# Loyola Marymount University

**Reports on Federal Awards in Accordance with the Uniform Guidance**

**May 31, 2025**

# Loyola Marymount University
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## Report of Independent Auditors

To the Board of Trustees of Loyola Marymount University

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Loyola Marymount University (the "University"), which comprise the statements of financial position as of May 31, 2025 and 2024, and the related statements of activities for the year ended May 31, 2025 and of cash flows for the years ended May 31, 2025 and 2024, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as of May 31, 2025 and 2024, and the changes in its net assets for the year ended May 31, 2025 and its cash flows for the years ended May 31, 2025 and 2024 in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Other Matter*

We previously audited the statement of financial position as of May 31, 2024, and the related statements of activities and of cash flows for the year then ended (the statement of activities is not presented herein), and in our report dated October 7, 2024, we expressed an unmodified opinion on those financial statements. In our opinion, the information set forth in the accompanying summarized financial information for the year ended May 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

#### *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.

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for one year after the date the financial statements are issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

### *Supplemental Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended May 31, 2025 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our

opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended May 31, 2025. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Los Angeles, California
October 6, 2025

# Loyola Marymount University
## Statements of Financial Position
## May 31, 2025 and 2024

*(in thousands)*

| | 2025 | 2024 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 186,903 | $ 169,930 |
| Accounts receivable | | |
| Tuition & fees, less allowance for credit losses $2,112 in 2025 and $2,608 in 2024 | 3,983 | 2,777 |
| Other | 14,349 | 11,660 |
| Pledges receivable, net | 47,233 | 27,275 |
| Notes receivable, less allowance for credit losses $1,554 in 2025 and $1,636 in 2024 | 20,353 | 21,335 |
| Investments | 867,189 | 804,699 |
| Prepaid expenses, deferred charges and other assets | 17,368 | 16,823 |
| Assets whose use is limited by bond indentures | 3,165 | 3,466 |
| Right of use assets | 11,293 | 13,436 |
| Property, plant and equipment, net | 744,005 | 735,994 |
| Total assets | $ 1,915,841 | $ 1,807,395 |
| **Liabilities and net assets** | | |
| Liabilities | | |
| Accrued payroll expense | $ 17,530 | $ 16,191 |
| Accounts payable and accrued expenses | 46,492 | 42,869 |
| Accrued interest expense | 58,784 | 59,167 |
| Deferred revenue and deposits | 34,306 | 32,709 |
| Lease liability | 13,093 | 15,270 |
| Debt outstanding, net | 169,059 | 177,703 |
| U.S. government grants refundable | 2,533 | 3,193 |
| Annuity liabilities and assets held for others | 1,963 | 1,795 |
| Total liabilities | 343,760 | 348,897 |
| Commitments and contingencies (Note 16) | | |
| Net assets | | |
| Without donor restrictions | 936,481 | 888,664 |
| With donor restrictions | | |
| For time or purpose | 325,931 | 278,495 |
| In perpetuity | 309,669 | 291,339 |
| Total with donor restrictions | 635,600 | 569,834 |
| Total net assets | 1,572,081 | 1,458,498 |
| Total liabilities and net assets | $ 1,915,841 | $ 1,807,395 |

The accompanying notes are an integral part of these financial statements.

# Loyola Marymount University
## Statement of Activities
## Year Ended May 31, 2025
## (With Summarized Financial Information for the Year Ended May 31, 2024)

