024	Outstanding as of June 30, 2023	Additions	Payments	Outstanding as of June 30, 2024
US Attorney	Parking Lease	3/1/2024	8/31/2029	2.42%	66	$ 11,990	$ 23,436	$ 760,491	$ (71,155)	$ 712,772
General Service Admin	Parking Lease	11/1/2023	10/31/2033	2.42%	120	18,909	70,651	2,508,171	(220,558)	2,358,264
SF VA	Parking Lease	4/1/2024	9/1/2025	2.42%	18	2,820	48,118	50,285	(56,542)	41,861
USACE	Parking Lease	7/1/2021	10/31/2023	0.90%	28	-	1,726	-	(1,726)	-
Philz	Retail Lease	7/1/2013	6/30/2028	3.26%	180	9,583	475,364	-	(174,292)	301,072
Golden Era	Retail Lease	12/1/2013	11/30/2033	0.90%	240	10,555	1,312,842	-	(114,231)	1,198,611
Subway	Retail Lease	8/1/2021	12/31/2036	3.26%	185	1,751	923,030	-	(248,686)	674,344
Plant Construction Co.	Retail Lease	6/1/2024	5/31/2027	2.63%	36	6,500	-	224,770	(6,486)	218,284
SPRO LLC.	Retail Lease	8/1/2023	7/31/2036	3.26%	147	5,750	-	845,487	(11,453)	834,034
UC Davis	Rent Lease	8/1/2022	7/31/2028	2.85%	72	21,294	1,245,566	-	(244,536)	1,001,030
							$ 4,100,733	$ 4,389,204	$ (1,149,665)	$ 7,340,272

Leasee	Lease Type	Commencement Date	Expiration Date	Interest Rate	Lease Term (Months)	Monthly Rent as of June 30, 2023	Outstanding as of June 30, 2022	Additions	Payments	Outstanding as of June 30, 2023
US Attorney	Parking Lease	9/1/2022	8/31/2023	0.90%	12	$ 11,990	$ 22,234	$ 119,795	$ (118,593)	$ 23,436
General Service Admin	Parking Lease	5/1/2018	10/31/2023	0.90%	66	18,538	274,581	-	(203,930)	70,651
SF VA	Parking Lease	9/1/2021	8/31/2026	0.90%	60	1,262	63,034	-	(14,916)	48,118
USACE	Parking Lease	7/1/2021	10/31/2023	0.90%	28	427	6,785	-	(5,059)	1,726
Philz	Retail Lease	2/12/2013	2/11/2028	0.90%	180	9,085	573,339	-	(97,976)	475,363
Build Group	Retail Lease	10/1/2020	3/31/2023	0.90%	30	-	83,850	-	(83,850)	-
Golden Era	Retail Lease	12/1/2013	11/30/2033	0.90%	240	10,248	1,422,418	-	(109,576)	1,312,842
Subway	Retail Lease	8/1/2021	12/31/2036	0.90%	185	5,033	958,700	-	(35,670)	923,030
UC Davis	Retail Lease	8/1/2022	7/31/2028	2.40%	72	20,673	-	1,469,766	(224,199)	1,245,567
							$ 3,404,941	$ 1,589,561	$ (893,769)	$ 4,100,733

The future principal and interest lease receipts as of June 30, 2024, were as follows:

Future maturities are as follows:

Years Ending June 30,	Payments	Interest	Total
2025	$ 1,027,099	$ 84,059	$ 1,111,158
2026	1,021,518	113,201	1,134,719
2027	1,010,350	140,691	1,151,041
2028	949,647	163,290	1,112,937
2029	659,045	99,772	758,817
2030-2034	2,394,663	562,536	2,957,199
2034-2036	277,950	142,890	420,840
	$ 7,340,272	$ 1,306,439	$ 8,646,711

Note 7 – Subscription-Based Information Technology Arrangements

The College is a lessee for noncancelable leases of various SBITA with lease terms through fiscal year 2027. For the years ended June 30, 2024 and 2023, total lease payments were $1,085,318 and $717,266, respectively, related to various SBITA. The College recognized interest expense of $55,574 and $52,355 for the years ended June 30, 2024 and 2023, respectively. There were no variable payments charged by the lessor that are included in the lease payable balance. There were no expenses recognized related to termination penalties or residual value guarantees during the fiscal years. For the lease payables, the underlying assets include initial setup fees which are included in the balance of the leased asset and amortized over its useful life.

The College has the following subscription asset activities for the years ended June 30, 2024 and 2023:

Subscription Based IT Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2024	Net Value as of June 30, 2023	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2024
Thomson Reuters	SBITA	$ 911,198	5/1/2021	4/30/2025	48	$ (455,599)	$ 417,632	$ -	$ -	$ (227,799)	$ 189,833
Axiom	SBITA	301,019	3/2/2019	3/1/2024	60	(301,019)	40,136	-	-	(40,136)	-
LexisNexis Digital Library	SBITA	228,543	7/1/2021	6/30/2025	48	(114,271)	114,271	-	(85,703)	(28,568)	-
CourseDog	SBITA	193,384	9/1/2021	8/31/2024	36	(128,923)	75,205	-	-	(64,461)	10,744
LexisNexis	SBITA	158,005	7/1/2022	6/30/2025	36	(105,337)	105,337	-	-	(52,668)	52,669
Carahsoft (docusign)	SBITA	157,042	8/31/2023	8/30/2026	36	(43,623)	-	157,042	-	(43,623)	113,419
StarRez	SBITA	101,836	10/1/2021	9/30/2026	60	(40,734)	66,194	-	-	(20,367)	45,827
Pantheon	SBITA	80,029	7/1/2021	6/30/2024	36	(53,353)	26,677	-	-	(26,677)	-
Elsevier	SBITA	71,555	8/1/2021	7/31/2024	36	(47,704)	25,839	-	-	(23,852)	1,987
BlackBaud	SBITA	259,100	7/19/2023	7/18/2027	48	(64,775)	-	259,100	-	(64,775)	194,325
PlanetBids	SBITA	58,828	1/14/2021	1/13/2026	60	(23,531)	29,414	-	-	(11,766)	17,648
Brightly	SBITA	26,533	7/1/2022	6/30/2025	36	(17,688)	17,689	-	-	(8,844)	8,845
Panopto	SBITA	57,672	1/1/2024	12/31/2026	36	(9,612)	-	57,672	-	(9,612)	48,060
ExLibris	SBITA	281,605	7/1/2023	6/30/2026	36	(93,868)	-	281,605	-	(93,868)	187,737
Trakstar	SBITA	29,165	3/6/2024	3/6/2027	36	(3,241)	-	29,165	-	(3,241)	25,924
Ellucian	SBITA	733,063	10/1/2019	9/30/2024	60	(696,410)	-	733,063	(549,799)	(146,613)	36,651
Simplrr	SBITA	225,369	10/25/2023	10/24/2026	36	(56,342)	-	225,369	-	(56,342)	169,027
							$ 918,394	$ 1,743,016	$ (635,502)	$ (923,212)	$ 1,102,696

Subscription Based IT Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2023	Net Value as of June 30, 2022	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2023
Thomson Reuters	SBITA	$ 911,198	5/1/2021	4/30/2025	48	$ (493,565)	$ 645,432	$ -	$ -	$ (227,800)	$ 417,632
Axiom	SBITA	301,019	3/2/2019	3/1/2024	60	(260,883)	100,340	-	-	(60,204)	40,136
LexisNexis Digital Library	SBITA	228,543	7/1/2021	6/30/2024	48	(114,272)	171,407	-		(57,136)	114,271
CourseDog	SBITA	193,384	9/1/2021	8/31/2024	36	(107,436)	139,666	-	-	(64,461)	75,205
LexisNexis	SBITA	158,005	7/1/2022	6/30/2025	36	(52,668)	-	158,005	-	(52,668)	105,337
Carahsoft (docusign)	SBITA	115,442	6/30/2020	6/30/2023	36	(115,442)	38,480	-	-	(38,480)	-
StarRez	SBITA	101,836	10/1/2021	9/30/2026	60	(30,550)	86,561	-	-	(20,367)	66,194
Pantheon	SBITA	80,029	7/1/2021	6/30/2024	36	(53,352)	53,353	-	-	(26,676)	26,677
Elsevier	SBITA	71,555	8/1/2021	7/31/2024	36	(43,728)	49,691	-	-	(23,852)	25,839
BlackBaud	SBITA	147,449	5/15/2020	7/14/2023	38	(147,449)	46,563	-	-	(46,563)	-
PlanetBids	SBITA	58,828	1/14/2021	1/13/2026	60	(29,415)	41,180	-	-	(11,766)	29,414
Brightly	SBITA	26,533	7/1/2022	6/30/2025	36	(8,844)	-	26,533	-	(8,844)	17,689
Concur	SBITA	194,476	2/24/2020	2/24/2023	36	(221,486)	37,815	-	-	(37,815)	-
							$ 1,410,488	$ 184,538	$ -	$ (676,632)	$ 918,394

For the years ended June 30, 2024 and 2023, the College recognized $923,212 and $676,632, respectively, in amortization expense included in depreciation, excluding auxiliary enterprise expense on the statements of revenues, expenses, and changes in net position.

The following is a summary of changes in subscription liabilities, net for the years ended June 30, 2024 and 2023:

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2024	Outstanding as of June 30, 2023	Additions	Payments	Outstanding as of June 30, 2024
Thomson Reuters	5/1/2021	4/30/2025	2.40%	$ 18,983	$ 417,633	$ -	$ (227,800)	$ 189,833
Axiom	3/2/2019	3/1/2024	2.40%	6,583	40,136	-	(40,136)	-
LexisNexis Digital Library	7/1/2021	6/30/2025	2.40%	4,927	114,271	-	(114,271)	-
CourseDog	9/1/2021	8/31/2024	2.40%	4,708	62,146	-	(53,374)	8,772
LexisNexis	7/1/2022	6/30/2025	2.40%	4,509	105,338	-	(52,669)	52,669
Carahsoft (docusign)	8/31/2023	8/30/2026	2.63%	4,594	-	157,042	(53,712)	103,330
StarRez	10/1/2021	9/30/2026	2.40%	1,597	60,587	-	(18,541)	42,046
Pantheon	7/1/2021	6/30/2024	2.40%	2,306	26,676	-	(26,676)	-
Elsevier	8/1/2021	7/31/2024	2.40%	2,049	25,839	-	(23,852)	1,987
BlackBaud	7/19/2023	7/18/2027	2.63%	5,408	-	259,100	(60,002)	199,098
PlanetBids	1/14/2021	1/13/2026	2.40%	1,030	29,414	-	(11,766)	17,648
Brightly	7/1/2022	6/30/2025	2.40%	721	17,688	-	(8,844)	8,844
Panopto	1/1/2024	12/31/2026	2.63%	1,540	-	57,672	(18,434)	39,238
ExLibris	7/1/2023	6/30/2026	2.63%	7,738	-	281,605	(92,655)	188,950
Trakstar	3/6/2024	3/6/2027	2.63%	833	-	29,165	(9,978)	19,187
Ellucian	10/1/2019	9/30/2024	2.63%	13,052	-	174,340	(139,928)	34,412
Simplrr	10/25/2023	10/24/2026	2.63%	6,440	-	225,369	(77,106)	148,263
					$ 899,728	$ 1,184,293	$ (1,029,744)	$ 1,054,277

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2023	Outstanding as of June 30, 2022	Additions	Payments	Outstanding as of June 30, 2023
Thomson Reuters	5/1/2021	4/30/2025	2.40%	$ 20,011	$ 645,432	$ -	$ (227,799)	$ 417,633
Axiom	3/2/2019	3/1/2024	2.40%	6,583	100,340	-	(60,204)	40,136
LexisNexis Digital Library	7/1/2021	6/30/2025	2.40%	4,927	171,407	-	(57,136)	114,271
CourseDog	9/1/2021	8/31/2024	2.40%	4,708	116,814	-	(54,669)	62,145
LexisNexis	7/1/2022	6/30/2025	2.40%	4,509	-	158,006	(52,668)	105,338
Carahsoft (docusign)	6/30/2020	6/30/2023	2.40%	4,167	38,481	-	(38,481)	-
StarRez	10/1/2021	9/30/2026	2.40%	1,597	79,024	-	(18,438)	60,586
Pantheon	7/1/2021	6/30/2024	2.40%	2,306	53,353	-	(26,676)	26,677
Elsevier	8/1/2021	7/31/2024	2.40%	2,049	49,691	-	(23,852)	25,839
BlackBaud	5/15/2020	7/14/2023	2.40%	4,033	46,563	-	(46,563)	-
PlanetBids	1/14/2021	1/13/2025	2.40%	1,030	41,180	-	(11,766)	29,414
Brightly	7/1/2022	6/30/2025	2.40%	721	-	26,533	(8,844)	17,689
Concur	2/24/2020	2/24/2023	2.40%	-	37,815	-	(37,815)	-
					$ 1,380,100	$ 184,539	$ (664,911)	$ 899,728

The future principal and interest lease payments as of June 30, 2024, were as follows:

Future maturities are as follows:

Years Ending June 30,	Payments	Interest	Total
2025	$ 640,239	$ 33,630	$ 673,869
2026	339,673	21,566	361,239
2027	74,365	6,464	80,829
	$ 1,054,277	$ 61,660	$ 1,115,937

The College evaluated the subscription assets for impairment and determined there was no impairment for the year ended June 30, 2024 and 2023, respectively.

Note 8 – Assets Held by Others

Assets held by others represent the College's right to the perpetual income streams resulting from irrevocable and perpetual trusts held by external trustees. The College's right to the income from these trusts is valued at the market value of the investments held by the trusts. The trusts are administered by The Regents of the University of California ("UC").

UC holds seven endowments (not pursuant to irrevocable agreements) for which income is allocated to the College and recorded in the accompanying financial statements as other changes in net position, gifts, and other changes to endowment. Income generated from three of these endowments has been designated by the donor to be distributed exclusively to the College's students. For the remaining four, the income allocated to the College conforms to the donors' intent that endowment income be used for financial support of University of California law students. The market value of the College's share of the remaining four endowments as of June 30, 2024 and 2023, is $3,421,606 and $3,193,266, respectively. These four endowments are not reflected on the College's statements of net position. Assets held by others also include $35,000 held as an interest account in Citizens Business Bank for workers' compensation payments.

The following table summarizes the assets held by others reported at fair value within the fair value hierarchy as of June 30, 2024:

Assets Held by Others	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	NAV	Not Leveled
Beneficial interest in charitable remainder trust ("CRT")	$ 1,847,293	$ -	$ -	$ -	$ 1,847,293	$ -
Endowments held by UC	7,444,343	-	-	-	7,444,343	-
Workers' compensation	35,000	-	-	-	-	35,000
Total assets held by others	$ 9,326,636	$ -	$ -	$ -	$ 9,291,636	$ 35,000

The following table summarizes the assets held by others reported at fair value within the fair value hierarchy as of June 30, 2023:

Assets Held by Others	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	NAV	Not Leveled
Beneficial interest in charitable remainder trust ("CRT")	$ 1,739,890	$ -	$ -	$ -	$ 1,739,890	$ -
Endowments held by UC	6,947,549	-	-	-	6,947,549	-
Workers' compensation	35,000	-	-	-	-	35,000
Total assets held by others	$ 8,722,439	$ -	$ -	$ -	$ 8,687,439	$ 35,000

Note 9 – Capital Assets

The activities related to capital assets during fiscal year 2024 for the College are summarized below:

	2023	Additions/ Transfers	Disposals/ Transfers	2024
Capital assets, not being depreciated:				
Land	$ 5,246,532	$ -	$ -	$ 5,246,532
Construction in progress	247,503,055	45,003,750	(283,680,219)	8,826,586
Works of art	434,809	-	-	434,809
Intangible assets	115,920	-	-	115,920
Total capital assets, not being depreciated	253,300,316	45,003,750	(283,680,219)	14,623,847
Capital assets, being depreciated:				
Buildings	128,603,918	254,506,110	-	383,110,028
Building improvements	58,594,038	29,174,109	-	87,768,147
Equipment, furniture, and fixtures	3,978,591	280,593	-	4,259,184
Computer software	1,482,856	-	(395,691)	1,087,165
Library books and materials	2,832,808	-	-	2,832,808
Total capital assets, being depreciated	195,492,211	283,960,812	(395,691)	479,057,332
Less accumulated depreciation for:				
Buildings	(26,701,804)	(4,749,334)	-	(31,451,138)
Building improvements	(24,980,879)	(1,977,504)	-	(26,958,383)
Equipment, furniture, and fixtures	(2,696,557)	(299,059)	-	(2,995,616)
Computer software	(842,648)	(96,809)	138,492	(800,965)
Library books and materials	(2,525,540)	(89,337)	-	(2,614,877)
Total accumulated depreciation	(57,747,428)	(7,212,043)	138,492	(64,820,979)
Total capital assets, being depreciated, net	137,744,783	276,748,769	(257,199)	414,236,353
Capital assets, net	$ 391,045,099	$ 321,752,519	$ (283,937,418)	$ 428,860,200

The activities related to capital assets during fiscal year 2023 for the College are summarized below:

	2022	Additions/ Transfers	Disposals/ Transfers	2023
Capital assets, not being depreciated:				
Land	$ 5,088,532	$ 158,000	$ -	$ 5,246,532
Construction in progress	122,336,763	126,657,019	(1,490,727)	247,503,055
Works of art	421,309	13,500	-	434,809
Intangible assets	115,920	-	-	115,920
Total capital assets, not being depreciated	127,962,524	126,828,519	(1,490,727)	253,300,316
Capital assets, being depreciated:				
Buildings	128,603,918	-	-	128,603,918
Building improvements	57,103,311	1,490,727	-	58,594,038
Equipment, furniture, and fixtures	3,135,347	843,244	-	3,978,591
Computer software	1,482,856	-	-	1,482,856
Library books and materials	2,832,808	-	-	2,832,808
Total capital assets, being depreciated	193,158,240	2,333,971	-	195,492,211
Less accumulated depreciation for:				
Buildings	(25,229,631)	(1,472,173)	-	(26,701,804)
Building improvements	(22,670,638)	(2,310,241)	-	(24,980,879)
Equipment, furniture, and fixtures	(2,547,127)	(149,430)	-	(2,696,557)
Computer software	(735,013)	(107,635)	-	(842,648)
Library books and materials	(2,420,644)	(104,896)	-	(2,525,540)
Total accumulated depreciation	(53,603,053)	(4,144,375)	-	(57,747,428)
Total capital assets, being depreciated, net	139,555,187	(1,810,404)	-	137,744,783
Capital assets, net	$ 267,517,711	$ 125,018,115	$ (1,490,727)	$ 391,045,099

Note 10 – Long-Term Debt

Long-term debt of the College consists of the following at June 30, 2024 and 2023:

	2024	2023
College of the Law Refunding Bonds, Series 2017	$ 13,860,000	$ 14,605,000
Campus Housing Authority Revenue Bonds, Series 2020A and 2020B	360,715,525	360,715,525
Total bonds payable	374,575,525	375,320,525
Capital lease obligation	49,590,315	51,377,839
Bond premium	3,976,390	4,390,919
Total long-term debt	$ 428,142,230	$ 431,089,283

The College issued the Series 2017 Refunding Bonds for $17,610,000 to refund the previously issued Series 2008 Bonds for the construction of the UC Law Parking Garage, and to reimburse the College for associated development costs. Located at 376 Larkin Street in San Francisco, California, the multi-level structure contains 395 parking stalls, and 12,612 square feet of ground-level retail space. These bonds bear interest rates ranging from 2.0% to 5.0%. Principal and interest payments are made on a semi-annual basis and the bonds mature through April 2037.

In April 2020, the College entered into a facility lease agreement with the State totaling $76,737,957, which is recorded as a capital lease. The State sold lease revenue bonds to finance the construction of a new building to be used by the College. The building was then leased to the College under terms and amounts that are sufficient to satisfy the State's lease revenue bond requirements with the understanding that the State will provide financing appropriations to the College to satisfy the annual lease requirements. At the conclusion of the lease term, ownership of the building transfers to the College.

In September 2020, the College issued Campus Housing Revenue Bonds, Series 2020A and Series 2020B with an original principal amount of $333,110,000 and $27,605,525, respectively, for the construction of a student housing facility, academic and administrative space, and construction of retail space on the UC Law campus. Additionally capital appreciation bonds were issued as part of Series 2020B, Campus Housing Revenue Bonds issuance. Interest on the 2020B Bonds will not be payable on a current basis but will compound from the date of issuance on a semi-annual basis beginning on January 1, 2021, through the conversion date, July 1, 2035. Future accreted interest accruals of $8,254,752 have not been reflected in the long-term debt balance for the Series 2020A Bonds in its payment schedule below.

The scheduled principal and interest, including accrued interest, reported in the College's financial statements for the year ended June 30, 2024 contain amounts related to this facility lease with the State of California as well as the Campus Housing Revenue Bonds.

The activity with respect to the College's current and noncurrent debt for the years ended June 30, 2024 and 2023, is as follows:

	2024
Balance as of June 30, 2023	$ 431,089,283
Unamortized bond premium	(414,529)
Principal payments in fiscal year 2024	(2,532,524)
Balance as of June 30, 2024	$ 428,142,230
Current loan payable	$ 2,668,075
Noncurrent loan payable	425,474,155
Balance as of June 30, 2024	$ 428,142,230

	2023
Balance as of June 30, 2022	$ 433,989,951
Unamortized bond premium	(445,333)
Principal payments in fiscal year 2023	(2,455,335)
Balance as of June 30, 2023	$ 431,089,283
Current loan payable	$ 2,583,819
Noncurrent loan payable	428,505,464
Balance as of June 30, 2023	$ 431,089,283

Principal and interest payments required to be made for each of the next five fiscal years and thereafter for the Series 2017 bond payable are summarized as follows:

Years Ending June 30,	Principal	Interest	Total Bond Payable
2025	$ 785,000	$ 693,000	$ 1,478,000
2026	820,000	653,750	1,473,750
2027	865,000	612,750	1,477,750
2028	905,000	569,500	1,474,500
2029	950,000	524,250	1,474,250
2030-2034	5,515,000	1,859,250	7,374,250
2035-2037	4,020,000	287,829	4,307,829
	$ 13,860,000	$ 5,200,329	$ 19,060,329

The annual payments required to amortize the Series 2020A, Campus Housing Revenue Bonds, outstanding as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ -	$ 16,655,500	$ 16,655,500
2026	-	16,655,500	16,655,500
2027	390,000	16,645,750	17,035,750
2028	920,000	16,613,000	17,533,000
2029	1,495,000	16,552,625	18,047,625
2030-2034	17,760,000	80,728,750	98,488,750
2035-2039	29,570,000	74,584,250	104,154,250
2040-2044	37,735,000	66,210,625	103,945,625
2045-2049	48,165,000	55,524,125	103,689,125
2050-2054	61,475,000	41,884,375	103,359,375
2055-2059	78,465,000	24,474,375	102,939,375
2060-2064	57,135,000	4,377,875	61,512,875
	$ 333,110,000	$ 430,906,750	$ 764,016,750

The annual payments required to amortize the Series 2020B, Campus Housing Revenue Bonds outstanding as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Accreted Interest	Interest	Total
2025	$ -	$ -	$ -	$ -
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030-2034	4,025,962	4,220,042	-	8,246,004
2035-2039	2,785,621	4,492,700	13,430,306	20,708,627
2040-2044	2,299,213	3,845,787	17,773,594	23,918,594
2045-2049	3,189,714	5,335,286	15,318,956	23,843,956
2050-2054	4,420,700	7,394,299	11,915,269	23,730,268
2055-2059	6,124,999	10,245,000	7,199,551	23,569,550
2060-2064	4,759,315	7,960,685	1,325,362	14,045,362
	$ 27,605,524	$ 43,493,799	$ 66,963,038	$ 138,062,361

Principal and interest payments required to be made for each of the next five fiscal years and thereafter for the facility capital lease payable are summarized as follows:

Years Ending June 30,	Principal	Interest	Total Capital Lease Payable
2025	$ 1,838,819	$ 1,231,731	$ 3,070,550
2026	1,883,075	1,186,225	3,069,300
2027	1,930,416	1,139,634	3,070,050
2028	1,975,669	1,091,881	3,067,550
2029	2,028,781	1,043,019	3,071,800
2030-2034	10,907,494	4,438,506	15,346,000
2035-2039	12,327,061	3,021,539	15,348,600
2040-2044	13,726,855	993,864	14,720,719
2045	2,972,145	36,855	3,009,000
	$ 49,590,315	$ 14,183,254	$ 63,773,569

Note 11 – Endowments

The endowments held by the College as of June 30, 2024, are as follows:

	Restricted Net Position		Unrestricted	
	Nonexpendable	Expendable	Net Position	Total
Endowments	$ 20,748,898	$ 21,166,350	$ -	$ 41,915,248
Funds functioning as endowments	-	-	16,036,029	16,036,029
Endowment assets held by others	7,444,343	-	-	7,444,343
College's endowments	$ 28,193,241	$ 21,166,350	$ 16,036,029	$ 65,395,620

The endowments held by the College as of June 30, 2023, are as follows:

	Restricted Net Position		Unrestricted	
	Nonexpendable	Expendable	Net Position	Total
Endowments	$ 19,385,363	$ 18,353,901	$ -	$ 37,739,264
Funds functioning as endowments	-	-	14,752,056	14,752,056
Endowment assets held by others	6,947,548	-	-	6,947,548
College's endowments	$ 26,332,911	$ 18,353,901	$ 14,752,056	$ 59,438,868

Endowments held by the Foundation as of June 30, 2024 and 2023, are as follows:

	2024 Restricted Net Position		2023 Restricted Net Position	
	Nonexpendable	Expendable	Nonexpendable	Expendable
Foundation's endowments	$ 178,755	$ 450,000	$ 178,755	$ 408,547

The College’s endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve a maximum long-term total return. As a result of this emphasis on total return, the portion of the annual income distribution funded by dividend and interest income and by capital gains may vary significantly from year to year.

Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of the College’s programs. The College utilizes a total-return spending policy governing the payout on endowed funds. Total-return policies permit the expenditure of both current income and appreciation. The portion of investment returns earned on endowments held by the College and distributed each year to support current operations is based upon a payout rate that is approved by the Board of Directors. The payout rate for 2024 and 2023 was 4.55 percent. The rates are calculated on a 12-quarter average market value of endowed funds.

Endowment income is available to meet spending needs, subject to donor terms and conditions and the approval of the Board. Net appreciation on investments of donor-restricted endowments is reflected in the above tables as restricted expendable net position.

Generally, the College’s practice is to spend restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. In addition, endowment net position reflects not only endowment investments but also cash gifted to endowments and not yet invested.

The total distribution from endowments was $2,018,819 and $1,824,127 for the years ended June 30, 2024 and 2023, respectively. From that distribution, $1,996,422 and $1,801,272 was distributed to the College, and $22,397 and $22,855 was distributed to the Foundation, for the years ended June 30, 2024 and 2023, respectively.

Note 12 – Deferred Outflows and Inflows of Resources

The composition of deferred outflows of resources at June 30, 2024 and 2023, is summarized as follows:

	2024	2023
Deferred Outflows of Resources		
Retiree health benefits liability, net	$ 6,808,000	$ 9,548,000
Pension liability, net	3,709,000	4,648,000
Loss on defeasance of debt	81,427	87,814
Total deferred outflows of resources	$ 10,598,427	$ 14,283,814
Deferred Inflows of Resources		
Retiree health benefits liability, net	$ 22,255,000	$ 21,172,000
Pension liability, net	6,798,000	2,328,000
Remainder interest in charitable remainder trust	1,847,293	1,739,890
Lease assets	7,071,544	3,813,537
Total deferred inflows of resources	$ 37,971,837	$ 29,053,427

Note 13 – Retiree Health Benefits

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through UCRHBT. The Regents has the authority to establish and amend the plan. Additional information on the retiree health plans can be obtained from the 2023-2024 annual reports of the University of California.

The contribution requirements of the eligible retirees and the participating University locations, such as the College, are established and may be amended by the University. Membership in UCRP is required to become eligible for retiree health benefits. Contributions toward benefits are shared with the retiree. The University determines the employer's contribution. Retirees are required to pay the difference between the employer's contribution and the full cost of the health insurance. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University's contribution based on age and years for service. Retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service.

Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University's maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least 5 years of service. Retirees employed by the University after 1989 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50 percent of the maximum University contribution, increasing to 100 percent after 20 years of service.

Contributions – The College's contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments. The University also remits these retiree contributions to UCRHBT. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at the College. UCRHBT reimburses the University for these amounts.

Participating University locations, such as the College, are required to contribute at a rate assessed each year by the University. The contribution requirements are based upon projected pay-as-you-go financing requirements. The assessment rates were $2.23 and $2.23 per $100 of UCRP covered payroll effective July 1, 2024 and 2023, respectively.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

The College's contributions for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Total employer contributions	$ 921,000	$ 889,000
Total contributions	$ 921,000	$ 889,000

Net retiree health benefits liability – The College's proportionate share of the net retiree health benefits liability as of June 30, 2024 and 2023, is as follows:

	2024	2023
Proportion of the net retiree health benefits liability	0.2%	0.2%
Proportionate share of net retiree health benefits liability	$ 33,680,000	$ 39,002,000

The College's net retiree health benefits liability was measured as of June 30, 2024 and 2023, and calculated using the plan net position valued as of the measurement date except for census data. The valuation results for fiscal years ended June 30, 2024 and 2023, are based on March 1, 2024 and 2023, census data, respectively. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the College's net retiree health benefits liability were:

	2024	2023
Discount rate	3.93%	3.65%
Inflation	2.50%	2.50%
Investment rate of return	2.50%	2.50%
Health care cost trend rates	Initially ranges from 0.20% to 20.46% increasing to an ultimate rate of 3.94% for 2076 and later years	Initially ranges from -3.06% to 29.06% grading down to an ultimate rate of 3.94% for 2075 and later years

The UCRP undergoes experience studies periodically to determine reasonable and appropriate economic assumptions for purposes of valuing the defined benefit plan. Where applicable, the assumptions for this valuation are consistent with UCRP. The most recent UCRP experience study covered the four-year period ending June 30, 2022.

Sensitivity of net retiree health benefits liability to the health care cost trend rate – The following presents the June 30, 2024, net retiree health benefits liability of the College calculated using the June 30, 2024, health care cost trend rate assumption with initial trend ranging from 0.20 percent to 20.46 percent grading up to an ultimate trend of 3.94 percent over 15 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate different than the current assumption:

2024			2023		
1% Decrease (-0.80% to 19.46%) Grading down to 2.9%	Current Trend (0.20% to 20.46%) Ultimate Rate 3.9%	1% Increase (1.20% to 21.46%) Grading down to 4.9%	1% Decrease (-4.06% to 28.06%) Grading down to 2.9%	Current Trend (-3.06% to 29.06%) Ultimate Rate 3.9%	1% Increase (-2.06% to 30.06%) Grading down to 4.9%
$ 28,441,000	$ 33,680,000	$ 40,447,000	$ 32,663,000	$ 39,002,000	$ 47,254,000

Discount rate – The discount rate used to estimate the net retiree health benefits liability as of June 30, 2024 and 2023, was 3.93 percent and 3.65 percent, respectively. The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCHRBT plan assets are not sufficient to make benefit payments.

Sensitivity of the net retiree health benefits liability – The following presents the June 30, 2024, net retiree health benefits liability of the College calculated using the June 30, 2024, discount rate assumption of 3.93% as well as what the net retiree health benefits liability would be if it were calculated using a discounted rate different than the current assumption:

2024			2023		
1% Decrease (2.93%)	Current Discount (3.93%)	1% Increase (4.93%)	1% Decrease (2.65%)	Current Discount (3.65%)	1% Increase (4.65%)
$ 39,471,000	$ 33,680,000	$ 29,020,000	$ 45,997,000	$ 39,002,000	$ 33,402,000

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources and deferred inflows of resources for retiree health benefits were related to the following sources as of the years ended June 30, 2024 and 2023:

	2024	2023
Deferred Outflows of Resources		
Changes in proportion and differences between the College's contributions and proportionate share of contributions	$ 1,406,000	$ 1,703,000
Changes of assumptions or other inputs	3,875,000	6,186,000
Net difference between projected and actual earnings on plan investments	-	8,000
Difference between expected and actual experience	1,527,000	1,651,000
Total deferred outflows of resources	$ 6,808,000	$ 9,548,000
Deferred Inflows of Resources		
Changes in proportion and differences between the College's contributions and proportionate share of contributions	$ 8,221,000	$ 6,991,000
Changes of assumptions or other inputs	11,680,000	10,341,000
Net difference between projected and actual earnings on plan investments	5,000	4,000
Difference between expected and actual experience	2,349,000	3,836,000
Total deferred inflows of resources	$ 22,255,000	$ 21,172,000

The net amount of deferred outflows of resources and deferred inflows of resources related to retiree health benefits that will be recognized in retiree health benefit expense during the years ending June 30 is as follows:

Years Ending June 30,	
2025	$ (3,655,000)
2026	(2,512,000)
2027	(2,151,000)
2028	(2,252,000)
2029	(2,123,000)
Thereafter	(2,754,000)
	$ (15,447,000)

Note 14 – Retirement Benefits

Substantially all full-time employees of the College participate in the University of California Retirement System ("UCRS") that is administered by the University. The UCRS consists of UCRP, a cost-sharing defined benefit pension plan, and the University of California Retirement Savings Program ("UCRSP") that includes four defined contribution pension plans with several investment portfolios generally funded with employee nonelective and elective contributions. The Regents have the authority to establish and amend the benefit plans. Additional information on the retirement plans can be obtained from the 2023-2024 annual reports for UCRS.

UCRP provides lifetime retirement income, disability protection, death benefits, and post-retirement and pre-retirement survivor benefits to eligible employees of the University, and its affiliates. Membership is required in UCRP for all employees appointed to work at least 50 percent of the time for one year or more for an indefinite period or for a definite period of a year or more. An employee may also become eligible by completing 1,000 hours within a 12-month period. Generally, five years of service are required for entitlement to plan benefits. The amount of pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's highest average plan compensation over a 36-month period, subject to certain limits imposed under the Internal Revenue Code. Annual cost-of-living adjustments ("COLAs") are made to monthly benefits according to a specified formula based on the Consumer Price Index. Ad hoc COLAs may be granted subject to funding availability.

Contributions – Contributions to the UCRP may be made by the College and the employees. The rates for contributions as a percentage of payroll are determined annually pursuant to The Regents' funding policy and based upon recommendations of the consulting actuary. The Regents determine the portion of the total contribution to be made by the College and by the employees. Employee contributions by represented employees are subject to collective bargaining agreements. Effective July 1, 2023, employee member contributions range from 7.0 percent to 9.0 percent. The College pays a uniform contribution rate of 14.0 percent of covered payroll on behalf of UCRP members. Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or lump sum equal to the present value of their accrued benefits.

Contributions were as follows during the years ended June 30, 2024 and 2023:

	2024	2023
College	$ 4,599,000	$ 4,536,000
Employee	1,922,000	1,873,000
Total contributions	$ 6,521,000	$ 6,409,000

Additional deposits were made by the University of California to UCRP of $500.0 and $700.0 million for the fiscal years ended June 30, 2024 and 2023, respectively. The College's reported pension expense and an increase in the pension payable to the University of California for its portion of these additional deposits based upon its proportionate share of covered compensation for the years ended June 30, 2024 and 2023. These balances were $795,000 and $853,000, respectively.

Net pension liability – The College's proportionate share of the net pension liability for UCRP as of June 30, 2024 and 2023, is as follows:

	2024	2023
Proportion of the net pension liability	0.2%	0.2%
Proportionate share of net pension liability	$ 27,020,000	$ 33,368,000

The College's net pension liability was measured as of June 30, 2024 and 2023, and calculated using the plan net position valued as of the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations as of July 1, 2024 and 2023, respectively.

Actuarial valuations represented a long-term perspective and involved estimates of the value of reported benefits and assumptions about the probability of certain events occurring far into the future. The College's net pension liability was calculated using the following methods and assumptions:

	2024	2023
Inflation	2.50%	2.50%
Salary increase (varying by service, including inflation)	3.65% - 5.95%	3.65 - 5.95%
Investment rate of return (net of pension plan investment expense, including inflation)	6.75%	6.75%
COLAs	2.00%	2.00%

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in 2024 and 2023 were based upon the results of an experience study conducted for the period July 1, 2018 through June 30, 2022.

For Faculty members, mortality rates are based on the Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table. Changes in the current year reflect a decrease by 15% for males and a decrease by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Staff and Safety members, mortality rates are based on the Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table. Changes in the current year reflect unadjusted for males and a decrease by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The long-term expected investment rate of return for UCRP was determined in 2024 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2024, are summarized in the following table. This information will change every four years based on the actuarial experience study:

Asset Class	Target	Long-Term Expected Real Rate Return
U.S. Equity	33.0%	5.97%
Developed International Equity	13.0%	6.75%
Emerging Market Equity	7.0%	8.50%
Core Bonds	13.0%	1.79%
High Yield Bonds	2.5%	4.57%
Emerging Market Debt	1.5%	4.64%
Private Real Estate	7.0%	3.91%
Private Equity	12.0%	9.63%
Private Credit	3.5%	2.93%
Absolute Return	3.5%	1.13%
Real Assets	4.0%	4.03%
Total	100.0%	

Discount rates – The discount rate used to estimate the net pension liability as of June 30, 2024 and 2023 was 6.75 percent. To calculate the discount rate, cash flows into and out of UCRP were projected to determine whether UCRP has sufficient cash in future periods for projected benefit payment for current members. For this purpose, College contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected College and member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2024.

Sensitivity of the net pension liability to the discount rate assumption – The following presents the June 30, 2024, net pension liability of the College calculated using the June 30, 2024, discount rate assumption of 6.75 percent as well as what the net pension liability would be if it were calculated using a discounted rate different than the current assumption:

2024			2023		
1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
$ 50,109,000	$ 27,020,000	$ 8,110,000	$ 56,616,000	$ 33,368,000	$ 14,330,000

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2024 and 2023:

	2024	2023
Deferred Outflows of Resources		
Changes of assumptions or other inputs	$ 474,000	710,000
Net excess of projected over actual earnings on plan investments (if any)	-	2,866,000
Difference between actual and expected experience in the total pension liability	3,235,000	1,072,000
Total deferred outflows of resources	$ 3,709,000	$ 4,648,000
Deferred Inflows of Resources		
Changes in proportion and differences between the College's contributions and proportionate share of contributions	$ 3,110,000	$ 2,237,000
Net excess of actual over projected earnings on pension plan investments (if any)	3,688,000	-
Difference between expected and actual experience in the total pension liability	-	91,000
Total deferred inflows of resources	$ 6,798,000	$ 2,328,000

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

Years Ending June 30,	
2025	$ (2,328,000)
2026	2,660,000
2027	(1,876,000)
2028	(1,545,000)
	$ (3,089,000)

The UCRSP plans (DC Plan, Supplemental DC Plan, 403(b) Plan, and 457(b) Plan) provide savings incentives and additional retirement security for all eligible employees. The DC Plan accepts both pre-tax and after-tax employee contributions. The Supplemental DC Plan accepts employer contributions on behalf of certain qualifying employees. The 403(b) and 457(b) Plans accept pre-tax employee contributions and the College may also make contributions on behalf of certain members of management. Benefits from the plans are based on participants' mandatory and voluntary contributions, plus earnings, and are immediately vested.

Note 15 – Federal and State Income Taxes

As a separate law department of the University of California, the College is an instrument of the State and, accordingly, is not subject to federal or state income taxes, except for taxes on unrelated business income.

Note 16 – Contingencies

The College receives substantially all its unrestricted revenue from tuition and fees and State appropriations. The College tuition and fee schedule is established annually by the Board of Directors. The State legislature establishes the annual appropriation to the College. The appropriation may increase or decrease during the year due to State budget changes.

Substantial amounts are received and expended by the College under federal and state grants and contracts and are subject to audit by cognizant governmental agencies. This funding relates primarily to student financial assistance and related programs. College management believes that liabilities, if any, arising from such audits will not have a significant effect on the College's financial condition or results of operations.

Note 17 – Insurance

The College is exposed to various risks of loss including general liability, property and casualty, workers' compensation, employee health, and legal defense. The College purchases insurance through commercial and risk retention insurance companies with various ranges of deductibles depending on the policy type. Settled claims have not exceeded this coverage in any of the past three fiscal years. The College continues to self-insure its workers' compensation program.

Note 18 – Litigation

From time to time, the College is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the College in connection with its legal proceedings is expected not to have a material adverse effect on the College's financial position and activities.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date, but before the financial statements are available to be issued. The College recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. The College's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before the financial statements were available to be issued.

The College has evaluated subsequent events through ____________, 2024, which is the date the financial statements were available to be issued and no material events were noted.

Required Supplementary Information

Net Retiree Health Benefits Liability – Required Supplementary Information

The schedule of the College's proportionate share of UCRHBT's net retiree health benefits liability is presented below:

Years Ended June 30,	Proportion of the Net Retiree Health Benefits Liability	Proportionate Share of Net Retiree Health Benefits Liability	Covered Payroll	Proportionate Share of the Net Retiree Health Benefits Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Retiree Health Benefits Liability
2024	0.2%	$33,680,000	$31,435,000	107.1%	1.1%
2023	0.2%	$39,002,000	$30,000,000	130.0%	0.9%
2022	0.2%	$36,012,000	$27,712,000	130.0%	0.9%
2021	0.2%	$42,608,000	$23,915,000	178.2%	0.7%
2020	0.2%	$45,135,000	$25,577,000	176.5%	0.7%
2019	0.2%	$40,220,000	$25,926,000	155.1%	0.8%
2018	0.2%	$37,604,000	$24,929,000	150.8%	0.7%
2017	0.2%	$40,908,000	$24,471,000	167.2%	0.6%
2016	0.2%	$49,576,000	$24,451,000	202.8%	0.3%
2015	0.3%	$45,293,000	$24,499,000	184.9%	0.3%

The schedule of the College's Plan to UCRHBT is presented below:

Years Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 701,000	$ 701,000	$ -	$ 31,435,000	2.2%
2023	$ 669,000	$ 669,000	$ -	$ 30,000,000	2.2%
2022	$ 654,000	$ 654,000	$ -	$ 27,712,000	2.4%
2021	$ 814,000	$ 814,000	$ -	$ 23,915,000	3.4%
2020	$ 868,000	$ 868,000	$ -	$ 25,577,000	3.4%
2019	$ 908,000	$ 908,000	$ -	$ 25,926,000	3.5%
2018	$ 899,000	$ 899,000	$ -	$ 24,929,000	3.6%
2017	$ 906,000	$ 906,000	$ -	$ 24,471,000	3.7%
2016	$ 927,000	$ 927,000	$ -	$ 24,451,000	3.8%
2015	$ 649,000	$ 649,000	$ -	$ 24,499,000	2.6%

Net Pension Liability – Required Supplementary Information

The schedule of the College's proportionate share of UCRP's net pension liability as of June 30 is:

Years Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.2%	$ 27,020,000	$ 26,024,000	103.8%	84.9%
2023	0.2%	$ 33,368,000	$ 25,306,000	131.9%	81.2%
2022	0.2%	$ 35,343,000	$ 23,749,000	148.8%	79.3%
2021	0.2%	$ 11,772,000	$ 22,784,000	51.7%	93.9%
2020	0.2%	$ 40,007,000	$ 24,993,025	160.1%	76.6%
2019	0.2%	$ 35,932,000	$ 24,751,000	145.2%	79.5%
2018	0.2%	$ 19,434,000	$ 24,035,000	80.9%	87.2%
2017	0.2%	$ 21,931,000	$ 23,788,000	92.2%	84.0%
2016	0.2%	$ 32,086,000	$ 24,451,000	131.2%	77.2%
2015	0.3%	$ 24,207,000	$ 24,499,000	98.8%	82.9%
2014	0.3%	$ 18,664,000	$ 24,039,000	77.6%	86.3%
2013	0.3%	$ 29,450,000	$ 24,025,000	122.6%	78.6%

The schedule of the College's plan contribution to UCRP is presented below:

Years Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 6,521,000	$ 6,521,000	$ -	$ 26,024,000	25.1%
2023	$ 6,409,000	$ 6,409,000	$ -	$ 25,306,000	25.3%
2022	$ 6,669,000	$ 6,669,000	$ -	$ 23,749,000	28.1%
2021	$ 6,188,000	$ 6,188,000	$ -	$ 22,784,000	27.2%
2020	$ 6,384,000	$ 6,384,000	$ -	$ 24,993,000	25.5%
2019	$ 6,438,000	$ 6,438,000	$ -	$ 24,751,000	26.0%
2018	$ 6,301,000	$ 6,301,000	$ -	$ 24,035,000	26.2%
2017	$ 6,246,000	$ 6,246,000	$ -	$ 23,788,000	26.3%
2016	$ 6,631,000	$ 6,631,000	$ -	$ 24,451,000	27.1%
2015	$ 7,057,000	$ 7,057,000	$ -	$ 24,499,000	28.8%
2014	$ 4,376,000	$ 4,376,000	$ -	$ 24,039,000	18.2%
2013	$ 3,766,000	$ 3,766,000	$ -	$ 24,025,000	15.7%

Reports of Independent Auditors and
Financial Statements with
Federal Awards Supplementary Information

UC College of the Law, San Francisco

June 30, 2024 and 2023

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MOSSADAMS

Report of Independent Auditors

The Board of Directors
UC College of the Law, San Francisco

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of UC College of Law, San Francisco (the "College" or "UC Law") and its discretely presented component unit, the UC Law Foundation (the "Foundation"), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the College's and the Foundation'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 UC College of Law, San Francisco and its discretely presented component unit, the UC Law Foundation, as of June 30, 2024 and 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 College 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.

Responsibilities of Management for the Financial Statements

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

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

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 U.S. GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. 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 College's and of the Foundation'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 College's and the Foundation'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 accompanying Management's Discussion and Analysis on pages 5 through 18, and the supplementary information on net retiree health benefits liability and net pension liability on pages 64 through 65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's and the Foundation's basic financial statements. The schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October ___, 2024 on our consideration of UC College of the Law, San Francisco's and its discretely presented component unit, the UC Law Foundation'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 UC College of the Law, San Francisco's and its discretely presented component unit, the UC Law Foundation'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 UC College of the Law, San Francisco's and its discretely presented component unit, the UC Law Foundation's internal control over financial reporting and compliance.

San Francisco, California
October ___, 2024

Management Discussion and Analysis (Unaudited)

The UC College of the Law, San Francisco (the "College" or "UC Law") presents its financial statements for fiscal year 2024 with comparative data presented for fiscal years 2023 and 2022. The emphasis of discussions concerning these statements will be for the fiscal years ended June 30, 2024 and 2023 (2023 and 2022, respectively). There are three financial statements presented: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows.

The following discussion and analysis are intended to help readers of the College's financial statements to better understand its financial position and operating activities. It should be read in conjunction with, and is qualified in its entirety by, the related financial statements and footnotes. The financial statements, footnotes, and this discussion and analysis were prepared by the College and are the responsibility of its management.

The College

The College was founded in 1878 as the "law department" of the University of California ("UC") and is the oldest public law school in California. Founded by Chief Justice Serranus Clinton Hastings, the College was established by the California Legislature with its own Board of Directors which has operated the College independently of the Board of Regents of the University of California since its founding. The Board of Regents possesses degree-granting authority, but all other aspects of the College are under the control of the UC Law Board of Directors. The College is the only stand-alone, public law school in the nation.

The mission of the College is to serve society as a center of higher learning committed to exceptional teaching, influential scholarship, and exemplary public service. The College provides a rigorous, innovative, and inclusive legal education that prepares diverse students to excel as professionals, advance the rule of law, and further justice.

UC Law's reputation for academic excellence, its formal affiliation with the University of California, and its location in San Francisco's downtown civic center are major factors contributing to the overall strength of the law school. This intrinsic quality is reflected in the large number of applications received for a limited number of seats. Hence, enrollment management objectives are to matriculate select students of the highest academic credentials.

The Academic Village Finance Authority

The Academic Village Finance Authority (the "Authority") is a joint powers authority created in 2019 pursuant to a Joint Exercise of Powers Agreement between UC Law and California Public Finance Authority and the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title I of the Government Code of the State of California. The Authority was renamed in 2024 from its prior designation as the Hastings Campus Housing Finance Authority, a change necessitated by the renaming of the College removing the Hastings name from the school.

The Authority is authorized to issue bonds for, among other things, financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by UC Law. The Authority has a broad mandate to operate, construct and finance project facilities and other activities undertaken in furtherance of the Long-Range Campus Plan ("LRCP") adopted in December 2017.

The Authority is governed by a seven-member board of directors, all appointed by UC Law's Board of Directors. Three of the seven-member governing board are the persons serving in the employment capacities of UC Law, specifically the Chancellor and Dean, the Chief Financial Officer, and the General Counsel of the College, unless the UC Law Board of Directors specifies otherwise. All Directors serve for terms of four years; provided, however, that any Director who is serving in an ex officio capacity by virtue of his or her position with the College shall serve as a Director so long as he or she is in such position with the College. Vacancies occurring in the Governing Board by expiration of a director's term, death, resignation, or removal are filled by a majority vote of the members of UC Law Board of Directors. In addition, the UC Law Board of Directors has the discretion to remove any Authority Director with or without cause.

The UC Law San Francisco Foundation

The UC Law San Francisco Foundation (the "Foundation") was organized for the purpose of providing an organization for individuals dedicated to the support of the College and to provide a means for soliciting, receiving, and making financial contributions and garnering volunteer support to the College, and to otherwise assist its students, alumni, administration, faculty, and Board of Directors. The Foundation is a California nonprofit public benefit corporation exempt from federal income tax pursuant to Internal Revenue Code Section 501(c)(3) and a public charity pursuant to Code Section 170(b)(1)(A)(iv).

Substantially all restricted gifts and unrestricted gifts made to the College are recognized and accounted for within the Foundation's accounts. To support the College's efforts, the Foundation allocates block grants to the College from the proceeds of unrestricted gifts made to the Foundation. These blocks grants are designated by the Foundation to support the College's alumni office and nonstate costs associated with institutional advancement functions along with funding for special events and other programs based on the Chancellor and Dean's institutional priorities. Additionally, the Foundation supports a variety of purposes such as student scholarships, faculty research and professional development, lectureships, and moot court activities with funds raised from annual giving, class campaigns, and from memorial and endowment gifts.

The Governmental Accounting Standards Board ("GASB") Statement No. 39, *Determining Whether Certain Organizations are Component Units—An amendment of GASB Statement No. 14*, is further clarified by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An amendment of GASB Statement No. 14 and No. 34*, detailing the major component unit concept. Major component units are determined based on the nature and significance of their relationship to the primary government. This determination would generally be based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered to be essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government.

The GASB requires the Foundation, as the College's legally separate, tax-exempt, affiliated campus foundation, to be considered a component unit of the College and presented discretely in the College's financial statements due to the nature and significance of the Foundation's relationship with the College. Similarly, the Authority's financial activities are fully embedded within the data reported for the College.

Overview of the College

Strategic Plan

Institutional priorities are determined in part by the Operational Strategic Plan (the “Plan”) that was adopted by the UC Law Board of Directors in March 2020. The Plan has three background assumptions, i.e., that the College will continue to increase in stature while implementing the LRCP and achieving five-year budget targets. Within that framework, the Plan prioritizes student success (first-time bar passage, employment); scholarly achievement and recognition; the development of centers of excellence and new partnerships; diversity, equity, and inclusion; all while maintaining fiscal health.

In the years since the Plan was conceived and approved, the College has pursued a broad range of Strategic Plan initiatives and has experienced gains in the academic program as measured by such metrics as first-time bar passage rates and employment outcomes. UC Law has also made substantial progress implementing its LRCP with the completion of the Cotchett Law Center at 333 Golden Gate (2020) and more recently the Academe at 198, a mix-used 656-unit residential facility at 198 McAllister (2023) in furtherance of the school’s overarching strategic vision of developing an Academic Village.

Bar Success

Using the Class of 2023 data as a baseline, which resulted in a graduating class first-time pass rate of 74 percent, the College hopes to increase the first-time pass rate for the graduating Class of 2024 by ensuring key metrics are increased for the graduating class. These metrics include law school GPA and post-graduate bar course completion. When comparing the graduating Class of 2024 to the graduating Class of 2023, there is an increase in average bar course completion of 81% for the Class of 2024 compared to 76% for the Class of 2023. The College expects the bar passage rate for the graduating Class of 2024 to increase compared to the graduating Class of 2023.

Enrollment – National Trends

Following is the recruitment and enrollment summary for the JD, Transfer, MSL/CSL, LLM and HPL programs for the 2023-24 admission cycle.

- **Enrollment Results – UC Law**

Following are the application and enrollment results for the upcoming academic year 2025 as compared to figures from the 2024 and 2023 admissions cycles:

JD	2022-23	2023-24	2024-25
Applicants	4,069	3,929	3,746
Admits	1,178	1,234	1,392
Admit Rate	29%	31%	37%
Tuition Discount Rate	33%	32%	31%
Net Tuition – All Degrees	$33.41 million	$36.90 million	$36.31 million
Enrolled – 1L Class Only	391	379	391
Yield	33.19%	30.71%	28.09%
LSAT (75/50/25)	163/158/153	163/158/153	162/160/157
UGPA (75/50/25)	3.74/3.52/3.22	3.77/3.55/3.25	3.77/3.63/3.43
Deferrals to Next Fall	30	8	15

* As of August 13, 2024, the first day of orientation. Based on data from prior years, 0-4 students are expected to withdraw between now and early October. Data is based on the first day of fall classes.

- **Total Enrollment**

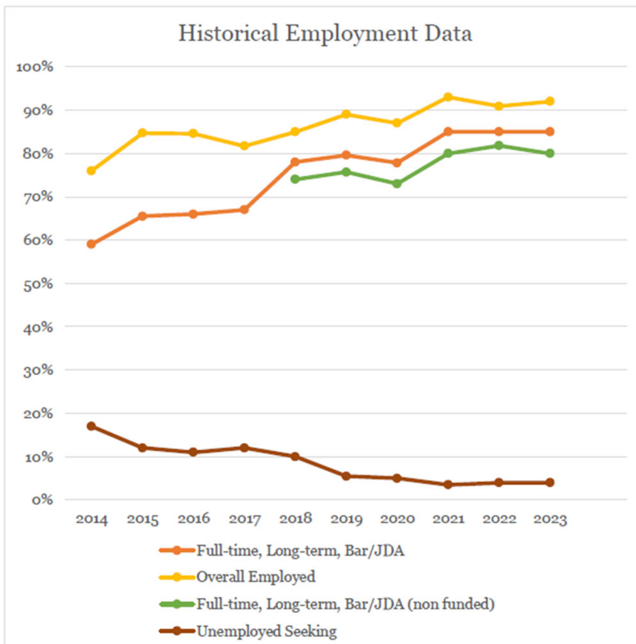
Total enrollment for the fall semesters at UC Law for the academic years 2020 through 2024 was as follows:

	2019-20	2020-21	2021-22	2022-23	2023-24
JD	929.7	981.7	1,077.2	1,103.0	1,101.7
LLM	20.8	9.2	25.8	30.30	28.0
MSL	9.8	16.8	14.6	8.7	13.9
Visitor/Other	2.0	1.9	8.1	15.0	24.7
Total	**962.3**	**1,009.6**	**1,125.7**	**1,157.0**	**1,168.3**

Student Outcome and Success

Employment outcomes continue a multi-year positive trend. Overall employment for the Class of 2023 was 92%, compared to 91% in 2022, 93% in 2021, and 87% in 2020. This is with a significantly increased graduating class size of 341 students in 2023 compared to 309 students in 2022.

Full-time, long-term (FT/LT) Bar Passage Required or JD Advantage jobs that are not law school funded were again strong at over 80% in 2023, compared to 82% for the Class of 2022, 80% for the Class of 2021 and 73% for the Class of 2020.



Highlights of Financial and Campus Operations

- **The Academe at 198 - Campus Housing Project**

The Academe at 198 building opened in August 2023 and offers a total of 656 residential units, retail spaces, and academic spaces. The project's total cost (excluding land and financing) was $284 million. Project close-out is completed, and no claims are outstanding.

In the project's inaugural year of operations, revenue from residential units was $8.7 million, with occupancy at approximately 60%. The Board of Directors approved a $1.4 million rent subsidy in 2023-24 to reduce amounts charged to non-UCSF residents by approximately 10% on average from the initial project pro forma.

The operating income, excluding depreciation, was $10.8 million in 2023-24, which, in conjunction with the remaining funds in the project's Capitalized Interest Account, has been used to cover debt service obligations. The Trust Indenture requires debt service coverage ratios of 1.2 for Series 2020A bonds and 1.05 for Series 2020B bonds. These requirements were met in 2024.

As of fall 2024, occupancy has increased to 79%. This is partially attributable to the full implementation of the Occupancy Agreement on July 26th, 2024. Various marketing efforts are underway to achieve the target occupancy rate of 95%. The building houses a diverse community of students, trainees, and faculty from UC Law, UCSF, USF, UC Davis, UOP—Dugoni School of Dentistry, Golden Gate University, Hult International Business School, and other academic institutions.

- **Ongoing Support from the State of California Remains Strong**

General Fund support for operations in the Budget Act of 2025 totaled $26 million. Strong support from the State of California was once again demonstrated. The table below summarizes year-over-year change:

Item	2023-2024	2024-2025	Dollar Change	% Change
Ongoing General Fund Support	$ 20,956,000	$ 23,181,000	$ 2,225,000	10.6%
Alternative Public Safety Program (BCP = 3 years)	3,000,000	-	(3,000,000)	-100.0%
State General Fund Operations	23,956,000	23,181,000	(775,000)	-3.2%
333 Golden Gate rent, General Fund Lease-Revenue	3,088,000	3,092,000	4,000	0.1%
Total State General Fund Appropriation	$ 27,044,000	$ 26,273,000	$ (771,000)	-2.9%

Financial Position

The narrative detailing UC Law's financial position combines figures for the College and the Foundation, unless otherwise indicated.

The statements of net position present the financial position of the College and the Foundation at the end of 2024 and 2023. The purpose of the statements of net position is to present to the reader a fiscal snapshot of UC Law and the assets available to support the operations of the College.

Similarly, the statement shows liabilities in terms of how much the College owes vendors, investors, and lending institutions. Finally, the statements of net position provide an overview of net position (assets, deferred outflows of resources minus liabilities, and deferred inflows of resources) and their availability for expenditure.

The net position section is classified into three major categories. The first category, Net Investment in Capital Assets, presents the College's equity in property, plant, and equipment. The next asset category is Restricted Assets, which is divided into two categories, Nonexpendable and Expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditure by the College but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Assets which are those net assets available for any lawful purpose to support the College.

Detailed statements of net position are included with the financial statements. A condensed version is shown below:

Condensed Statement of Net Position – 2024, 2023, and 2022 (in thousands)

	College	Foundation	2024 Total	2023 Total	2022 Total
ASSETS					
Current assets	$ 91,045	$ 1,537	$ 92,582	$ 105,830	$ 12,546
Noncurrent assets	630,692	2,040	632,732	612,885	623,219
Total assets	721,737	3,577	725,314	718,715	635,765
Deferred outflows of resources	10,598	-	10,598	14,284	20,752
Total assets and deferred outflows of resources	$ 732,335	$ 3,577	$ 735,912	$ 732,999	$ 656,517
LIABILITIES					
Current liabilities	$ 31,123	$ -	$ 31,123	$ 34,652	$ 33,198
Noncurrent liabilities	505,490	-	505,490	517,958	517,715
Total liabilities	536,613	-	536,613	552,610	550,913
Deferred inflows of resources	37,972	-	37,972	29,053	33,462
TOTAL NET POSITION					
Net investment in capital assets	83,606	-	83,606	76,575	76,620
Restricted					
Nonexpendable	28,193	179	28,372	26,512	25,727
Expendable	68,645	3,397	72,042	(12,818)	3,581
Unrestricted	(22,694)	1	(22,693)	61,067	(33,786)
Total net position	157,750	3,577	161,327	151,336	72,142
Total liabilities, deferred inflows of resources, and net position	$ 732,335	$ 3,577	$ 735,912	$ 732,999	$ 656,517

Assets

In 2024, for the College and the Foundation, current assets decreased by $13.2 million (-12.5%) compared to the prior year. The primary cause of this decrease is the use of restricted cash for the seismic upgrade to the Tower at 100 McAllister St.

In 2023, for the College and the Foundation, current assets increased by $93.3 million (743.5%) compared to the prior year. The primary cause of this growth is an appropriation of $90 million included in the Budget Act of 2022 to partially fund the renovation of McAllister Tower, located at 100 McAllister Street. Of this amount, $45 million is deposited in restricted cash equivalents (the STIP pool). The remaining $45 million is allocated as restricted investments in the TRIP pool. Additionally, $44 million in investments for the Authority held with BNY Mellon was transferred to restricted cash to support project completion for the Academe at 198 project.

For 2024, noncurrent assets increased by $19.8 million (3.2%) compared to the prior year. This is due to an increase in capital assets by $37.8 million as construction has continued on the Academe at 198 and the McAllister Tower Renovation Project. A decrease in long-term investments of $21.5 million also occurred, primarily due to the need to liquidate project funds to support construction costs.

For 2023, noncurrent assets decreased by $10.3 million (-1.7%) compared to the prior year. This is due in part by $45 million received from the State of California transferred into long term investments for the renovation of 100 McAllister Street, increasing noncurrent assets. Additionally, for the Academe at 198, construction cost increased capital assets by $126 milion, excess cash allocated for the Authority were moved to restricted cash. This in tandem with payment of project debt service decreased the Authority's long term assets by $60 million. The remainder of this difference is attributed to investment gains for the current fiscal year.

UC Law follows the investment philosophy of the University of California and invests excess cash and long-term investments – endowments and operating reserves – in the General Endowment Pool ("GEP") managed by the Office of the Chief Investment Officer. Cash needed for near term liquidity needs is allocated to the Short-Term Investment Pool ("STIP").

- The GEP experienced total returns of 12.1% in 2024 compared to total returns of 8.2% in 2023. Over time, funds managed by the University of California have performed well with average annualized returns of 2.6% over three years, 5.9% over five years and 5.1% over ten years. These results also compare favorably to policy benchmarks for these time frames adopted by the Investment Committee of the Regents of the University of California (3.1% over three years, 2.4% over five years, and 2.0% over ten years).

- The STIP experienced total returns of 5.4% in 2024 compared to 2.8% in 2023.

- Total market value of all funds managed for the College by UC Investments increased to $240.6 million as of June 30, 2024, from $224.1 million as of June 30, 2023, an increase of $16.5 million (7.4%) for the College and the Foundation.

	2024	2023	Dollar Change	% Change
Endowment Fund (GEP)	$ 57,044,861	$ 51,870,292	$ 5,174,569	10.0%
Operating Fund (GEP)	78,274,907	70,102,593	8,172,314	11.7%
Endowed Funds Held by Regents	10,865,949	10,140,815	725,134	7.2%
Tower - TRIP	50,443,458	45,000,000	5,443,458	12.1%
Tower - STIP	43,669,757	46,937,656	(3,267,899)	-7.0%
Cash Pool - STIP	318,127	18,949	299,178	1578.9%
Total	$ 240,617,059	$ 224,070,305	$ 16,546,754	7.4%

Liabilities

For 2024, for the College and the Foundation, current liabilities decreased by $3.5 million (-10.2%) compared to the prior year. The primary cause of this decrease was the decrease in accounts payables for the construction of the Academe at 198 were completed as of April 2024.

For 2023, for the College and the Foundation, current liabilities increased by $1.5 million (4.4%) compared to the prior year. The primary cause is the increase of accounts payable by $1.4 million (5.4%), reflecting an increase in amounts owed to UC Path offset by a decrease in payables for the Authority.

For 2024, noncurrent liabilities decreased by $12.5 million (-2.4%) compared to the prior year. The primary cause of this decrease is the decrease of the net pension liability by $6.3 million and a decrease in retiree health benefits liability by $5.3 million. Due to a favorable investment performance in the current year, projected future payments decreased and thus reduced the balance of the liabilities.

For 2023, noncurrent liabilities increased by $0.2 million (0.0%) compared to the prior year. The primary cause of this increase is the increase of the net pension liability and retiree health benefits liability of $1.0 million (1.4%).

Deferred Outflows and Inflows of Resources

Deferred Outflows and Inflows of Resources are reflected below for the fiscal year periods ended:

	2024	2023	2022
Deferred outflows of resources	$ 10,598,427	$ 14,283,814	$ 20,752,200
Deferred inflows of resources	$ 37,971,837	$ 29,053,427	$ 33,461,854

These amounts reflect the acquisition (outflows) or consumption (inflows) of net assets to support employer pension benefits in the current accounting period but applicable to a future period. Specifically, these amounts are related to the College's share of pension and other postemployment benefits, the calculation of which is guided by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68*. These amounts fluctuate as actuarial data, such as mortality tables, salary increases, cost of living adjustments, length of service, inflation, investment rates and other assumptions change from year to year. For example, if employees are living longer than expected, the total pension liability increases. With no change to the total pension assets, deferred outflows of resources would increase. The source of these figures is provided by Segal Consulting Report dated September 2024, as commissioned by the University of California Controller's Office.

The 2024 amount in deferred inflows of resources also reflects the $1.8 million fair value of the College's beneficial interest in a remainder trust as well as $7.1 million for lease assets. For the beneficial interest, the revenue will be recognized when cash is received for the remainder interest, as determined by the terms of the governing documents. For the lease assets, the revenue will be recognized over the term of the lease.

Net Position

For 2024, nonexpendable restricted net assets – the corpus of endowed funds – increased by $1.8 million (7.0%) compared to the prior year. Gifts supporting scholarships and professorships account for $1.8 million with the balance of the increase derived from gains on investment in excess of payout for current use. For 2023, nonexpendable restricted net assets – the corpus of endowed funds – increased by $0.8 million (3.1%) compared to the prior year. Gifts supporting scholarships and professorships account for $0.6 million with the balance of the increase derived from gains on investment in excess of payout for current use.

For 2024, expendable restricted net assets increased by $84.9 million (662.1%) from prior year. The primary driver for this is the capital project costs related to the Tower Renovation project as construction began in 2024. For 2023, expendable restricted net assets decreased by $16.4 million (-458.0%) from prior year of which the primary driver is capital projects related to the construction of building Academe at 198.

A key measure of financial status is an entity's unrestricted net position. Unrestricted net position is defined as a group of items with commercial or exchange value that have no external restrictions regarding their use or function. Unrestricted net position can be utilized for any decided-upon purpose. This contrasts with restricted net position that is assigned to specific purposes.

For 2024, the unrestricted net position of the College and its Foundation decreased by $83.8 million (137.2%). This is attributed to the start of construction for the McAllister Tower Renovation Project funded by a $90 million state appropriation received in 2023 and subsequently transferred to capital projects. For 2023, the unrestricted net position of the College and its Foundation increased by $94.9 million (280.7%) going from a deficit of -$33.8 million to a surplus of $60.8 million. This is attributed to the revenues and expense of the College related to unrestricted programs which includes additional state appropriations and enrollment fee revenues, most notably the subsequent reclassification of the $90 million received for the McAllister Tower Renovation Project from an unrestricted state appropriation to a capital projects.

Results of Operations

The statements of revenues, expenses, and changes in net position present UC Law's operating results, as well as the nonoperating revenues and expenses. Operating revenues primarily include net student tuition and fees, grants and contracts, and auxiliary activities. Given a public institution's dependency on revenues such as state appropriations, gifts, and investment income, which are prescribed by GASB as non-operating revenues, operating expenses will always exceed operating revenues resulting in an operating loss. Net nonoperating revenues or expenses are an integral component in determining the increase or decrease in net position.

For 2024, the College with the Foundation, experienced a net income of $6.7 million; when other changes to net assets are included, there is a total increase to net assets of $10.0 million (8.8% of total operating and nonoperating revenues). For 2023, the College with the Foundation, experienced a net income of $77.6 million; when other changes to net assets are included, there is a total increase to net assets of $79.2 million (41.7% of total operating and nonoperating revenues). For 2022, the College with the Foundation experienced a net loss of $14.3 million; when other changes to net assets are included, there is a total decrease to net assets of $15.4 million (16.4% of total operating and nonoperating revenues).

Condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024, 2023, and 2022 (in thousands)

	2024 Operating		2024 Nonoperating		Gifts Transferred from Foundation	2024	2023	2022
	College	Foundation	College	Foundation	to College	Total	Total	Total
REVENUES								
Tuition and fees, net of grants and scholarships	$ 36,900	$ -	$ -	$ -	$ -	$ 36,900	$ 33,407	$ 31,035
Rental income	8,210	-	-	-	-	8,210	-	-
State appropriations	-	-	27,280	-	-	27,280	113,008	31,072
Grants and contracts	4,649	-	-	-		4,649	5,014	4,667
Auxiliary enterprises	4,417	-	-	-	-	4,417	9,212	8,247
Private gifts	-	7,597	6,368	-	(6,132)	7,833	7,389	10,663
Block grant - allocation from Foundation	-	-	675	-	(675)	-	-	-
Investment income	-	-	5,271	7	-	5,278	4,079	1,712
Realized/unrealized gain (loss) on investments	-	-	16,841	56	-	16,897	7,987	(8,747)
Other revenues	2,295	-	-	-	-	2,295	3,291	3,141
Loan interest, net of expense	5	-	-	-	-	5	8	11
Total revenues	56,476	7,597	56,435	63	(6,807)	113,764	183,395	81,801
EXPENSES								
Salaries and benefits	46,352	-	-	-	-	46,352	48,292	45,119
Auxiliary enterprises	3,877	-	-	-	-	3,877	7,700	6,619
Utilities	1,764	-	-	-	-	1,764	1,037	954
Supplies and services	23,939	11	-	-	-	23,950	21,745	17,909
Depreciation	7,217	-	-	-	-	7,217	3,854	3,366
Scholarships and fellowships	563	-	-	-	-	563	369	637
Grants to UC Law	-	6,807	-	-	(6,807)	-	-	12
Interest expense	-	-	20,500	-	-	20,500	20,491	20,262
Events	-	10	-	-	-	10	19	5
Other	2,740	88	-	-	-	2,828	2,303	1,177
Total expenses	86,452	6,916	20,500	-	(6,807)	107,061	105,810	96,060
(Loss) income	$ (29,976)	$ 681	$ 35,935	$ 63	$ -	$ 6,703	$ 77,585	$ (14,259)
OTHER CHANGES IN NET POSITION								
Capital grants and gifts	$ -	$ -	$ -	$ -	$ -	$ 76	$ 434	$ 584
Changes in allocation for pension payable to University of California	-	-	-	-	-	1,034	281	758
Other changes in endowments	-	-	-	-	-	2,177	895	(2,442)
Total other changes in net position	-	-	-	-	-	3,287	1,610	(1,100)
(Decrease) increase in net position	$ (29,976)	$ 681	$ 35,935	$ 63	$ -	$ 9,990	$ 79,195	$ (15,359)

Revenues

The College's instructional program is primarily supported by a combination of net tuition and fees and state appropriations; for 2024, these revenues represented 66.8% of total operating and non-operating revenues (excluding realized gain/loss on sale of investment and unrealized gain/loss on market value of investment).

Tuition and fees net of grants and scholarships increased from $33.4 million in 2023 to $36.9 million in 2024, an increase of $3.5 million (10.5%). 2024 enrollment roughly conformed to planned levels for a total of approximately 1,168 FTE's, up from the 2023 enrollment of approximately 1,163 FTE's. For 2024, the College's overall discount rate was 32%. Tuition discounting has historically ranged between 28% – 31% driven in large measure by state policy regarding return-to-aid.

State appropriations decreased from $113.0 million in 2023 to $27.3 million in 2024 (a decrease of $85.7 million, -75.9%). This decrease is mainly attributed to the one-time allocation of received for the McAllister Tower Renovation Project in the prior year.

In 2024, auxiliary enterprises saw a net income of $0.5 million. This is down $1.0 million compared to the net income in 2023 of $1.5 million. Net income has decreased due to the renovation of the Tower at 100 McAllister, which is closed for operation. Income from auxiliary enterprises continues to help with the College's bottom line.

The GEP experienced total returns of 12.1% in 2024. This level of market performance generated realized and unrealized gains of $16.9 million.

Cultivating alumni support and private foundation support continues to be a priority. In 2024, the UC Law Foundation raised and transferred to the College $7.1 million in restricted gifts and $0.5 million in unrestricted gifts. This is slightly up from $6.6 million in restricted gifts and $0.5 million in unrestricted gifts raised and transferred in 2023. Fundraising priorities are focused on need and merit based current-use scholarship awards and capital improvements to support the LRCP and its vision of an Academic Village. The UC Law Foundation continues to play an essential role in leveraging the College's most valuable assets, its strong alumni base.

Expenses

For 2024, the College's total operating expense increased by $1.2 million from $85.2 million in 2023 to $86.4 million in 2024. Several major factors have changed from 2023 to 2024. Pension expense decreased by $4.5 million due to the decrease in the pension liability. Auxiliary expenses are down by $3.8 million due to the closure of the Tower at 100 McAllister. This is offset by an increase in depreciation expense for the building at Academe at 198 along with additional increases in expense for supplies and utilities with new operation at Academe at 198.

For 2024, the College's interest expense of $20.5 million is comparable to the 2023 amount of $20.5 million. As there were no new debt undertakings in the current year or prior year.

As shown in the 2024 Condensed Statement of Revenues, Expenses, and Changes in Net Position, the College and the Foundation finished the fiscal year with a net income of $6.7 million (before an increase of $3.3 million in other changes in net position for a total increase in net assets of $10.0 million).

Cash Flows

The statements of cash flows provide information about cash receipts and cash payments during the year. These statements also help users assess the College's and the Foundation's ability to generate net cash flows, its ability to meet obligations as they come due, and its need for external financing.

	College (In thousands)			Foundation (In thousands)		
	2024	2023	2022	2024	2023	2022
Cash provided (used) by						
Operating activities	$ (20,620)	$ (23,621)	$ (26,908)	$ (21)	$ (96)	$ (47)
Noncapital financing activities	30,507	118,369	42,296	-	-	-
Capital and related financing activities	(71,108)	(147,866)	(82,794)	-	-	-
Investing activities	43,994	146,561	67,206	20	23	25
Net (decrease) increase in cash	(17,227)	93,443	(200)	(1)	(73)	(22)
Cash, beginning of year	100,801	7,358	7,558	35	108	130
Cash, end of year	$ 83,574	$ 100,801	$ 7,358	$ 34	$ 35	$ 108

As required under GASB reporting standards, negative cash flow for "operating activities" is due to the classification of revenue from state general support appropriations as a "noncapital financing activity" and investment income as an "investing activity."

Looking Forward

The path forward for the College is marked both by major opportunities to enhance the school's competitive position through physical plant upgrades coupled with the upward trajectory of the academic program and its success elevating the College's prominence in higher education.

Outlined are major developments that will affect the near-term future of the institution.

- **State of California – State Budget for 2024-25**

In June of 2024, the State of California's Governor signed the Budget Act of 2024. The approved budget again demonstrates our strong relationship with the State of California. For 2024-25, $23,181,000 has been appropriated for ongoing support, an increase of $2.23 million or 10.6% from the prior year. Other budget adjustments include the removal of $3 million reflecting the one-time character of a prior-year allocation for sidewalk safety services provided by Urban Alchemy.

The table below summarizes year-over-year growth:

Item	2023-2024	2024-2025	Dollar Change	% Change
Ongoing General Fund Support	$ 20,956,000	$ 23,181,000	$ 2,225,000	10.6%
Alternative Public Safety Program (BCP = 3 years)	3,000,000	-	(3,000,000)	-100.0%
State General Fund Operations	23,956,000	23,181,000	(775,000)	-3.2%
333 Golden Gate rent, General Fund Lease-Revenue	3,088,000	3,092,000	4,000	0.1%
Total State General Fund Appropriation	$ 27,044,000	$ 26,273,000	$ (771,000)	-2.9%

This success is a function of the College's institutional standing with executive and legislative branch stakeholders.

- **Academic Village**

A key element of the new strategic plan is the execution of the LRCP and its central focus, the creation of an Academic Village in the heart of San Francisco serving UC Law's broad educational mission and the State of California's priorities for higher education. Sustainability is an important part of the Academic Village as the College strives to become one of the country's greenest urban campuses.

The Academic Village is a platform for interdisciplinary engagement among individuals and across institutions. The Academic Village includes shared housing (for students, trainees and faculty) and amenities (library, food services, study areas, recreational space, etc.) on UC Law's campus for students from multiple graduate and professional schools, as well as a network of collaborations that transcend and enrich the law school, connecting graduate programs and institutions with each other and with the wider community. As a step towards this vision, in the fall of 2017, UC Davis began offering a Business Analytics MBA program at the UC Law campus. This program has doubled in size since its inception and now enrolls approximately 100 students.

UC Law has partnered with Local 2/Unite Here executing an Option Agreement to allow for a fourth phase if a financially feasible project can be developed to expand the College's footprint and allow for the full potential of the Academic Village vision. The projects that comprise the Academic Village are listed below.

1. Academic Building – Cotchett Law Center - 333 Golden Gate Avenue: Completed March 2020
2. Campus Housing & Academic Building – 198 McAllister Street: Completed August 2023
3. Campus Housing & Academic Building: Seismically Upgrade McAllister Tower: Phase 1 funded by $90 million appropriation; construction commenced in September 2024
4. Campus Expansion: Campus Housing and Academic Building – 202-247 Golden Gate Avenue, Local 2/Unite Here (Option Agreement): Project entitlements completed in September 2024.

Financial Statements

UC College of the Law, San Francisco
Statements of Net Position
June 30, 2024 and 2023

	2024 College	2024 Foundation	2023 College	2023 Foundation
ASSETS				
Current assets				
Cash and cash equivalents	$ 4,749,271	$ 34,190	$ 10,201,830	$ 35,419
Restricted cash and cash equivalents	78,824,859	-	90,599,485	-
Accounts receivable, net	4,682,140	-	2,642,773	-
Notes receivable, current portion	98,825	-	100,395	-
Leases receivable, current portion	1,027,099	-	629,597	-
Right-of-use assets, current portion	44,777	-	-	-
Subscription assets, current portion	583,147	-	-	-
Pledges receivable, net	-	1,502,414	-	1,129,566
Prepaid expenses and other assets	1,035,009	-	490,857	-
Total current assets	91,045,127	1,536,604	104,664,937	1,164,985
Noncurrent assets				
Endowment investments	56,409,480	628,755	51,277,102	587,302
Other long-term investments	128,718,365	6,626	155,342,784	5,888
Notes receivable, net	268,408	-	312,228	-
Leases receivable, net	6,313,173	-	3,471,136	-
Right-of-use assets, net	179,272	-	26,320	-
Subscription assets, net	519,549	-	918,394	-
Pledges receivable, net	-	1,404,541	-	1,073,263
Assets held by others	9,326,636	-	8,722,439	-
Capital assets, net	428,860,200	-	391,045,099	-
Prepaid expenses and other assets	96,256	-	103,805	-
Total noncurrent assets	630,691,339	2,039,922	611,219,307	1,666,453
Total assets	721,736,466	3,576,526	715,884,244	2,831,438
Deferred outflows of resources	$ 10,598,427	$ -	$ 14,283,814	$ -
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 22,630,110	$ -	$ 27,420,579	$ -
Compensated absences	2,052,943	-	1,988,742	-
Deposits	26,781	-	24,242	-
Unearned revenues	3,121,233	-	2,107,970	-
Long-term debt, current portion	2,668,075	-	2,583,819	-
Operating lease liabilities, current portion	46,364	-	5,640	-
Subscription liabilities, current portion	577,164	-	520,793	-
Total current liabilities	31,122,670	-	34,651,785	-
Noncurrent liabilities				
Long-term debt, net	425,474,155	-	428,505,464	-
Accreted interest on bonds payable	6,780,382	-	4,571,704	-
Operating lease liabilities, net of current portion	174,833	-	20,680	-
Subscription liabilities, net of current portion	477,113	-	378,935	-
Revolving fund advance from the State	811,900	-	811,900	-
Long-term payables	11,502	-	-	-
Pension liability, net	27,020,000	-	33,368,000	-
Retiree health benefits liability, net	33,680,000	-	39,002,000	-
Payable to University of California	11,060,312	-	11,299,609	-
Total noncurrent liabilities	505,490,197	-	517,958,292	-
Total liabilities	536,612,867	-	552,610,077	-
Deferred inflows of resources	$ 37,971,837	$ -	$ 29,053,427	$ -

See accompanying notes.

UC College of the Law, San Francisco
Statements of Net Position (Continued)
June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
NET POSITION				
Net investment in capital assets	$ 83,606,139	$ -	$ 76,574,524	$ -
Restricted for				
Nonexpendable				
Scholarships and fellowships	19,029,993	-	17,256,559	-
Instruction and research	7,866,248	-	7,826,352	-
Institutional support	1,297,000	178,755	1,250,000	178,755
Subtotal restricted, nonexpendable	28,193,241	178,755	26,332,911	178,755
Expendable				
Student services	241,188	-	236,242	-
Instruction and research	16,176,209	-	14,478,840	-
Public and professional services	209,511	-	302,898	-
Institutional support	449,286	3,396,456	260,151	2,425,134
Capital projects	28,695,432	-	(51,899,876)	-
Scholarships and fellowships	22,631,749	-	21,128,574	-
Perkins loan funds	11,355	-	10,888	-
Other	230,562	-	239,606	-
Subtotal restricted, expendable	68,645,292	3,396,456	(15,242,677)	2,425,134
Unrestricted	(22,694,483)	1,315	60,839,796	227,549
Total net position	$ 157,750,189	$ 3,576,526	$ 148,504,554	$ 2,831,438

See accompanying notes.

UC College of the Law, San Francisco
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024 College	2024 Foundation	2023 College	2023 Foundation
REVENUES				
Operating revenues				
Tuition and fees	$ 54,185,439	$ -	$ 51,178,149	$ -
Less: UC Law's grants	(14,469,086)	-	(14,666,437)	-
Less: tuition and fee scholarships	(2,816,740)	-	(3,105,078)	-
Tuition and fees, net	36,899,613	-	33,406,634	-
Rental income	8,209,759	-	-	-
Contributions, capital campaign	-	7,597,150	-	7,078,046
Government grants and contracts	1,608,779	-	1,560,188	-
Private grants and contracts	3,040,388	-	3,454,391	-
Sales and services of auxiliary enterprises	4,416,693	-	9,211,591	-
Other operating revenues	2,293,199	-	3,280,269	11,400
Loan interest, net of expenses	5,447	-	7,500	-
Federal Perkins loan interest	466	-	543	-
Total operating revenues	56,474,344	7,597,150	50,921,116	7,089,446
EXPENSES				
Operating expenses				
Salaries and wages				
Faculty	14,516,885	-	13,978,213	-
Nonfaculty	21,597,538	-	19,935,953	-
Benefits nonpension	6,307,144	-	5,932,727	-
Pension benefits	3,229,623	-	8,060,945	-
Retiree health benefits	700,691	-	384,807	-
Scholarships and fellowships	562,580	-	369,251	-
Auxiliary enterprises, including depreciation expense of $963,899 ($968,946 in 2023)	3,876,775	-	7,700,820	-
Utilities	1,764,257	-	1,036,746	-
Supplies and services	23,938,591	10,625	21,734,867	9,800
Depreciation, excluding auxiliary enterprise portion	7,216,576	-	3,853,942	-
Events	-	9,798	-	19,042
Grants	-	6,132,374	-	5,992,296
Block grant - allocation to the College	-	675,000	-	750,000
Other	2,739,520	87,583	2,247,010	55,571
Total operating expenses	86,450,180	6,915,380	85,235,281	6,826,709
Operating (loss) income	(29,975,836)	681,770	(34,314,165)	262,737
NONOPERATING REVENUES (EXPENSES)				
State operating appropriations	27,279,943	-	113,008,067	-
Gifts, noncapital	6,367,625	-	6,303,017	-
Investment income	5,270,519	6,851	4,073,345	6,372
Realized and unrealized net gain on investments	16,840,660	56,467	7,949,130	37,442
Interest expense	(20,499,635)	-	(20,403,673)	(87,357)
Block grant - allocation from the Foundation	675,000	-	750,000	-
Net nonoperating revenues (expenses)	35,934,112	63,318	111,679,886	(43,543)
Income before other changes in net position	5,958,276	745,088	77,365,721	219,194
OTHER CHANGES IN NET POSITION				
Capital grants and gifts	76,200	-	434,131	-
Changes in allocation for pension payable to University of California	1,034,297	-	281,075	-
Other changes to endowments	2,176,862	-	894,502	-
Total other changes in net position	3,287,359	-	1,609,708	-
INCREASE IN NET POSITION	9,245,635	745,088	78,975,429	219,194
NET POSITION, beginning of year	148,504,554	2,831,438	69,529,125	2,612,244
NET POSITION, end of year	$ 157,750,189	$ 3,576,526	$ 148,504,554	$ 2,831,438

See accompanying notes.

UC College of the Law, San Francisco
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
CASH FLOWS FROM OPERATING ACTIVITIES				
Tuition and fees (net of all scholarships and grants)	$ 36,337,034	$ -	$ 33,037,205	$ -
Rental sales	12,353,867	-	-	-
Contributions	-	6,893,024	-	6,729,446
Grants and contracts	4,649,168	-	5,014,579	-
Events	-	(9,798)	-	(19,042)
Payments to vendors	(30,983,101)	(10,625)	(19,732,474)	(9,800)
Salaries and benefits	(47,994,880)	-	(45,166,645)	-
Collections of student loans	45,391	-	69,129	-
Foundation awards	-	(6,893,779)	-	(6,796,866)
Sales - auxiliary enterprises	4,435,161	-	8,921,024	-
Expenses - auxiliary enterprises	(2,912,876)	-	(6,730,610)	-
Loan interest income net of expenses	5,914	-	8,043	-
Other receipts	3,443,864	-	958,265	-
Net cash used in operations	(20,620,458)	(21,178)	(23,621,484)	(96,262)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State appropriations	22,097,987	-	110,735,346	-
Gifts for endowment	1,366,577	-	580,335	-
Other gifts	7,042,624	-	7,053,017	-
Net cash provided by noncapital financing activities	30,507,188	-	118,368,698	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of capital assets	76,200	-	256,575	-
Purchases of capital assets	(52,993,050)	-	(129,933,116)	-
Amortization of bond premium/discount	(414,529)	-	(445,333)	-
Principal paid on long-term debt	(745,000)	-	(710,000)	-
Interest paid on long-term debt	(17,031,527)	-	(17,033,730)	-
Net cash used in capital and related financing activities	(71,107,906)	-	(147,865,604)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments	42,603,580	19,690	188,712,127	20,092
Interest on investments	2,612,928	259	2,849,302	2,916
Purchase of investments	(1,222,517)	-	(45,000,000)	-
Net cash provided by investing activities	43,993,991	19,949	146,561,429	23,008
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,227,185)	(1,229)	93,443,039	(73,254)
CASH AND CASH EQUIVALENTS, beginning of year	100,801,315	35,419	7,358,276	108,673
CASH AND CASH EQUIVALENTS, end of year	$ 83,574,130	$ 34,190	$ 100,801,315	$ 35,419

See accompanying notes.

UC College of the Law, San Francisco
Statements of Cash Flows (Continued)
Years Ended June 30, 2024 and 2023

	2024		2023	
	College	Foundation	College	Foundation
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH USED IN OPERATING ACTIVITIES				
Operating (loss) income	$ (29,975,836)	$ 681,770	$ (34,314,165)	$ 262,737
Depreciation	8,180,475	-	4,822,888	-
Allowance for doubtful accounts	52,695	-	5,913	-
Loss on disposal of capital assets	257,199	-	-	-
Pension benefits	(144,000)	-	3,630,000	-
Retiree health benefits	(1,499,000)	-	(504,000)	-
Awards and honorariums	-	1,178	-	1,000
Changes in operating assets and liabilities				
Accounts receivable, net	75,636	-	(1,808,265)	-
Notes receivable, net	45,391	-	69,129	-
Pledges receivable, net	-	(704,126)	-	(359,999)
Lease receivable, net	(3,239,539)	-	(883,942)	-
Right-of-use assets, net	(224,049)	-	(26,320)	-
Subscription assets, net	(157,983)	-	(730,243)	-
Accounts payable and accrued liabilities	1,857,719	-	3,874,343	-
Deposits	2,539	-	(232,748)	-
Unearned revenues	1,013,263	-	124,234	-
Operating lease liabilities	221,197	-	26,320	-
Subscription liabilities, net	128,229	-	899,727	-
Deferred Inflows leases, net	3,258,007	-	-	-
Prepaid expenses and other assets	(536,602)	-	1,330,425	-
Compensated absences	64,201	-	95,220	-
Net cash used by operations	$ (20,620,458)	$ (21,178)	$ (23,621,484)	$ (96,262)
NONCASH TRANSACTIONS				
Gifts in-kind	$ -	$ -	$ 177,556	$ -
COMPONENTS OF CASH AND CASH EQUIVALENTS				
Current cash and cash equivalents	$ 4,749,271	$ 34,190	$ 10,201,830	$ 35,419
Current restricted cash and cash equivalents	78,824,859	-	90,599,485	-
Total Cash and Cash Equivalents, end of year	$ 83,574,130	$ 34,190	$ 100,801,315	$ 35,419

See accompanying notes.

Note 1 – Organization

UC College of the Law, San Francisco (the "College" or "UC Law") was established as the law department of the University of California (the "University") in 1878. The College, established by the California Legislature with its own Board of Directors, has operated independently of the Board of Regents of the University of California since its founding. The Board of Regents possesses degree-granting authority, but all other aspects of the College are under control of the College's Board of Directors. The College is a charter member of the Association of American Law Schools and is fully accredited by the American Bar Association. The College is also accredited by the Western Association of Schools and Colleges ("WASC").

The Academic Village Finance Authority (the "Authority") is a joint exercise of powers authority created in 2019 pursuant to a Joint Exercise of Powers Agreement between UC Law and the California Public Finance Authority and the provisions of Article 1 through 4 (commencing with Section 6500) of Chapter 5 of Division 7 of Title I of the Government Code of the State of California. The Authority is authorized to issue bonds for, among other things, financing public capital improvements, working capital, liability and other insurance needs, or projects whenever there are significant public benefits, as determined by UC Law. The Authority has a broad mandate to operate, construct and finance project facilities and other activities undertaken in furtherance of the Long-Range Campus Plan adopted in December 2017.

The Authority is governed by a seven-member board of directors, all appointed by the UC Law Board of Directors. Three of the seven-member governing board are the persons serving in the capacities of UC Law's Chancellor and Dean of the College, the Chief Financial Officer, and the General Counsel of the College, unless the UC Law Board of Directors specifies otherwise. All Directors serve for terms of four years; provided, however, that any Director who is serving in an ex officio capacity by virtue of his or her position with the College shall serve as a Director so long as he or she is in such position with the College. Vacancies occurring in the Governing Board by expiration of a Director's term, death, resignation, or removal are filled by a majority vote of the members of the UC Law Board of Directors. In addition, the UC Law Board of Directors has the discretion to remove any Authority Director with or without cause.

The UC Law Foundation (the "Foundation"), formerly known as the 1066 Foundation, was established in 1971 by a group of alumni in order to provide private sources of funds to allow academic programs to grow and to create unique opportunities exclusively at UC Law.

Note 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements of the College and the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable effective statements as promulgated by the Governmental Accounting Standards Board ("GASB").

The College and the Foundation consider assets to be current that can reasonably be expected, as part of their normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve-months of the date of the Statement of Net Position. Liabilities that reasonably can be expected, as part of the College's and Foundation's normal business operations, to be liquidated within twelve months of the date of the Statement of Net Position are considered to be current. All other assets and liabilities are considered to be noncurrent; except for those amounts that are required to be reported as deferred outflows or inflows of resources.

The College and the Foundation follow GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* which provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The standard defines deferred outflows or inflows of resources as transactions that result in the consumption or acquisition of net position in one period that are applicable to future periods.

GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—An Amendment to GASB Statement No. 14,* is further clarified by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus—An Amendment to GASB Statement No. 14 and No. 34*, and clarifies the concept of what a major component unit is. Major component units are determined based on the nature and significance of their relationship to the primary government. This determination would generally be based on any of the following factors: (a) the services provided by the component unit to the citizenry are such that separate reporting as a major component unit is considered to be essential to financial statement users, (b) there are significant transactions with the primary government, or (c) there is a significant financial benefit or burden relationship with the primary government. The GASB standards require the College's legally separate, tax-exempt, affiliated campus foundation to be considered a component unit of the College and presented discretely in the College's financial statements due to the nature and significance of the Foundation's relationship with the College.

The activities of the Authority are blended into the College's basic financial statements, as the governing body is substantially the same as the governing body of the College.

The following is the condensed combining information for the Authority and the College as of June 30, 2024 (in thousands):

	2024		
	College (Stand Alone)	Housing Authority	College Total
ASSETS			
Current assets	$ 53,673	$ 37,372	$ 91,045
Noncurrent assets	349,646	281,046	630,692
Total assets	403,319	318,418	721,737
Deferred outflows of resources	10,598	-	10,598
LIABILITIES			
Current liabilities	22,396	8,727	31,123
Noncurrent liabilities	135,274	370,216	505,490
Total liabilities	157,670	378,943	536,613
Deferred Inflows of resources	37,972	-	37,972
TOTAL NET POSITION			
Net investment in capital assets	83,606	-	83,606
Restricted			
Nonexpendable	28,193	-	28,193
Expendable	129,170	(60,525)	68,645
Unrestricted	(22,694)	-	(22,694)
Total net position	$ 218,275	$ (60,525)	$ 157,750

	2024					
	Operating		Nonoperating			
	College (Stand Alone)	Campus Housing Authority	College (Stand Alone)	Campus Housing Authority	Intercompany	College Total
REVENUES						
Tuition and fees, net of grants and scholarships	$ 36,900	$ -	$ -	$ -	$ -	$ 36,900
Rental revenue	-	12,413	-	-	(4,203)	8,210
State appropriations	-	-	27,280	-	-	27,280
Grants and contracts	4,649	-	-	-	-	4,649
Auxiliary enterprises	4,417	-	-	-	-	4,417
Private gifts	-	-	6,368	-	-	6,368
Block grant - allocation from Foundation	-	-	675	-	-	675
Investment income	-	-	4,741	530	-	5,271
Realized/unrealized gain on investments	-	-	16,841	-	-	16,841
Other revenues	2,295	-	-	-	-	2,295
Loan interest, net of expense	5	-	-	-	-	5
Total revenues	48,266	12,413	55,905	530	(4,203)	112,911
EXPENSES						
Salaries and benefits	46,034	318	-	-	-	46,352
Auxiliary enterprises	3,877	-	-	-	-	3,877
Utilities	1,210	554	-	-	-	1,764
Supplies and services	27,497	645	-	-	(4,203)	23,939
Depreciation	4,308	2,909	-	-	-	7,217
Scholarships and fellowships	563	-	-	-	-	563
Interest on debt	-	-	1,824	18,676	-	20,500
Other	2,693	47	-	-	-	2,740
Total expenses	86,182	4,473	1,824	18,676	(4,203)	106,952
(Loss) income	$ (37,916)	$ 7,940	$ 54,081	$ (18,146)	$ -	$ 5,959
OTHER CHANGES IN NET POSITION						
Capital grants and gifts	$ -	$ -	$ -	$ -	$ -	$ 76
Changes in allocation for pension payable to University of California	-	-	-	-	-	1,034
Other changes in endowments	-	-	-	-	-	2,177
Total other changes in net position	-	-	-	-	-	3,287
(Decrease) increase in net position	$ (37,916)	$ 7,940	$ 54,081	$ (18,146)	$ -	$ 9,246

	2024		
	College (Stand Alone)	Campus Housing Authority	College Total
Cash (used in) provided by			
Operating activities	$ (31,398)	$ 10,778	$ (20,620)
Noncapital financing activities	28,998	1,509	30,507
Capital and related financing activities	(11,349)	(59,759)	(71,108)
Investing activities	3,224	40,770	43,994
Net decrease in cash	(10,525)	(6,702)	(17,227)
Cash, beginning of year	56,808	43,993	100,801
Cash, end of year	$ 46,283	$ 37,291	$ 83,574

The following is the condensed combining information for the Authority and the College as of June 30, 2023 (in thousands):

	2023		
	College (Stand Alone)	Housing Authority	College Total
ASSETS			
Current assets	$ 60,671	$ 43,994	$ 104,665
Noncurrent assets	323,476	287,743	611,219
Total assets	384,147	331,737	715,884
Deferred outflows of resources	14,284	-	14,284
LIABILITIES			
Current liabilities	19,271	15,381	34,652
Noncurrent liabilities	149,774	368,184	517,958
Total liabilities	169,045	383,565	552,610
Deferred Inflows of resources	29,053	-	29,053
NET POSITION			
Net investment in capital assets	76,575	-	76,575
Restricted			
Nonexpendable	26,333	-	26,333
Expendable	36,585	(51,828)	(15,243)
Unrestricted	60,840	-	60,840
Total net position	$ 200,333	$ (51,828)	$ 148,505

	2023					
	Operating		Nonoperating			
	College (Stand Alone)	Authority	College (Stand Alone)	Authority	Intercompany	College Total
REVENUES						
Tuition and fees, net of grants and scholarships	$ 33,407	$ -	$ -	$ -	$ -	$ 33,407
State appropriations	-	-	113,008	-	-	113,008
Grants and contracts	5,014	-	-	-	-	5,014
Auxiliary enterprises	9,212	-	-	-	-	9,212
Private gifts	-	-	6,303	-	-	6,303
Block grant - allocation from Foundation	-	-	750	-	-	750
Investment income	-	-	3,286	787	-	4,073
Realized/unrealized gain on investments	-	-	7,949	-	-	7,949
Other revenues	3,280	-	-	-	-	3,280
Loan interest, net of expense	8	-	-	-	-	8
Total revenues	50,921	-	131,296	787	-	183,004
EXPENSES						
Salaries and benefits	48,256	36	-	-	-	48,292
Auxiliary enterprises	7,700	-	-	-	-	7,700
Utilities	1,037	-	-	-	-	1,037
Supplies and services	21,729	6	-	-	-	21,735
Depreciation	3,854	-	-	-	-	3,854
Scholarships and fellowships	369	-	-	-	-	369
Interest on debt	-	-	1,880	18,524	-	20,404
Other	2,247	-	-	-	-	2,247
Total expenses	85,192	42	1,880	18,524	-	105,638
(Loss) income	$ (34,271)	$ (42)	$ 129,416	$ (17,737)	$ -	$ 77,366
OTHER CHANGES IN NET POSITION						
Capital grants and gifts	$ -	$ -	$ -	$ -	$ -	$ 434
Changes in allocation for pension payable to University of California	-	-	-	-	-	281
Other changes in endowments	-	-	-	-	-	895
Total other changes in net position	-	-	-	-	-	1,610
(Decrease) increase in net position	$ (34,271)	$ (42)	$ 129,416	$ (17,737)	$ -	$ 78,976

	2023		
	College (Stand Alone)	Authority	College Total
Cash (used in) provided by			
Operating activities	$ (23,983)	$ 362	$ (23,621)
Noncapital financing activities	118,369	-	118,369
Capital and related financing activities	(2,499)	(145,367)	(147,866)
Investing activities	(40,820)	187,381	146,561
Net increase in cash	51,067	42,376	93,443
Cash, beginning of year	5,741	1,617	7,358
Cash, end of year	$ 56,808	$ 43,993	$ 100,801

Cash and cash equivalents – Cash and cash equivalents consist of demand deposits and pooled cash invested in the University of California Office of the Treasurer's Short-Term Investment Pool ("STIP"), since such amounts are readily convertible to known amounts of cash. All cash and cash equivalents are carried at cost, which approximates fair market value.

Legally restricted cash balances – The College holds legally restricted cash balances totaling $78,824,859 and $90,599,485 as of June 30, 2024 and 2023, respectively. These balances are recorded in restricted cash and cash equivalents.

Accounts receivable, net – Accounts receivable are $4,682,140 and $2,642,773 as of June 30, 2024 and 2023, respectively. Of these amounts, $3,811,900 and $1,696,900 are due from the State of California ("State"), as of June 30, 2024 and 2023, respectively, for general appropriations. Allowance for doubtful accounts is $84,972 and $36,125 as of June 30, 2024 and 2023, respectively.

Leases receivable, net – The College recognizes lease contracts or equivalents that have a term exceeding one year and meet the definition of other than short-term. The College's lease receivable is measured at the present value of lease payments expected to be received during the lease term. The College uses the same interest rate it charges to the lessee as the discount rate or that is implicit in the contract to the lessee. The deferred inflow of resources is recorded at the initiation of each lease in an amount equal to the initial recording of the lease receivable. Short-term lease receipts and variable lease receipts are not included in the measurement of the lease receivable and are recognized as income when earned.

Operating lease right-of-use assets, net – The College has recorded operating lease right-of-use assets as a result of implementing GASB Statement No. 87, *Leases*. The College's operating lease right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The operating lease right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Subscription assets, net – The College has recorded subscription assets as a result of implementing GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* ("SBITA"). The College's subscription assets are initially measured at an amount equal to the initial measurement of the related subscription liability plus any contract payments made to the SBITA vendor at the commencement of the subscription term, capitalizable initial implementation cost, less any incentive payments received from the SBITA vendor at the commencement of the subscription term. The subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying assets.

Investments – Investments are reported at fair value. The College's investments consist of investments in the UC Regents General Endowment Pool ("GEP") as well as investments held for the Authority. The basis of determining the fair value of pooled funds or mutual funds is determined as the number of units held in the pool multiplied by the price per unit share, computed on the last day of the fiscal year. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Certain securities may be valued on the basis of a price provided by a single source.

Investment transactions are recorded on the date the securities are purchased or sold (trade date). Realized gains or losses are recorded as the difference between the proceeds from the sale and the average cost of the investment sold. Dividend income is recorded on the ex-dividend date and interest income is accrued as earned. Gifts of securities are recorded at estimated fair value at the date of donation.

Prepaid expenses – Prepaid expenses primarily consist of amounts paid on projects expected to be realized in the next fiscal year. Such projects include law library online services and other remote cloud services. Other assets primarily consist of bond issuance costs for long-term debt outstanding. These amounts are amortized over the course of the debt's life.

Pledges – Pledges of private gifts to the Foundation to be received in the future are recorded as pledges receivable and revenue in the year promised. Endowment pledges are recorded in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions,* and are recognized as revenue once the proceeds are received.

The allowance for uncollectible pledges is calculated based on ten percent of which scheduled pledge payments are past due for twelve-months. Management's estimation of the uncollectible pledge amount is based on past collection experience, current conditions, and specific identification of accounts with known uncertainty.

Capital assets – Land and improvements, buildings and improvements, equipment, and library books and collections of works of art are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. Significant additions, replacements, major repairs, and renovations are generally capitalized if the cost exceeds $25,000; equipment and furniture are capitalized if the cost exceeds $5,000 and they have a useful life of more than one year. Minor renovations are charged to operations, as incurred.

Depreciation is calculated using the straight-line method over the estimated economic useful lives of the assets.

Estimated economic lives are generally as follows:

Land improvements	20 years
Buildings	50 to 75 years
Building improvements	30 years
Furniture and equipment	5 to 15 years
Computer software	10 years
Library books and materials	15 years

Inexhaustible capital assets such as land, special collections that are protected, preserved, and held for public exhibition, education or research, and intangible assets of indefinite life, are not depreciated.

Deposits – Deposits include amounts received in advance of being earned for the following: rental of various College facilities, nonstudent library usage, and payments from employers who have hired students with federal work-study grants. Deposits on work-study wages and the library are fully refundable. Deposits are recognized as revenue when earned.

Unearned revenues – Unearned revenues primarily represent nonrefundable enrollment deposits and deposits related to the on-campus interview program along with revenue invoiced for the new Summer Session program. There are also unearned revenues related to housing from the Authority and certain multi-year exchange grants for which the work has not been completed. Unearned revenues are recognized when earned, generally in the following fiscal year.

Lease liabilities – The College recognizes lease contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. The College uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the College's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Subscription liabilities – The College entered into various agreements for information technology ("IT") subscriptions. These agreements range in terms up to financial year 2027. Variable payments based upon the use of the underlying IT asset are not included in the subscription liability because they are not fixed in substance – therefore, these payments are not included in subscription assets or subscription liabilities. There were no variable lease expenses or payments in the fiscal years ended June 30, 2024 and 2023.

The College recognizes SBITA contracts or equivalents that have a term exceeding one year that meet the definition of an other than short-term lease. The College uses a discount rate that is explicitly stated or implicit in the contract. When a readily determinable discount rate is not available, the discount rate is determined using the College's incremental borrowing rate at start of the lease for a similar asset type and term length to the contract. Short-term lease payments are expensed when incurred.

Revolving fund advance from the State – The revolving fund advance from the State is an advance on the College's general appropriation from the State. It is expected that the revolving fund advance will be renewed annually; hence, the entire amount has been classified as a noncurrent liability.

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that applies to a future period, respectively.

Changes in net pension liability not included in pension expense, including proportionate shares of collective pension expense from the University of California Retirement Plan ("UCRP"), are reported as deferred outflows of resources or deferred inflows of resources related to pensions for the College.

Changes in net retiree health benefits liability not included in retiree health benefits expense, including proportionate shares of collective retiree health benefits expense from the University of California, are reported as deferred outflows of resources or deferred inflows of resources related to retiree health benefits of the College.

Included in deferred inflows of resources, the Organization's deferred lease resources related to lessor arrangements.

The College's beneficial interest in an irrevocable split-interest agreement, in which a third party is the intermediary, is reported as a deferred inflow of resources.

Retiree health benefits liability, net – The University provides retiree health benefits to retired employees of the College. The University established the University of California Retiree Health Benefit Trust ("UCRHBT") to allow certain University locations and affiliates, including the College, to share the risks, rewards, and costs of providing for retiree health benefits and to accumulate funds on a tax-exempt basis under an arrangement segregated from University assets. Contributions from the College to the UCRHBT are effectively made to a single-employer health plan administered by the University as a cost-sharing plan. The College is required to contribute at a rate assessed each year by the University.

Net retiree health benefits liability includes the College's share of the University's net retiree health benefits liability for UCRHBT. The College's share of net retiree liability, deferred inflows of resources, deferred outflows of resources and retiree health benefits expense have been determined based upon their proportionate share of UCRP covered compensation for the fiscal year. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. For the purpose of measuring UCRHBT's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Pension liability, net – UCRP provides retirement benefits to retired employees of the College. The College is required to contribute to UCRP at a rate set by The Regents of the University of California ("The Regents"). The pension liability includes the College's share of the net pension liability for UCRP. The College's share of net pension liability, deferred inflows of resources, deferred outflows of resources and pension expense have been determined based upon its proportionate share of covered compensation for the fiscal year. The fiduciary net position and changes in the fiduciary net position of UCRP have been measured consistent with the accounting policies used by the plan. For the purpose of measuring UCRP's fiduciary net position, investments are reported at fair value and benefit payments are recognized when due and payable in accordance with the benefit terms.

Payable to University of California – Additional deposits in UCRP have been made using the University of California resources to make up the gap between the approved contribution rates and the required contributions based on the Regents' funding policy. These deposits, carried as internal loans by the University, are being repaid by the College, plus accrued interest, over a 30-year period through a supplemental pension assessment. The College's share of the internal loans has been determined based upon its proportionate share of covered compensation for the fiscal year. Supplemental pension assessments are reported as pension expense by the College. Additional deposits in UCRP by the University, and changes in the College's share of the internal loans, are reported as other changes in net position.

Net position – The College's net position is required to be classified for accounting and reporting purposes into the following categories:

Net investment in capital assets

This category includes all the College's capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The portion of the debt attributable to unspent proceeds is excluded from the calculation, in accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

Restricted

The College and the Foundation classify assets resulting from transactions with purpose restrictions as restricted assets until the resources are used for the specific purpose or for as long as the provider requires the resources to remain intact. When an expense is incurred that can be paid using either restricted or unrestricted resources, restricted resources are generally applied first.

Nonexpendable

Assets subject to externally imposed restrictions that they be maintained in perpetuity by the College and the Foundation are classified as nonexpendable net position. Such assets include the College and the Foundation's permanent endowment funds.

Expendable

Assets whose use by the College and the Foundation are subject to externally-imposed restrictions by donors, grantors, creditors or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation are classified as expendable net position.

Unrestricted

This category includes assets of the College and the Foundation that are neither restricted nor invested in capital assets, net of related debt. Unrestricted net position may be designated for specific purposes by the Board of Directors.

Revenues and expenses – Operating revenues include receipts from student tuition and fees, receipts from tenants, grants and contracts for specific operating activities, and sales and services from auxiliary enterprises. Operating expenses incurred in conducting the programs and services of the College and the Foundation are presented in the statements of revenues, expenses, and changes in net assets as operating activities.

In accordance with 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,* certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the College and the Foundation are mandated to be recorded as nonoperating revenues, including State general appropriations, private gifts and investment income. Nonoperating revenues and expenses include State general appropriations (for the support of College operating expenses), private gifts for other than capital purposes, investment income, realized and net unrealized gains or losses on investments and interest expense. All grants expended by the Foundation are reflected by the College as either noncapital or capital gifts, or gifts for endowment.

Other changes in net assets include State capital appropriations, gifts for capital funds for specified purposes and gifts of endowments, and the reclassification of restricted net position to a liability as a result of the termination of the Perkins Loan program.

Student tuition and fees – All of the student tuition and fees provide for current operations of the College. Certain waivers of the student tuition and fees considered to be scholarship and financial aid grant allowances (i.e., tuition remission) are recorded as an offset to revenue. Tuition and fee revenue is recognized in the fall, spring, and summer semesters of each year.

Scholarship allowances – The College recognizes certain financial aid allowances (e.g., UC Law grants) and enrollment fee waivers as the difference between the stated charge for tuition and fees and the amount that is paid by the student, as well as third parties making payments on behalf of the student. Payments of financial aid and scholarships made directly to students from private gifts, donations, and endowment income are classified as scholarship and fellowship expenses.

State appropriations – The State provides appropriations to the College on an annual basis. State educational appropriations for the general support of the College are recognized as nonoperating revenue, however, related expenses incurred to support either educational operations or other specific operating purposes are designated as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net assets when the related expenditures are incurred.

Use of estimates – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New accounting pronouncements adopted or under consideration – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022* ("GASB 99"). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement that are effective are as follows: The requirements related to extension of the use of the London Interbank Offered Rate, accounting for Supplemental Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, public-private and public-public partnerships, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The College and the Foundation have implemented this pronouncement for the fiscal year 2024. The pronouncement has no effect on the College and the Foundation's financial statements.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62* ("GASB 100"). The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The College and the Foundation have implemented this pronouncement for the fiscal year 2024. The pronouncement has no effect on the College and the Foundation's financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* ("GASB 101"). The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. GASB 101 is effective for College and the Foundation for the fiscal year 2025. Management is currently evaluating the impact on the College and the Foundation's financial statements.

Note 3 – Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2024 and 2023, consist of the following:

	2024		2023	
	College	Foundation	College	Foundation
Cash in banks and on hand	$ 4,431,144	$ 34,190	$ 10,182,881	$ 35,419
Pooled cash included in STIP	318,127	-	18,949	-
Total cash and cash equivalents	$ 4,749,271	$ 34,190	$ 10,201,830	$ 35,419

Restricted cash and cash equivalents as of June 30, 2024 and 2023, consist of the following:

	2024		2023	
	College	Foundation	College	Foundation
Cash held for the Tower	$ 43,669,757	$ -	$ 46,937,656	$ -
Cash held for the Authority	35,151,446	-	43,657,660	-
Cash held for notes receivables	3,656	-	4,169	-
Total cash and cash equivalents	$ 78,824,859	$ -	$ 90,599,485	$ -

The College and the Foundation follow the practice of pooling cash. The cash and cash equivalents pools allocate earnings based on the number of units held of the total on a monthly basis. The College and the Foundation utilize STIP, which is managed by the University of California Office of the Treasurer. STIP consists of money market and fixed income investments with a maximum maturity of five years. The objective of STIP is to maximize returns consistent with liquidity and cash flow needs. The College and the Foundation consider STIP to operate as a demand deposit.

As of June 30, 2024 and 2023, the carrying amounts of the College's deposits in banks were $4,431,144 and $10,182,881, respectively, and the bank balances were $4,676,085 and $7,101,500, respectively.

Of the bank balances for 2024, $250,000 was covered by federal depository insurance and $4,426,085 was uninsured but collateralized with securities held by a third-party financial institution in accordance with the State of California Government Code, but not in the College's name.

As of June 30, 2024 and 2023, the carrying amounts of the College's deposits in banks for restricted cash were $35,151,446 and $43,657,660, respectively, and the bank balances were $35,268,310 and $51,985,410, respectively.

Of the bank balances for restricted cash in 2024, $250,000 was covered by federal depository insurance and $35,018,310 was uninsured but collateralized with securities held by a third-party financial institution in accordance with the State of California Government Code, but not in the College's name.

Note 4 – Investments

The College and the Foundation follow the investment philosophy of the University and invest their excess cash and long-term investments with the University Office of the Treasurer ("Office of the Treasurer"). Accordingly, all investments held by the Office of the Treasurer are uninsured and unregistered and are not held in the College's or the Foundation's name.

Fair value is defined in the accounting standards as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Assets and liabilities reported at fair value are organized into a hierarchy based on the levels of inputs observable in the marketplace that are used to measure fair value. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, liquidity statistics and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 – Prices based on unadjusted quoted prices in active markets that are accessible for identical assets or liabilities are classified as Level 1. Level 1 investments include equity securities commingled funds (exchange traded funds and mutual funds) and other publicly traded securities.

Level 2 – Quoted prices in the markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly are classified as Level 2 investments include fixed or variable-income securities, commingled funds (institutional funds not listed in active markets) and other assets that are valued using market information.

Level 3 – Investments classified as Level 3 have significant unobservable inputs, as they trade infrequently or not at all. The inputs into the determination of fair value of these investments are based upon the best information in the circumstance and may require significant management judgment.

Net asset value ("NAV") – Investments whose fair value is measured at NAV are excluded from the fair value hierarchy. Investments in nongovernmental entities that do not have a readily determinable fair value may be valued at NAV. Investments measured at NAV include commingled balanced funds.

Not leveled – Cash and cash equivalents are not measured at fair value and, thus, are not subject to the fair value disclosure requirements.

The University managed commingled funds ("UC pooled funds") serve as the core investment vehicle for the College and the Foundation.

GEP – An investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scales. GEP is a balanced portfolio of equities, fixed income securities, and alternative investments. The primary goal is to maximize long-term total return, growth of principal and a growing payout stream to ensure that future funding for endowment-supported activities can be maintained. Where donor agreements place constraints on allowable investments, assets associated with endowments are invested in accordance with the terms of the agreements. The College's investment in GEP is classified as commingled funds. GEP is considered to be an external investment pool from the College's perspective.

The fair value of the College's and the Foundation's share in the GEP's investments – all measured at NAV, as well as funds held in investment for the Housing Authority as of June 30, 2024 and 2023, are as follows:

	2024		2023	
	College	**Foundation**	**College**	**Foundation**
GEP Endowment Investments	$ 56,409,480	$ 635,381	$ 51,277,102	$ 593,190
GEP Operating Investments	78,274,907	-	70,102,593	-
Tower Renovation Investments	50,443,458	-	45,000,000	-
Authority Investments	-	-	40,240,191	-
Total investments	$ 185,127,845	$ 635,381	$ 206,619,886	$ 593,190

Risk profile of the investments – Financial instruments that potentially subject the College and the Foundation to concentrations of credit risk consist principally of investments with the Office of the Treasurer, which may invest in cash equivalents, U.S. Government and federal agency obligations, common stocks, and corporate debt securities; the remainder of the Office of the Treasurer's portfolio is diversified and issuers of the securities are dispersed throughout many industries and geographies. There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk and foreign currency risk may affect both equity and fixed income securities. Equity securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risks and changes in interest rates.

Credit risk – Fixed income securities are subject to credit risk, which is the chance that a bond issuer will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. These circumstances may arise due to a variety of factors such as financial weakness, bankruptcy, litigation and/or adverse political developments. Certain fixed income securities, primarily obligations of the U.S. government or those explicitly guaranteed by the U.S. government, are considered to have minimal credit risk.

The Office of the Treasurer recognizes that credit risk is appropriate in balanced investment pools such as GEP, by virtue of the benchmark chosen for the fixed-income portion of that pool. That fixed-income benchmark, the Barclay's Capital US Aggregate Bond Index is comprised of approximately 35 percent treasuries, 30 percent mortgage/asset-backed securities, and 30 percent corporate bonds all of which carry some degree of credit risk. The remaining 5 percent are government-related bonds. Credit risk in the GEP is managed primarily by diversifying across issuers and portfolio guidelines mandate that no more than 10 percent of the market value of fixed income may be invested in issues with credit rating below investment grade. Further, the weighted-average credit rating must be "A" or higher.

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

The Office of the Treasurer portfolio guidelines limit the fixed and variable income portion of the GEP weighted-average effective duration to plus or minus 20 percent of the effective duration of the benchmark (Barclay's Capital US Aggregate Index). This constrains the potential price movement due to interest rate changes of the portfolio to be similar to that of the benchmark. The effective durations of total investments of the College and the Foundation in the office of the Treasurer's GEP as of June 30, 2024 and 2023, were 2.67 and 2.56 months, respectively.

Foreign currency risk – The Office of the Treasurer's strategic asset allocation policy for GEP includes an allocation to non-U.S. equities and nondollar denominated bonds. The benchmark for these investments is not hedged; therefore, foreign currency risk is an essential part of the investment strategy. Portfolio guidelines for U.S. investment-grade fixed income securities also allow exposure to non-U.S. dollar denominated bonds up to 10 percent of the total portfolio market value.

Exposure to foreign currency risk from these securities is permitted and it may be fully or partially hedged using forward foreign currency exchange contracts. Under the investment policies, such instruments are not permitted for speculative use or to create leverage. The portions of total investments of the College and the Foundation in the Office of the Treasurer's GEP associated with various foreign currency denominations as of June 30, 2024 and 2023, were $26,044,645 and $11,292,700, respectively.

Note 5 – Notes Receivable

Notes receivable of the College as of June 30, 2024 and 2023, consist of the following:

	2024	2023
Federal Perkins and NDSL loans	$ 3,730	$ 5,300
O'Neill loans	100,890	120,651
UC Law loans	175,411	198,502
California Bar Preparation loans	123,327	124,295
Less: allowance for doubtful accounts	(36,125)	(36,125)
Ending notes receivable	$ 367,233	$ 412,623

All loans, except the California Bar Preparation loans, are payable over approximately ten years following College attendance. Federal Perkins loans accrue interest at 5 percent. O'Neill loans made prior to July 1, 1996, are interest-free; and loans made July 1, 1996, or after accrued interest at 5 percent. Funding for the O'Neill Loan program is made by a private gift to the College. O'Neill loans are advanced to students who reside in Sacramento County. During 2015, the College transitioned the O'Neil loan fund to a scholarship fund. Therefore, there will be no new loans given out from this fund after that fiscal year. UC Law loans are also funded by private gifts to the College and accrue interest at 5 percent. The allowance for doubtful accounts is based upon 5 percent of the outstanding balance of all loans. Management's estimation of the collectible notes receivable amount is based on past collection experience, current conditions, and specific identification of accounts with known uncertainty.

Note 6 – Leases

The College is a lessee for noncancelable leases of operating equipment with lease terms through 2029. For the years ended June 30, 2024 and 2023, total lease payments were $42,118 and $2,467, respectively, related to the equipment leases. The College recognized interest expense of $683 and $587, respectively, for the year ended June 30, 2024 and 2023. There are no residual value guarantees included in the measurement of College's lease liability nor recognized as an expense for the years ended June 30, 2024 and 2023. The College does not have any commitments that were incurred at the commencement of the leases. The College is not subject to variable equipment usage payments that are expensed when incurred. There were no amounts recognized as variable lease payments as lease expense on the statement of changes of net position for the years ended June 30, 2024 and 2023. There were no termination penalties incurred during the fiscal years ended June 30, 2024 and 2023.

The College has the following operating lease right-of-use activities for the years ended June 30, 2024 and 2023:

Right-of-Use Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2024	Net Value as of June 30, 2023	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2024
Pitney Bowes	Office Equipment	$ 28,200	3/1/2023	2/28/2028	60	(9,290)	$ 26,320	$ -	$ 6,637	$ (7,410)	$ 25,547
Wash Laundry	Laundry System	$ 236,312	7/31/2023	9/30/2029	75	(37,810)	-	236,312	-	(37,810)	198,502
							$ 26,320	$ 236,312	$ 6,637	$ (45,220)	$ 224,049

Right-of-Use Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2024	Net Value as of June 30, 2023	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2024
Pitney Bowes	Office Equipment	$ 28,200	3/1/2023	2/28/2028	60	(1,880)	$ -	$ 28,200	$ -	$ (1,880)	$ 26,320
							$ -	$ 28,200	$ -	$ (1,880)	$ 26,320

For the years ended June 30, 2024 and 2023, the College recognized $45,220 and $1,880, respectively, in amortization expense included in depreciation and amortization, excluding auxiliary enterprise expense on the statements of revenues, expenses, and changes in net position.

The following is a summary of changes in operating lease liabilities, net for the years ended June 30, 2024 and 2023:

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2024	Outstanding as of June 30, 2023	Additions	Payments	Outstanding as of June 30, 2023
Pitney Bowes	3/1/2023	2/28/2028	2.40%	$ 617	$ 26,320	$ -	$ (1,185)	$ 25,135
Wash Laundry	7/31/2023	9/30/2029	2.42%	$ 3,398	-	236,312	(40,250)	196,062
					$ 26,320	$ 236,312	$ (41,435)	$ 221,197

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2023	Outstanding as of June 30, 2022	Additions	Payments	Outstanding as of June 30, 2023
Pitney Bowes	3/1/2023	2/28/2028	2.40%	$ 617	$ -	$ 28,200	$ (1,880)	$ 26,320
					$ -	$ 28,200	$ (1,880)	$ 26,320

The future principal and interest lease payments as of June 30, 2024, were as follows:

Future maturities are as follows:

Years Ending June 30,	Payments	Interest	Total
2025	$ 46,364	$ 1,816	$ 48,180
2026	45,258	2,922	48,180
2027	44,178	4,002	48,180
2028	40,947	4,766	45,713
2029	35,667	5,112	40,779
2030	8,783	1,412	10,195
	$ 221,197	$ 20,030	$ 241,227

The College evaluated the operating lease right-of-use assets for impairment and determined there was no impairment for the years ended June 30, 2024 and 2023.

The College is also a lessor for noncancelable leases of various retail space, long-term parking and rental space with lease terms through fiscal year 2036. For the years ended June 30, 2024 and 2023, the College recognized $1,149,665 and $893,769, respectively, in lease revenue released from deferred inflows of resources related to the various office, retail, and rental space leases. The College recognized interest revenue of $36,942 and $35,152 for the years ended June 30, 2024 and 2023, respectively. No variable payments charged to the lessees. No inflows of resources were recognized in the year related to termination penalties or residual value guarantees during the year.

Leases receivable is calculated based on principal payment maturities described as follows for the years ended June 30, 2024 and 2023:

Leasee	Lease Type	Commencement Date	Expiration Date	Interest Rate	Lease Term (Months)	Monthly Rent as of June 30, 2024	Outstanding as of June 30, 2023	Additions	Payments	Outstanding as of June 30, 2024
US Attorney	Parking Lease	3/1/2024	8/31/2029	2.42%	66	$ 11,990	$ 23,436	$ 760,491	$ (71,155)	$ 712,772
General Service Admin	Parking Lease	11/1/2023	10/31/2033	2.42%	120	18,909	70,651	2,508,171	(220,558)	2,358,264
SF VA	Parking Lease	4/1/2024	9/1/2025	2.42%	18	2,820	48,118	50,285	(56,542)	41,861
USACE	Parking Lease	7/1/2021	10/31/2023	0.90%	28	-	1,726	-	(1,726)	-
Philz	Retail Lease	7/1/2013	6/30/2028	3.26%	180	9,583	475,364	-	(174,292)	301,072
Golden Era	Retail Lease	12/1/2013	11/30/2033	0.90%	240	10,555	1,312,842	-	(114,231)	1,198,611
Subway	Retail Lease	8/1/2021	12/31/2036	3.26%	185	1,751	923,030	-	(248,686)	674,344
Plant Construction Co.	Retail Lease	6/1/2024	5/31/2027	2.63%	36	6,500	-	224,770	(6,486)	218,284
SPRO LLC.	Retail Lease	8/1/2023	7/31/2036	3.26%	147	5,750	-	845,487	(11,453)	834,034
UC Davis	Rent Lease	8/1/2022	7/31/2028	2.85%	72	21,294	1,245,566	-	(244,536)	1,001,030
							$ 4,100,733	$ 4,389,204	$ (1,149,665)	$ 7,340,272

Leasee	Lease Type	Commencement Date	Expiration Date	Interest Rate	Lease Term (Months)	Monthly Rent as of June 30, 2023	Outstanding as of June 30, 2022	Additions	Payments	Outstanding as of June 30, 2023
US Attorney	Parking Lease	9/1/2022	8/31/2023	0.90%	12	$ 11,990	$ 22,234	$ 119,795	$ (118,593)	$ 23,436
General Service Admin	Parking Lease	5/1/2018	10/31/2023	0.90%	66	18,538	274,581	-	(203,930)	70,651
SF VA	Parking Lease	9/1/2021	8/31/2026	0.90%	60	1,262	63,034	-	(14,916)	48,118
USACE	Parking Lease	7/1/2021	10/31/2023	0.90%	28	427	6,785	-	(5,059)	1,726
Philz	Retail Lease	2/12/2013	2/11/2028	0.90%	180	9,085	573,339	-	(97,976)	475,363
Build Group	Retail Lease	10/1/2020	3/31/2023	0.90%	30	-	83,850	-	(83,850)	-
Golden Era	Retail Lease	12/1/2013	11/30/2033	0.90%	240	10,248	1,422,418	-	(109,576)	1,312,842
Subway	Retail Lease	8/1/2021	12/31/2036	0.90%	185	5,033	958,700	-	(35,670)	923,030
UC Davis	Retail Lease	8/1/2022	7/31/2028	2.40%	72	20,673	-	1,469,766	(224,199)	1,245,567
							$ 3,404,941	$ 1,589,561	$ (893,769)	$ 4,100,733

The future principal and interest lease receipts as of June 30, 2024, were as follows:

Future maturities are as follows:

Years Ending June 30,	Payments	Interest	Total
2025	$ 1,027,099	$ 84,059	$ 1,111,158
2026	1,021,518	113,201	1,134,719
2027	1,010,350	140,691	1,151,041
2028	949,647	163,290	1,112,937
2029	659,045	99,772	758,817
2030-2034	2,394,663	562,536	2,957,199
2034-2036	277,950	142,890	420,840
	$ 7,340,272	$ 1,306,439	$ 8,646,711

Note 7 – Subscription-Based Information Technology Arrangements

The College is a lessee for noncancelable leases of various SBITA with lease terms through fiscal year 2027. For the years ended June 30, 2024 and 2023, total lease payments were $1,085,318 and $717,266, respectively, related to various SBITA. The College recognized interest expense of $55,574 and $52,355 for the years ended June 30, 2024 and 2023, respectively. There were no variable payments charged by the lessor that are included in the lease payable balance. There were no expenses recognized related to termination penalties or residual value guarantees during the fiscal years. For the lease payables, the underlying assets include initial setup fees which are included in the balance of the leased asset and amortized over its useful life.

The College has the following subscription asset activities for the years ended June 30, 2024 and 2023:

Subscription Based IT Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2024	Net Value as of June 30, 2023	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2024
Thomson Reuters	SBITA	$ 911,198	5/1/2021	4/30/2025	48	$ (455,599)	$ 417,632	$ -	$ -	$ (227,799)	$ 189,833
Axiom	SBITA	301,019	3/2/2019	3/1/2024	60	(301,019)	40,136	-	-	(40,136)	-
LexisNexis Digital Library	SBITA	228,543	7/1/2021	6/30/2025	48	(114,271)	114,271	-	(85,703)	(28,568)	-
CourseDog	SBITA	193,384	9/1/2021	8/31/2024	36	(128,923)	75,205	-	-	(64,461)	10,744
LexisNexis	SBITA	158,005	7/1/2022	6/30/2025	36	(105,337)	105,337	-	-	(52,668)	52,669
Carahsoft (docusign)	SBITA	157,042	8/31/2023	8/30/2026	36	(43,623)	-	157,042	-	(43,623)	113,419
StarRez	SBITA	101,836	10/1/2021	9/30/2026	60	(40,734)	66,194	-	-	(20,367)	45,827
Pantheon	SBITA	80,029	7/1/2021	6/30/2024	36	(53,353)	26,677	-	-	(26,677)	-
Elsevier	SBITA	71,555	8/1/2021	7/31/2024	36	(47,704)	25,839	-	-	(23,852)	1,987
BlackBaud	SBITA	259,100	7/19/2023	7/18/2027	48	(64,775)	-	259,100	-	(64,775)	194,325
PlanetBids	SBITA	58,828	1/14/2021	1/13/2026	60	(23,531)	29,414	-	-	(11,766)	17,648
Brightly	SBITA	26,533	7/1/2022	6/30/2025	36	(17,688)	17,689	-	-	(8,844)	8,845
Panopto	SBITA	57,672	1/1/2024	12/31/2026	36	(9,612)	-	57,672	-	(9,612)	48,060
ExLibris	SBITA	281,605	7/1/2023	6/30/2026	36	(93,868)	-	281,605	-	(93,868)	187,737
Trakstar	SBITA	29,165	3/6/2024	3/6/2027	36	(3,241)	-	29,165	-	(3,241)	25,924
Ellucian	SBITA	733,063	10/1/2019	9/30/2024	60	(696,410)	-	733,063	(549,799)	(146,613)	36,651
Simplrr	SBITA	225,369	10/25/2023	10/24/2026	36	(56,342)	-	225,369	-	(56,342)	169,027
							$ 918,394	$ 1,743,016	$ (635,502)	$ (923,212)	$ 1,102,696

Subscription Based IT Asset	Leased Asset	Lease Asset Value	Commencement Date	Expiration Date	Amortization Period (Months)	Accumulated Amortization as of June 30, 2023	Net Value as of June 30, 2022	Additions	Modifications & Remeasurements	Amortization	Net Value as of June 30, 2023
Thomson Reuters	SBITA	$ 911,198	5/1/2021	4/30/2025	48	$ (493,565)	$ 645,432	$ -	$ -	$ (227,800)	$ 417,632
Axiom	SBITA	301,019	3/2/2019	3/1/2024	60	(260,883)	100,340	-	-	(60,204)	40,136
LexisNexis Digital Library	SBITA	228,543	7/1/2021	6/30/2024	48	(114,272)	171,407	-		(57,136)	114,271
CourseDog	SBITA	193,384	9/1/2021	8/31/2024	36	(107,436)	139,666	-	-	(64,461)	75,205
LexisNexis	SBITA	158,005	7/1/2022	6/30/2025	36	(52,668)	-	158,005	-	(52,668)	105,337
Carahsoft (docusign)	SBITA	115,442	6/30/2020	6/30/2023	36	(115,442)	38,480	-	-	(38,480)	-
StarRez	SBITA	101,836	10/1/2021	9/30/2026	60	(30,550)	86,561	-	-	(20,367)	66,194
Pantheon	SBITA	80,029	7/1/2021	6/30/2024	36	(53,352)	53,353	-	-	(26,676)	26,677
Elsevier	SBITA	71,555	8/1/2021	7/31/2024	36	(43,728)	49,691	-	-	(23,852)	25,839
BlackBaud	SBITA	147,449	5/15/2020	7/14/2023	38	(147,449)	46,563	-	-	(46,563)	-
PlanetBids	SBITA	58,828	1/14/2021	1/13/2026	60	(29,415)	41,180	-	-	(11,766)	29,414
Brightly	SBITA	26,533	7/1/2022	6/30/2025	36	(8,844)	-	26,533	-	(8,844)	17,689
Concur	SBITA	194,476	2/24/2020	2/24/2023	36	(221,486)	37,815	-	-	(37,815)	-
							$ 1,410,488	$ 184,538	$ -	$ (676,632)	$ 918,394

For the years ended June 30, 2024 and 2023, the College recognized $923,212 and $676,632, respectively, in amortization expense included in depreciation, excluding auxiliary enterprise expense on the statements of revenues, expenses, and changes in net position.

The following is a summary of changes in subscription liabilities, net for the years ended June 30, 2024 and 2023:

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2024	Outstanding as of June 30, 2023	Additions	Payments	Outstanding as of June 30, 2024
Thomson Reuters	5/1/2021	4/30/2025	2.40%	$ 18,983	$ 417,633	$ -	$ (227,800)	$ 189,833
Axiom	3/2/2019	3/1/2024	2.40%	6,583	40,136	-	(40,136)	-
LexisNexis Digital Library	7/1/2021	6/30/2025	2.40%	4,927	114,271	-	(114,271)	-
CourseDog	9/1/2021	8/31/2024	2.40%	4,708	62,146	-	(53,374)	8,772
LexisNexis	7/1/2022	6/30/2025	2.40%	4,509	105,338	-	(52,669)	52,669
Carahsoft (docusign)	8/31/2023	8/30/2026	2.63%	4,594	-	157,042	(53,712)	103,330
StarRez	10/1/2021	9/30/2026	2.40%	1,597	60,587	-	(18,541)	42,046
Pantheon	7/1/2021	6/30/2024	2.40%	2,306	26,676	-	(26,676)	-
Elsevier	8/1/2021	7/31/2024	2.40%	2,049	25,839	-	(23,852)	1,987
BlackBaud	7/19/2023	7/18/2027	2.63%	5,408	-	259,100	(60,002)	199,098
PlanetBids	1/14/2021	1/13/2026	2.40%	1,030	29,414	-	(11,766)	17,648
Brightly	7/1/2022	6/30/2025	2.40%	721	17,688	-	(8,844)	8,844
Panopto	1/1/2024	12/31/2026	2.63%	1,540	-	57,672	(18,434)	39,238
ExLibris	7/1/2023	6/30/2026	2.63%	7,738	-	281,605	(92,655)	188,950
Trakstar	3/6/2024	3/6/2027	2.63%	833	-	29,165	(9,978)	19,187
Ellucian	10/1/2019	9/30/2024	2.63%	13,052	-	174,340	(139,928)	34,412
Simplrr	10/25/2023	10/24/2026	2.63%	6,440	-	225,369	(77,106)	148,263
					$ 899,728	$ 1,184,293	$ (1,029,744)	$ 1,054,277

Lessor	Issue Date	Maturity Date	Discount Rate	Monthly Principle at June 30, 2023	Outstanding as of June 30, 2022	Additions	Payments	Outstanding as of June 30, 2023
Thomson Reuters	5/1/2021	4/30/2025	2.40%	$ 20,011	$ 645,432	$ -	$ (227,799)	$ 417,633
Axiom	3/2/2019	3/1/2024	2.40%	6,583	100,340	-	(60,204)	40,136
LexisNexis Digital Library	7/1/2021	6/30/2025	2.40%	4,927	171,407	-	(57,136)	114,271
CourseDog	9/1/2021	8/31/2024	2.40%	4,708	116,814	-	(54,669)	62,145
LexisNexis	7/1/2022	6/30/2025	2.40%	4,509	-	158,006	(52,668)	105,338
Carahsoft (docusign)	6/30/2020	6/30/2023	2.40%	4,167	38,481	-	(38,481)	-
StarRez	10/1/2021	9/30/2026	2.40%	1,597	79,024	-	(18,438)	60,586
Pantheon	7/1/2021	6/30/2024	2.40%	2,306	53,353	-	(26,676)	26,677
Elsevier	8/1/2021	7/31/2024	2.40%	2,049	49,691	-	(23,852)	25,839
BlackBaud	5/15/2020	7/14/2023	2.40%	4,033	46,563	-	(46,563)	-
PlanetBids	1/14/2021	1/13/2025	2.40%	1,030	41,180	-	(11,766)	29,414
Brightly	7/1/2022	6/30/2025	2.40%	721	-	26,533	(8,844)	17,689
Concur	2/24/2020	2/24/2023	2.40%	-	37,815	-	(37,815)	-
					$ 1,380,100	$ 184,539	$ (664,911)	$ 899,728

The future principal and interest lease payments as of June 30, 2024, were as follows:

Future maturities are as follows:

Years Ending June 30,	Payments	Interest	Total
2025	$ 640,239	$ 33,630	$ 673,869
2026	339,673	21,566	361,239
2027	74,365	6,464	80,829
	$ 1,054,277	$ 61,660	$ 1,115,937

The College evaluated the subscription assets for impairment and determined there was no impairment for the year ended June 30, 2024 and 2023, respectively.

Note 8 – Assets Held by Others

Assets held by others represent the College's right to the perpetual income streams resulting from irrevocable and perpetual trusts held by external trustees. The College's right to the income from these trusts is valued at the market value of the investments held by the trusts. The trusts are administered by The Regents of the University of California ("UC").

UC holds seven endowments (not pursuant to irrevocable agreements) for which income is allocated to the College and recorded in the accompanying financial statements as other changes in net position, gifts, and other changes to endowment. Income generated from three of these endowments has been designated by the donor to be distributed exclusively to the College's students. For the remaining four, the income allocated to the College conforms to the donors' intent that endowment income be used for financial support of University of California law students. The market value of the College's share of the remaining four endowments as of June 30, 2024 and 2023, is $3,421,606 and $3,193,266, respectively. These four endowments are not reflected on the College's statements of net position. Assets held by others also include $35,000 held as an interest account in Citizens Business Bank for workers' compensation payments.

The following table summarizes the assets held by others reported at fair value within the fair value hierarchy as of June 30, 2024:

Assets Held by Others	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	NAV	Not Leveled
Beneficial interest in charitable remainder trust ("CRT")	$ 1,847,293	$ -	$ -	$ -	$ 1,847,293	$ -
Endowments held by UC	7,444,343	-	-	-	7,444,343	-
Workers' compensation	35,000	-	-	-	-	35,000
Total assets held by others	$ 9,326,636	$ -	$ -	$ -	$ 9,291,636	$ 35,000

The following table summarizes the assets held by others reported at fair value within the fair value hierarchy as of June 30, 2023:

Assets Held by Others	Total	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	NAV	Not Leveled
Beneficial interest in charitable remainder trust ("CRT")	$ 1,739,890	$ -	$ -	$ -	$ 1,739,890	$ -
Endowments held by UC	6,947,549	-	-	-	6,947,549	-
Workers' compensation	35,000	-	-	-	-	35,000
Total assets held by others	$ 8,722,439	$ -	$ -	$ -	$ 8,687,439	$ 35,000

Note 9 – Capital Assets

The activities related to capital assets during fiscal year 2024 for the College are summarized below:

	2023	Additions/ Transfers	Disposals/ Transfers	2024
Capital assets, not being depreciated:				
Land	$ 5,246,532	$ -	$ -	$ 5,246,532
Construction in progress	247,503,055	45,003,750	(283,680,219)	8,826,586
Works of art	434,809	-	-	434,809
Intangible assets	115,920	-	-	115,920
Total capital assets, not being depreciated	253,300,316	45,003,750	(283,680,219)	14,623,847
Capital assets, being depreciated:				
Buildings	128,603,918	254,506,110	-	383,110,028
Building improvements	58,594,038	29,174,109	-	87,768,147
Equipment, furniture, and fixtures	3,978,591	280,593	-	4,259,184
Computer software	1,482,856	-	(395,691)	1,087,165
Library books and materials	2,832,808	-	-	2,832,808
Total capital assets, being depreciated	195,492,211	283,960,812	(395,691)	479,057,332
Less accumulated depreciation for:				
Buildings	(26,701,804)	(4,749,334)	-	(31,451,138)
Building improvements	(24,980,879)	(1,977,504)	-	(26,958,383)
Equipment, furniture, and fixtures	(2,696,557)	(299,059)	-	(2,995,616)
Computer software	(842,648)	(96,809)	138,492	(800,965)
Library books and materials	(2,525,540)	(89,337)	-	(2,614,877)
Total accumulated depreciation	(57,747,428)	(7,212,043)	138,492	(64,820,979)
Total capital assets, being depreciated, net	137,744,783	276,748,769	(257,199)	414,236,353
Capital assets, net	$ 391,045,099	$ 321,752,519	$ (283,937,418)	$ 428,860,200

The activities related to capital assets during fiscal year 2023 for the College are summarized below:

	2022	Additions/ Transfers	Disposals/ Transfers	2023
Capital assets, not being depreciated:				
Land	$ 5,088,532	$ 158,000	$ -	$ 5,246,532
Construction in progress	122,336,763	126,657,019	(1,490,727)	247,503,055
Works of art	421,309	13,500	-	434,809
Intangible assets	115,920	-	-	115,920
Total capital assets, not being depreciated	127,962,524	126,828,519	(1,490,727)	253,300,316
Capital assets, being depreciated:				
Buildings	128,603,918	-	-	128,603,918
Building improvements	57,103,311	1,490,727	-	58,594,038
Equipment, furniture, and fixtures	3,135,347	843,244	-	3,978,591
Computer software	1,482,856	-	-	1,482,856
Library books and materials	2,832,808	-	-	2,832,808
Total capital assets, being depreciated	193,158,240	2,333,971	-	195,492,211
Less accumulated depreciation for:				
Buildings	(25,229,631)	(1,472,173)	-	(26,701,804)
Building improvements	(22,670,638)	(2,310,241)	-	(24,980,879)
Equipment, furniture, and fixtures	(2,547,127)	(149,430)	-	(2,696,557)
Computer software	(735,013)	(107,635)	-	(842,648)
Library books and materials	(2,420,644)	(104,896)	-	(2,525,540)
Total accumulated depreciation	(53,603,053)	(4,144,375)	-	(57,747,428)
Total capital assets, being depreciated, net	139,555,187	(1,810,404)	-	137,744,783
Capital assets, net	$ 267,517,711	$ 125,018,115	$ (1,490,727)	$ 391,045,099

Note 10 – Long-Term Debt

Long-term debt of the College consists of the following at June 30, 2024 and 2023:

	2024	2023
College of the Law Refunding Bonds, Series 2017	$ 13,860,000	$ 14,605,000
Campus Housing Authority Revenue Bonds, Series 2020A and 2020B	360,715,525	360,715,525
Total bonds payable	374,575,525	375,320,525
Capital lease obligation	49,590,315	51,377,839
Bond premium	3,976,390	4,390,919
Total long-term debt	$ 428,142,230	$ 431,089,283

The College issued the Series 2017 Refunding Bonds for $17,610,000 to refund the previously issued Series 2008 Bonds for the construction of the UC Law Parking Garage, and to reimburse the College for associated development costs. Located at 376 Larkin Street in San Francisco, California, the multi-level structure contains 395 parking stalls, and 12,612 square feet of ground-level retail space. These bonds bear interest rates ranging from 2.0% to 5.0%. Principal and interest payments are made on a semi-annual basis and the bonds mature through April 2037.

In April 2020, the College entered into a facility lease agreement with the State totaling $76,737,957, which is recorded as a capital lease. The State sold lease revenue bonds to finance the construction of a new building to be used by the College. The building was then leased to the College under terms and amounts that are sufficient to satisfy the State's lease revenue bond requirements with the understanding that the State will provide financing appropriations to the College to satisfy the annual lease requirements. At the conclusion of the lease term, ownership of the building transfers to the College.

In September 2020, the College issued Campus Housing Revenue Bonds, Series 2020A and Series 2020B with an original principal amount of $333,110,000 and $27,605,525, respectively, for the construction of a student housing facility, academic and administrative space, and construction of retail space on the UC Law campus. Additionally capital appreciation bonds were issued as part of Series 2020B, Campus Housing Revenue Bonds issuance. Interest on the 2020B Bonds will not be payable on a current basis but will compound from the date of issuance on a semi-annual basis beginning on January 1, 2021, through the conversion date, July 1, 2035. Future accreted interest accruals of $8,254,752 have not been reflected in the long-term debt balance for the Series 2020A Bonds in its payment schedule below.

The scheduled principal and interest, including accrued interest, reported in the College's financial statements for the year ended June 30, 2024 contain amounts related to this facility lease with the State of California as well as the Campus Housing Revenue Bonds.

The activity with respect to the College's current and noncurrent debt for the years ended June 30, 2024 and 2023, is as follows:

	2024
Balance as of June 30, 2023	$ 431,089,283
Unamortized bond premium	(414,529)
Principal payments in fiscal year 2024	(2,532,524)
Balance as of June 30, 2024	$ 428,142,230
Current loan payable	$ 2,668,075
Noncurrent loan payable	425,474,155
Balance as of June 30, 2024	$ 428,142,230

	2023
Balance as of June 30, 2022	$ 433,989,951
Unamortized bond premium	(445,333)
Principal payments in fiscal year 2023	(2,455,335)
Balance as of June 30, 2023	$ 431,089,283
Current loan payable	$ 2,583,819
Noncurrent loan payable	428,505,464
Balance as of June 30, 2023	$ 431,089,283

Principal and interest payments required to be made for each of the next five fiscal years and thereafter for the Series 2017 bond payable are summarized as follows:

Years Ending June 30,	Principal	Interest	Total Bond Payable
2025	$ 785,000	$ 693,000	$ 1,478,000
2026	820,000	653,750	1,473,750
2027	865,000	612,750	1,477,750
2028	905,000	569,500	1,474,500
2029	950,000	524,250	1,474,250
2030-2034	5,515,000	1,859,250	7,374,250
2035-2037	4,020,000	287,829	4,307,829
	$ 13,860,000	$ 5,200,329	$ 19,060,329

The annual payments required to amortize the Series 2020A, Campus Housing Revenue Bonds, outstanding as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	$ -	$ 16,655,500	$ 16,655,500
2026	-	16,655,500	16,655,500
2027	390,000	16,645,750	17,035,750
2028	920,000	16,613,000	17,533,000
2029	1,495,000	16,552,625	18,047,625
2030-2034	17,760,000	80,728,750	98,488,750
2035-2039	29,570,000	74,584,250	104,154,250
2040-2044	37,735,000	66,210,625	103,945,625
2045-2049	48,165,000	55,524,125	103,689,125
2050-2054	61,475,000	41,884,375	103,359,375
2055-2059	78,465,000	24,474,375	102,939,375
2060-2064	57,135,000	4,377,875	61,512,875
	$ 333,110,000	$ 430,906,750	$ 764,016,750

The annual payments required to amortize the Series 2020B, Campus Housing Revenue Bonds outstanding as of June 30, 2024, are as follows:

Years Ending June 30,	Principal	Accreted Interest	Interest	Total
2025	$ -	$ -	$ -	$ -
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030-2034	4,025,962	4,220,042	-	8,246,004
2035-2039	2,785,621	4,492,700	13,430,306	20,708,627
2040-2044	2,299,213	3,845,787	17,773,594	23,918,594
2045-2049	3,189,714	5,335,286	15,318,956	23,843,956
2050-2054	4,420,700	7,394,299	11,915,269	23,730,268
2055-2059	6,124,999	10,245,000	7,199,551	23,569,550
2060-2064	4,759,315	7,960,685	1,325,362	14,045,362
	$ 27,605,524	$ 43,493,799	$ 66,963,038	$ 138,062,361

Principal and interest payments required to be made for each of the next five fiscal years and thereafter for the facility capital lease payable are summarized as follows:

Years Ending June 30,	Principal	Interest	Total Capital Lease Payable
2025	$ 1,838,819	$ 1,231,731	$ 3,070,550
2026	1,883,075	1,186,225	3,069,300
2027	1,930,416	1,139,634	3,070,050
2028	1,975,669	1,091,881	3,067,550
2029	2,028,781	1,043,019	3,071,800
2030-2034	10,907,494	4,438,506	15,346,000
2035-2039	12,327,061	3,021,539	15,348,600
2040-2044	13,726,855	993,864	14,720,719
2045	2,972,145	36,855	3,009,000
	$ 49,590,315	$ 14,183,254	$ 63,773,569

Note 11 – Endowments

The endowments held by the College as of June 30, 2024, are as follows:

	Restricted Net Position		Unrestricted	
	Nonexpendable	Expendable	Net Position	Total
Endowments	$ 20,748,898	$ 21,166,350	$ -	$ 41,915,248
Funds functioning as endowments	-	-	16,036,029	16,036,029
Endowment assets held by others	7,444,343	-	-	7,444,343
College's endowments	$ 28,193,241	$ 21,166,350	$ 16,036,029	$ 65,395,620

The endowments held by the College as of June 30, 2023, are as follows:

	Restricted Net Position		Unrestricted	
	Nonexpendable	Expendable	Net Position	Total
Endowments	$ 19,385,363	$ 18,353,901	$ -	$ 37,739,264
Funds functioning as endowments	-	-	14,752,056	14,752,056
Endowment assets held by others	6,947,548	-	-	6,947,548
College's endowments	$ 26,332,911	$ 18,353,901	$ 14,752,056	$ 59,438,868

Endowments held by the Foundation as of June 30, 2024 and 2023, are as follows:

	2024 Restricted Net Position		2023 Restricted Net Position	
	Nonexpendable	Expendable	Nonexpendable	Expendable
Foundation's endowments	$ 178,755	$ 450,000	$ 178,755	$ 408,547

The College’s endowment income distribution policies are designed to preserve the value of the endowment in real terms (after inflation) and to generate a predictable stream of spendable income. Endowment investments are managed to achieve a maximum long-term total return. As a result of this emphasis on total return, the portion of the annual income distribution funded by dividend and interest income and by capital gains may vary significantly from year to year.

Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of the College’s programs. The College utilizes a total-return spending policy governing the payout on endowed funds. Total-return policies permit the expenditure of both current income and appreciation. The portion of investment returns earned on endowments held by the College and distributed each year to support current operations is based upon a payout rate that is approved by the Board of Directors. The payout rate for 2024 and 2023 was 4.55 percent. The rates are calculated on a 12-quarter average market value of endowed funds.

Endowment income is available to meet spending needs, subject to donor terms and conditions and the approval of the Board. Net appreciation on investments of donor-restricted endowments is reflected in the above tables as restricted expendable net position.

Generally, the College’s practice is to spend restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. In addition, endowment net position reflects not only endowment investments but also cash gifted to endowments and not yet invested.

The total distribution from endowments was $2,018,819 and $1,824,127 for the years ended June 30, 2024 and 2023, respectively. From that distribution, $1,996,422 and $1,801,272 was distributed to the College, and $22,397 and $22,855 was distributed to the Foundation, for the years ended June 30, 2024 and 2023, respectively.

Note 12 – Deferred Outflows and Inflows of Resources

The composition of deferred outflows of resources at June 30, 2024 and 2023, is summarized as follows:

	2024	2023
Deferred Outflows of Resources		
Retiree health benefits liability, net	$ 6,808,000	$ 9,548,000
Pension liability, net	3,709,000	4,648,000
Loss on defeasance of debt	81,427	87,814
Total deferred outflows of resources	$ 10,598,427	$ 14,283,814
Deferred Inflows of Resources		
Retiree health benefits liability, net	$ 22,255,000	$ 21,172,000
Pension liability, net	6,798,000	2,328,000
Remainder interest in charitable remainder trust	1,847,293	1,739,890
Lease assets	7,071,544	3,813,537
Total deferred inflows of resources	$ 37,971,837	$ 29,053,427

Note 13 – Retiree Health Benefits

The University administers single-employer health and welfare plans to provide health and welfare benefits, primarily medical, dental and vision, to eligible retirees (and their eligible family members) of the University of California and its affiliates through UCRHBT. The Regents has the authority to establish and amend the plan. Additional information on the retiree health plans can be obtained from the 2023-2024 annual reports of the University of California.

The contribution requirements of the eligible retirees and the participating University locations, such as the College, are established and may be amended by the University. Membership in UCRP is required to become eligible for retiree health benefits. Contributions toward benefits are shared with the retiree. The University determines the employer’s contribution. Retirees are required to pay the difference between the employer’s contribution and the full cost of the health insurance. Retirees who are employed by the University after July 1, 2013, and retire at the age of 56 or older, become eligible for a percentage of the University’s contribution based on age and years for service. Retirees are eligible for the maximum University contribution at age 65 with 20 or more years of service.

Retirees employed by the University prior to 1990 and not rehired after that date are eligible for the University’s maximum contribution if they retire before age 55 and have at least 10 years of service, or if they retire at age 55 or later and have at least 5 years of service. Retirees employed by the University after 1989 are subject to graduated eligibility provisions that generally require 10 years of service before becoming eligible for 50 percent of the maximum University contribution, increasing to 100 percent after 20 years of service.

Contributions – The College's contributions toward retiree health benefits, at rates determined by the University, are made to UCRHBT. The University receives retiree health contributions from retirees that are deducted from their UCRP benefit payments. The University also remits these retiree contributions to UCRHBT. The University acts as a third-party administrator on behalf of UCRHBT and pays health care insurers and administrators amounts currently due under the University's retiree health benefit plans for retirees who previously worked at the College. UCRHBT reimburses the University for these amounts.

Participating University locations, such as the College, are required to contribute at a rate assessed each year by the University. The contribution requirements are based upon projected pay-as-you-go financing requirements. The assessment rates were $2.23 and $2.23 per $100 of UCRP covered payroll effective July 1, 2024 and 2023, respectively.

In addition to the explicit University contribution provided to retirees, there is an "implicit subsidy." The gross premiums for members that are not currently eligible for Medicare benefits are the same for active employees and retirees, based on a blend of their health costs. Retirees, on average, are expected to have higher health care costs than active employees. This is primarily due to the older average age of retirees. Since the same gross premiums apply to both groups, the premiums paid for active employees by the University are subsidizing the premiums for retirees. This effect is called the implicit subsidy. The implicit subsidy associated with retiree health costs paid during the past year is also considered to be a contribution from the University.

The College's contributions for the years ended June 30, 2024 and 2023, were as follows:

	2024	2023
Total employer contributions	$ 921,000	$ 889,000
Total contributions	$ 921,000	$ 889,000

Net retiree health benefits liability – The College's proportionate share of the net retiree health benefits liability as of June 30, 2024 and 2023, is as follows:

	2024	2023
Proportion of the net retiree health benefits liability	0.2%	0.2%
Proportionate share of net retiree health benefits liability	$ 33,680,000	$ 39,002,000

The College's net retiree health benefits liability was measured as of June 30, 2024 and 2023, and calculated using the plan net position valued as of the measurement date except for census data. The valuation results for fiscal years ended June 30, 2024 and 2023, are based on March 1, 2024 and 2023, census data, respectively. Actuarial valuations represent a long-term perspective and involve estimates of the value of reported benefits and assumptions about the probability of occurrence of events far into the future. Significant actuarial methods and assumptions used to calculate the College's net retiree health benefits liability were:

	2024	2023
Discount rate	3.93%	3.65%
Inflation	2.50%	2.50%
Investment rate of return	2.50%	2.50%
Health care cost trend rates	Initially ranges from 0.20% to 20.46% increasing to an ultimate rate of 3.94% for 2076 and later years	Initially ranges from -3.06% to 29.06% grading down to an ultimate rate of 3.94% for 2075 and later years

The UCRP undergoes experience studies periodically to determine reasonable and appropriate economic assumptions for purposes of valuing the defined benefit plan. Where applicable, the assumptions for this valuation are consistent with UCRP. The most recent UCRP experience study covered the four-year period ending June 30, 2022.

Sensitivity of net retiree health benefits liability to the health care cost trend rate – The following presents the June 30, 2024, net retiree health benefits liability of the College calculated using the June 30, 2024, health care cost trend rate assumption with initial trend ranging from 0.20 percent to 20.46 percent grading up to an ultimate trend of 3.94 percent over 15 years, as well as what the net retiree health benefits liability would be if it were calculated using a health care cost trend rate different than the current assumption:

2024			2023		
1% Decrease (-0.80% to 19.46%) Grading down to 2.9%	Current Trend (0.20% to 20.46%) Ultimate Rate 3.9%	1% Increase (1.20% to 21.46%) Grading down to 4.9%	1% Decrease (-4.06% to 28.06%) Grading down to 2.9%	Current Trend (-3.06% to 29.06%) Ultimate Rate 3.9%	1% Increase (-2.06% to 30.06%) Grading down to 4.9%
$ 28,441,000	$ 33,680,000	$ 40,447,000	$ 32,663,000	$ 39,002,000	$ 47,254,000

Discount rate – The discount rate used to estimate the net retiree health benefits liability as of June 30, 2024 and 2023, was 3.93 percent and 3.65 percent, respectively. The discount rate was based on the Bond Buyer 20-Bond General Obligation index since UCHRBT plan assets are not sufficient to make benefit payments.

Sensitivity of the net retiree health benefits liability – The following presents the June 30, 2024, net retiree health benefits liability of the College calculated using the June 30, 2024, discount rate assumption of 3.93% as well as what the net retiree health benefits liability would be if it were calculated using a discounted rate different than the current assumption:

2024			2023		
1% Decrease (2.93%)	**Current Discount (3.93%)**	**1% Increase (4.93%)**	**1% Decrease (2.65%)**	**Current Discount (3.65%)**	**1% Increase (4.65%)**
$ 39,471,000	$ 33,680,000	$ 29,020,000	$ 45,997,000	$ 39,002,000	$ 33,402,000

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources and deferred inflows of resources for retiree health benefits were related to the following sources as of the years ended June 30, 2024 and 2023:

	2024	2023
Deferred Outflows of Resources		
Changes in proportion and differences between the College's contributions and proportionate share of contributions	$ 1,406,000	$ 1,703,000
Changes of assumptions or other inputs	3,875,000	6,186,000
Net difference between projected and actual earnings on plan investments	-	8,000
Difference between expected and actual experience	1,527,000	1,651,000
Total deferred outflows of resources	$ 6,808,000	$ 9,548,000
Deferred Inflows of Resources		
Changes in proportion and differences between the College's contributions and proportionate share of contributions	$ 8,221,000	$ 6,991,000
Changes of assumptions or other inputs	11,680,000	10,341,000
Net difference between projected and actual earnings on plan investments	5,000	4,000
Difference between expected and actual experience	2,349,000	3,836,000
Total deferred inflows of resources	$ 22,255,000	$ 21,172,000

The net amount of deferred outflows of resources and deferred inflows of resources related to retiree health benefits that will be recognized in retiree health benefit expense during the years ending June 30 is as follows:

Years Ending June 30,	
2025	$ (3,655,000)
2026	(2,512,000)
2027	(2,151,000)
2028	(2,252,000)
2029	(2,123,000)
Thereafter	(2,754,000)
	$ (15,447,000)

Note 14 – Retirement Benefits

Substantially all full-time employees of the College participate in the University of California Retirement System ("UCRS") that is administered by the University. The UCRS consists of UCRP, a cost-sharing defined benefit pension plan, and the University of California Retirement Savings Program ("UCRSP") that includes four defined contribution pension plans with several investment portfolios generally funded with employee nonelective and elective contributions. The Regents have the authority to establish and amend the benefit plans. Additional information on the retirement plans can be obtained from the 2023-2024 annual reports for UCRS.

UCRP provides lifetime retirement income, disability protection, death benefits, and post-retirement and pre-retirement survivor benefits to eligible employees of the University, and its affiliates. Membership is required in UCRP for all employees appointed to work at least 50 percent of the time for one year or more for an indefinite period or for a definite period of a year or more. An employee may also become eligible by completing 1,000 hours within a 12-month period. Generally, five years of service are required for entitlement to plan benefits. The amount of pension benefit is determined under the basic formula of covered compensation times age factor times years of service credit. The maximum monthly benefit cannot exceed 100 percent of the employee's highest average plan compensation over a 36-month period, subject to certain limits imposed under the Internal Revenue Code. Annual cost-of-living adjustments ("COLAs") are made to monthly benefits according to a specified formula based on the Consumer Price Index. Ad hoc COLAs may be granted subject to funding availability.

Contributions – Contributions to the UCRP may be made by the College and the employees. The rates for contributions as a percentage of payroll are determined annually pursuant to The Regents' funding policy and based upon recommendations of the consulting actuary. The Regents determine the portion of the total contribution to be made by the College and by the employees. Employee contributions by represented employees are subject to collective bargaining agreements. Effective July 1, 2023, employee member contributions range from 7.0 percent to 9.0 percent. The College pays a uniform contribution rate of 14.0 percent of covered payroll on behalf of UCRP members. Employee contributions to UCRP are accounted for separately and currently accrue interest at 6.0 percent annually. Upon termination, members may elect a refund of their contributions plus accumulated interest; vested terminated members who are eligible to retire may also elect monthly retirement income or lump sum equal to the present value of their accrued benefits.

Contributions were as follows during the years ended June 30, 2024 and 2023:

	2024	2023
College	$ 4,599,000	$ 4,536,000
Employee	1,922,000	1,873,000
Total contributions	$ 6,521,000	$ 6,409,000

Additional deposits were made by the University of California to UCRP of $500.0 and $700.0 million for the fiscal years ended June 30, 2024 and 2023, respectively. The College's reported pension expense and an increase in the pension payable to the University of California for its portion of these additional deposits based upon its proportionate share of covered compensation for the years ended June 30, 2024 and 2023. These balances were $795,000 and $853,000, respectively.

Net pension liability – The College's proportionate share of the net pension liability for UCRP as of June 30, 2024 and 2023, is as follows:

	2024	2023
Proportion of the net pension liability	0.2%	0.2%
Proportionate share of net pension liability	$ 27,020,000	$ 33,368,000

The College's net pension liability was measured as of June 30, 2024 and 2023, and calculated using the plan net position valued as of the measurement date and total pension liability determined based upon rolling forward the total pension liability from the results of the actuarial valuations as of July 1, 2024 and 2023, respectively.

Actuarial valuations represented a long-term perspective and involved estimates of the value of reported benefits and assumptions about the probability of certain events occurring far into the future. The College's net pension liability was calculated using the following methods and assumptions:

	2024	2023
Inflation	2.50%	2.50%
Salary increase (varying by service, including inflation)	3.65% - 5.95%	3.65 - 5.95%
Investment rate of return (net of pension plan investment expense, including inflation)	6.75%	6.75%
COLAs	2.00%	2.00%

Actuarial assumptions are subject to periodic revisions as actual results are compared with past expectations and new estimates are made about the future. The actuarial assumptions used in 2024 and 2023 were based upon the results of an experience study conducted for the period July 1, 2018 through June 30, 2022.

For Faculty members, mortality rates are based on the Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table. Changes in the current year reflect a decrease by 15% for males and a decrease by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

For Staff and Safety members, mortality rates are based on the Pub-2010 Teacher Healthy Retiree Amount-Weighted Above-Median Mortality Table. Changes in the current year reflect unadjusted for males and a decrease by 5% for females, projected generationally with the two-dimensional mortality improvement scale MP-2021.

The long-term expected investment rate of return for UCRP was determined in 2024 using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adding expected inflation, and subtracting expected investment expenses and a risk margin.

The target allocation and projected arithmetic real rates of return for each major asset class, after deducting inflation but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption as of June 30, 2024, are summarized in the following table. This information will change every four years based on the actuarial experience study:

Asset Class	Target	Long-Term Expected Real Rate Return
U.S. Equity	33.0%	5.97%
Developed International Equity	13.0%	6.75%
Emerging Market Equity	7.0%	8.50%
Core Bonds	13.0%	1.79%
High Yield Bonds	2.5%	4.57%
Emerging Market Debt	1.5%	4.64%
Private Real Estate	7.0%	3.91%
Private Equity	12.0%	9.63%
Private Credit	3.5%	2.93%
Absolute Return	3.5%	1.13%
Real Assets	4.0%	4.03%
Total	100.0%	

Discount rates – The discount rate used to estimate the net pension liability as of June 30, 2024 and 2023 was 6.75 percent. To calculate the discount rate, cash flows into and out of UCRP were projected to determine whether UCRP has sufficient cash in future periods for projected benefit payment for current members. For this purpose, College contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected College and member contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions of future plan members, are not included. UCRP was projected to have assets sufficient to make projected benefit payments for current members for all future years as of June 30, 2024.

Sensitivity of the net pension liability to the discount rate assumption – The following presents the June 30, 2024, net pension liability of the College calculated using the June 30, 2024, discount rate assumption of 6.75 percent as well as what the net pension liability would be if it were calculated using a discounted rate different than the current assumption:

2024			2023		
1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
$ 50,109,000	$ 27,020,000	$ 8,110,000	$ 56,616,000	$ 33,368,000	$ 14,330,000

Deferred outflows of resources and deferred inflows of resources – Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of June 30, 2024 and 2023:

	2024	2023
Deferred Outflows of Resources		
Changes of assumptions or other inputs	$ 474,000	710,000
Net excess of projected over actual earnings on plan investments (if any)	-	2,866,000
Difference between actual and expected experience in the total pension liability	3,235,000	1,072,000
Total deferred outflows of resources	$ 3,709,000	$ 4,648,000
Deferred Inflows of Resources		
Changes in proportion and differences between the College's contributions and proportionate share of contributions	$ 3,110,000	$ 2,237,000
Net excess of actual over projected earnings on pension plan investments (if any)	3,688,000	-
Difference between expected and actual experience in the total pension liability	-	91,000
Total deferred inflows of resources	$ 6,798,000	$ 2,328,000

Net deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the years ending June 30 as follows:

Years Ending June 30,	
2025	$ (2,328,000)
2026	2,660,000
2027	(1,876,000)
2028	(1,545,000)
	$ (3,089,000)

The UCRSP plans (DC Plan, Supplemental DC Plan, 403(b) Plan, and 457(b) Plan) provide savings incentives and additional retirement security for all eligible employees. The DC Plan accepts both pre-tax and after-tax employee contributions. The Supplemental DC Plan accepts employer contributions on behalf of certain qualifying employees. The 403(b) and 457(b) Plans accept pre-tax employee contributions and the College may also make contributions on behalf of certain members of management. Benefits from the plans are based on participants' mandatory and voluntary contributions, plus earnings, and are immediately vested.

Note 15 – Federal and State Income Taxes

As a separate law department of the University of California, the College is an instrument of the State and, accordingly, is not subject to federal or state income taxes, except for taxes on unrelated business income.

Note 16 – Contingencies

The College receives substantially all its unrestricted revenue from tuition and fees and State appropriations. The College tuition and fee schedule is established annually by the Board of Directors. The State legislature establishes the annual appropriation to the College. The appropriation may increase or decrease during the year due to State budget changes.

Substantial amounts are received and expended by the College under federal and state grants and contracts and are subject to audit by cognizant governmental agencies. This funding relates primarily to student financial assistance and related programs. College management believes that liabilities, if any, arising from such audits will not have a significant effect on the College's financial condition or results of operations.

Note 17 – Insurance

The College is exposed to various risks of loss including general liability, property and casualty, workers' compensation, employee health, and legal defense. The College purchases insurance through commercial and risk retention insurance companies with various ranges of deductibles depending on the policy type. Settled claims have not exceeded this coverage in any of the past three fiscal years. The College continues to self-insure its workers' compensation program.

Note 18 – Litigation

From time to time, the College is subject to various claims and legal proceedings covering a range of matters that arise in the ordinary course of its business activities. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate liability of the College in connection with its legal proceedings is expected not to have a material adverse effect on the College's financial position and activities.

Note 19 – Subsequent Events

Subsequent events are events or transactions that occur after the statement of net position date, but before the financial statements are available to be issued. The College recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. The College's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before the financial statements were available to be issued.

The College has evaluated subsequent events through ____________, 2024, which is the date the financial statements were available to be issued and no material events were noted.

Required Supplementary Information

Net Retiree Health Benefits Liability – Required Supplementary Information

The schedule of the College's proportionate share of UCRHBT's net retiree health benefits liability is presented below:

Years Ended June 30,	Proportion of the Net Retiree Health Benefits Liability	Proportionate Share of Net Retiree Health Benefits Liability	Covered Payroll	Proportionate Share of the Net Retiree Health Benefits Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Retiree Health Benefits Liability
2024	0.2%	$33,680,000	$31,435,000	107.1%	1.1%
2023	0.2%	$39,002,000	$30,000,000	130.0%	0.9%
2022	0.2%	$36,012,000	$27,712,000	130.0%	0.9%
2021	0.2%	$42,608,000	$23,915,000	178.2%	0.7%
2020	0.2%	$45,135,000	$25,577,000	176.5%	0.7%
2019	0.2%	$40,220,000	$25,926,000	155.1%	0.8%
2018	0.2%	$37,604,000	$24,929,000	150.8%	0.7%
2017	0.2%	$40,908,000	$24,471,000	167.2%	0.6%
2016	0.2%	$49,576,000	$24,451,000	202.8%	0.3%
2015	0.3%	$45,293,000	$24,499,000	184.9%	0.3%

The schedule of the College's Plan to UCRHBT is presented below:

Years Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 701,000	$ 701,000	$ -	$ 31,435,000	2.2%
2023	$ 669,000	$ 669,000	$ -	$ 30,000,000	2.2%
2022	$ 654,000	$ 654,000	$ -	$ 27,712,000	2.4%
2021	$ 814,000	$ 814,000	$ -	$ 23,915,000	3.4%
2020	$ 868,000	$ 868,000	$ -	$ 25,577,000	3.4%
2019	$ 908,000	$ 908,000	$ -	$ 25,926,000	3.5%
2018	$ 899,000	$ 899,000	$ -	$ 24,929,000	3.6%
2017	$ 906,000	$ 906,000	$ -	$ 24,471,000	3.7%
2016	$ 927,000	$ 927,000	$ -	$ 24,451,000	3.8%
2015	$ 649,000	$ 649,000	$ -	$ 24,499,000	2.6%

Net Pension Liability – Required Supplementary Information

The schedule of the College's proportionate share of UCRP's net pension liability as of June 30 is:

Years Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Employee Payroll	Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.2%	$ 27,020,000	$ 26,024,000	103.8%	84.9%
2023	0.2%	$ 33,368,000	$ 25,306,000	131.9%	81.2%
2022	0.2%	$ 35,343,000	$ 23,749,000	148.8%	79.3%
2021	0.2%	$ 11,772,000	$ 22,784,000	51.7%	93.9%
2020	0.2%	$ 40,007,000	$ 24,993,025	160.1%	76.6%
2019	0.2%	$ 35,932,000	$ 24,751,000	145.2%	79.5%
2018	0.2%	$ 19,434,000	$ 24,035,000	80.9%	87.2%
2017	0.2%	$ 21,931,000	$ 23,788,000	92.2%	84.0%
2016	0.2%	$ 32,086,000	$ 24,451,000	131.2%	77.2%
2015	0.3%	$ 24,207,000	$ 24,499,000	98.8%	82.9%
2014	0.3%	$ 18,664,000	$ 24,039,000	77.6%	86.3%
2013	0.3%	$ 29,450,000	$ 24,025,000	122.6%	78.6%

The schedule of the College's plan contribution to UCRP is presented below:

Years Ended June 30,	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	$ 6,521,000	$ 6,521,000	$ -	$ 26,024,000	25.1%
2023	$ 6,409,000	$ 6,409,000	$ -	$ 25,306,000	25.3%
2022	$ 6,669,000	$ 6,669,000	$ -	$ 23,749,000	28.1%
2021	$ 6,188,000	$ 6,188,000	$ -	$ 22,784,000	27.2%
2020	$ 6,384,000	$ 6,384,000	$ -	$ 24,993,000	25.5%
2019	$ 6,438,000	$ 6,438,000	$ -	$ 24,751,000	26.0%
2018	$ 6,301,000	$ 6,301,000	$ -	$ 24,035,000	26.2%
2017	$ 6,246,000	$ 6,246,000	$ -	$ 23,788,000	26.3%
2016	$ 6,631,000	$ 6,631,000	$ -	$ 24,451,000	27.1%
2015	$ 7,057,000	$ 7,057,000	$ -	$ 24,499,000	28.8%
2014	$ 4,376,000	$ 4,376,000	$ -	$ 24,039,000	18.2%
2013	$ 3,766,000	$ 3,766,000	$ -	$ 24,025,000	15.7%

Supplementary Information

UC College of the Law, San Francisco
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Federal Grant Number	Pass-Through Entity Identifying Number	Federal Expenditures
Student Financial Assistance Cluster:				
U.S. Department of Education				
Federal Work Study	84.033	P033A220404		$ 16,500
Federal Work Study	84.033	P033A230404		83,917
Federal Work Study - Administrative Cost Allowance	84.033	P033A230404		7,071
Total Student Financial Assistance Awards				107,488
Federal Direct Student Loan Program	84.268	P268K246736		40,908,775
Total Student Financial Assistance Loan Programs				40,908,775
Total Student Financial Assistance Cluster				41,016,263
Research and Development Cluster:				
U.S. Department of Health and Human Services				
Aging Research	93.866	1R44AG074131-UCH02		199,533
Aging Research	93.866	14533sc		13,552
				213,085
National Family Caregiver Support Program	93.052	14844sc		9,720
Total U.S. Department of Health and Human Services				222,805
U.S. Environmental Protection Agency				
Pass-Through University of California, San Francisco				
Science To Achieve Results (STAR) Research Program	66.509	84046301	00011200	16,954
Total U.S. Environmental Protection Agency				16,954
Total Research and Development Cluster				239,759
U.S. Department of Health and Human Services				
Pass-Through University of California, Berkeley				
PPHF Geriatric Education Centers	93.969	5U1QHP28727-07-00	11685sc	20,114
Total U.S. Department of Health and Human Services				20,114
U.S. Department of State				
Public Diplomacy Programs	19.040	SNZ95023GR0074-M001		6,191
Public Diplomacy Programs	19.040	SNI01423GR0042		7,358
Public Diplomacy Programs	19.040	SGH10022GR0039		108,393
				121,942
Criminal Justice Systems	19.703	SINLEC22GR0233		145,749
Total U.S. Department of State				267,691
U.S. Department of the Treasury				
Low Income Taxpayer Clinics	21.008	21-LITC0517-01-00		150,000
Low Income Taxpayer Clinics	21.008	24-LITC0678-01-01		100,000
Total U.S. Department of the Treasury				250,000
National Science Foundation				
STEM Education	47.076	14611sc		65,056
Total National Science Foundation				65,056
Total Expenditures of Federal Awards				$ 41,858,883

See accompanying notes to schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activities of UC College of the Law, San Francisco (the "College" or "UC Law"), under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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"). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the College.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College recognizes grants to the extent that eligible grant costs are incurred. The College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3 – Subrecipients

The College did not provide federal awards to subrecipients during the year ended June 30, 2024.

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*

The Board of Directors
UC College of the Law, San Francisco

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the financial statements of UC College of the Law, San Francisco (the "College" or "UC Law") and its discretely presented component unit, the UC Law Foundation (the "Foundation"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise UC College of the Law, San Francisco's and its discretely presented component unit, the UC Law Foundation's, basic financial statements, and have issued our report thereon dated October ___, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's and the Foundation'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 College's and the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's and of the Foundation'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 College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

San Francisco, California
October ___, 2024

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
UC College of the Law, San Francisco

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited UC College of the Law, San Francisco's (the "College" or "UC Law") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2024. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, UC College of the Law, San Francisco complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

San Francisco, California
October ___, 2024

UC College of the Law, San Francisco
Schedule of Findings and Questioned Costs
Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	*Unmodified*	
Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
• Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiency(ies) identified?	☐ Yes	☒ None reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	☐ Yes	☒ No

Identification of major federal programs and type of auditor's report issued on compliance for the major federal program:

Federal Assistance Listing Numbers	*Name of Major Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
Various	Student Financial Assistance Cluster	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs:	$750,000	
Auditee qualified as low-risk auditee?	☒ Yes	☐ No

Section I – Financial Statement Findings

None reported

Section I – Federal Award Findings and Questioned Costs

None reported

Communication with
Those Charged with Governance

UC College of the Law, San Francisco

June 30, 2024

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Communication with Those Charged with Governance

The Board of Directors
UC College of the Law, San Francisco

We have audited the financial statements of UC College of the Law, San Francisco (the “College” or “UC Law”) and the discretely presented component unit, UC Law Foundation (the “Foundation”), as of and for the year ended June 30, 2024, and have issued our report thereon dated October ___, 2024. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and *Government Auditing Standards*

As stated in our statement of work updated on February 22, 2024, we are responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America (“*Government Auditing Standards*”). As part of an audit conducted in accordance with U.S. GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College’s and the Foundation’s internal control over financial reporting. Accordingly, we considered the College’s and the Foundation’s internal control solely for the purposes of determining our audit procedures and not to provide assurance concerning such internal control.

We are also responsible for communicating significant matters related to the financial statement audit that, in our professional judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about the College's compliance with the types of compliance requirements described in Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") applicable to its major federal program for the purpose of expressing an opinion on the College's compliance with those requirements. While our audits provide a reasonable basis for our opinion, they do not provide a legal determination on the College's compliance with those requirements.

The supplementary information was subject to 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.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you at the audit entrance meeting with the audit sub-committee on February 29, 2024.

Significant Audit Findings and Issues

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the College and the Foundation are described in Note 2 to the financial statements. During the year ended June 30, 2024, the College and the Foundation adopted Government Accounting Standards Board Statement No. 99, *Omnibus 2022* and Statement No. 100 *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. No other new accounting policies were adopted and there were no changes in the application of existing policies during 2024. We noted no transactions entered into by the College and the Foundation during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Fair value of investments
- The collectability of student loans receivable and accounts receivable
- The useful lives of capital assets
- The discount rate, useful lives, and lease terms related to the College's operating lease right-of-use assets, lease liabilities, lease receivable, and lease deferred inflows of resources

- The discount rate, subscription terms, and other assumptions related to the College's subscription assets and subscription liabilities
- The actuarially determined liabilities related to retirement benefits and retiree health benefits

Financial Statement Disclosures

The disclosures in the financial statements are consistent, clear, and understandable. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Note 4 related to the fair value measurements of investments
- Note 2 and Note 5 related to collectability of accounts receivable and notes receivable
- Note 2 and Note 9 related to capital assets and net position by type
- Note 6 related to leases
- Note 7 related to subscription-based information technology arrangements
- Note 10 related to long-term debt
- Note 13 related to actuarially determined liabilities for retiree health benefits
- Note 14 related to actuarially determined liabilities for retirement benefits

Significant Unusual Transactions

We encountered no significant unusual transactions during our audit of the College's and the Foundation's financial statements.

Significant Difficulties Encountered in Performing the Audit

Professional standards require us to inform you of any significant difficulties encountered in performing the audit. No significant difficulties were encountered during our audit of the College's and the Foundation's financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of our audit.

Circumstances that Affect the Form and Content of the Auditor's Report

There may be circumstances in which we would consider it necessary to include additional information in the auditor's report in accordance with U.S. GAAS. There were no circumstances that affected the form and content of the auditor's report.

Uncorrected Misstatements

Professional standards require us to accumulate all factual and judgmental misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements identified by us as a result of audit procedures and uncorrected by management that are material, either individually or in the aggregate, to the College's and the Foundation's financial statements taken as a whole.

Management Representations

We have requested certain representations from management that are included in the attached management representation letter dated October ___, 2024.

Management Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the College’s and the Foundation’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Significant Audit Findings or Issues

We are required to communicate to you other findings or issues arising from the audit that are, in our professional judgment, significant and relevant to your oversight of the financial reporting process. There were no such items identified.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility for other information in the management's discussion and analysis, the net pension liability, and net retiree health benefits liability, which is labeled as “required supplementary information,” includes applying certain limited procedures to the required supplementary information 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 of America. These limited procedures 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 did not express an opinion or provide any assurance on the information because the limited procedures did not provide us with sufficient evidence to express an opinion or provide any assurance.

This information is intended solely for the use of the Board of Directors and management of the College and of the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

San Francisco, California
October ___, 2024