*(in thousands)*

| | Without donor restrictions | With donor restrictions | 2025 Total | 2024 Total |
|---|---|---|---|---|
| **Revenues, gains and other additions** | | | | |
| Tuition and fees (net of scholarships) | $ 415,426 | $ - | $ 415,426 | $ 388,688 |
| Investment returns designated for operations | 20,942 | 20,667 | 41,609 | 40,295 |
| Contributions and pledges | 14,927 | 211 | 15,138 | 14,857 |
| Grants | 17,969 | - | 17,969 | 17,405 |
| Auxiliary enterprise revenue, net | 66,484 | - | 66,484 | 62,685 |
| Other revenue | 13,411 | - | 13,411 | 11,375 |
| Net assets released from restrictions | 16,406 | (16,406) | - | - |
| Total operating revenues, gains, and other changes | 565,565 | 4,472 | 570,037 | 535,305 |
| **Expenses** | | | | |
| Instruction | 186,166 | - | 186,166 | 179,817 |
| Research | 14,976 | - | 14,976 | 11,735 |
| Academic support | 56,877 | - | 56,877 | 53,684 |
| Library | 17,094 | - | 17,094 | 16,709 |
| Student services | 96,743 | - | 96,743 | 90,561 |
| Institutional support | 108,698 | - | 108,698 | 96,648 |
| Auxiliary enterprises | 51,487 | - | 51,487 | 46,237 |
| Total operating expenses | 532,041 | - | 532,041 | 495,391 |
| Increase in operating net assets | 33,524 | 4,472 | 37,996 | 39,914 |
| **Non-operating revenues and expenses** | | | | |
| Contributions for non-operating purposes | 13 | 16,866 | 16,879 | 12,143 |
| Contributions for acquisition of capital assets | 484 | 26,566 | 27,050 | 2,750 |
| Investment returns after amounts designated for current operations | 14,517 | 18,142 | 32,659 | 47,737 |
| Other non-operating income | (1,001) | - | (1,001) | (859) |
| Net assets released from restrictions | 796 | (796) | - | - |
| Donor redesignations | (516) | 516 | - | - |
| Non-operating revenues (expenses), net | 14,293 | 61,294 | 75,587 | 61,771 |
| Increase in net assets | 47,817 | 65,766 | 113,583 | 101,685 |
| **Net assets** | | | | |
| Beginning of year | 888,664 | 569,834 | 1,458,498 | 1,356,813 |
| End of year | $ 936,481 | $ 635,600 | $ 1,572,081 | $ 1,458,498 |

The accompanying notes are an integral part of these financial statements.

# Loyola Marymount University
## Statements of Cash Flows
## Year Ended May 31, 2025 and 2024

*(in thousands)*

| | 2025 | 2024 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Increase in net assets | $ 113,583 | $ 101,685 |
| Adjustments to reconcile increase (decrease) in | | |
| Net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 32,887 | 33,935 |
| Realized and unrealized (gain) on investments | (56,090) | (69,737) |
| Loan receivable forgiveness | 1,198 | 70 |
| Provisions for (recovery of) doubtful notes receivable | (82) | 3 |
| Non-cash contributions received | (1,995) | (1,671) |
| Non-cash other assets received | (2,687) | - |
| Contributions to be used for fixed assets | (27,015) | (2,627) |
| Contributions to be used for long-term investment | (15,849) | (11,570) |
| Proceeds from sale of donated securities | 731 | 1,052 |
| Actuarial change in trust liability | 122 | 435 |
| Changes in assets and liabilities: | | |
| Tuition and fees receivable from students, net | (1,206) | (375) |
| Accounts receivable, other | (2,546) | 1,148 |
| Pledges receivable, net | 1,742 | 43 |
| Prepaid expenses, deferred charges and other assets | (1,036) | (2,030) |
| Accounts payable and accrued expenses | 4,885 | (7) |
| Deferred revenue and deposits | 1,597 | 947 |
| Annuity liabilities and assets held for others | 48 | (71) |
| Net cash provided by operating activities | 48,287 | 51,231 |
| **Cash flows from investing activities** | | |
| Purchases of plant, property and equipment | (42,019) | (34,756) |
| Proceeds from sale of plant, property and equipment | - | 113 |
| Purchases of investments | (89,034) | (117,173) |
| Proceeds from sales and maturities of investments | 82,489 | 100,422 |
| Reimbursement from CEFA 2018 bonds | 301 | 1,449 |
| Disbursements of loans to students and faculty | (3,121) | (3,141) |
| Repayments of loans by students and faculty | 2,988 | 3,177 |
| Net cash used in investing activities | (48,396) | (49,909) |
| **Cash flows from financing activities** | | |
| Repayment of CEFA bonds payable | (7,371) | (7,322) |
| Repayment of U.S. government grants refundable | (660) | (868) |
| Contributions to be used for fixed assets | 4,348 | 4,422 |
| Contributions to be used for long-term investment | 20,752 | 11,348 |
| Contributions restricted for annuity agreements | 98 | - |
| Payments made under split interest agreements | (83) | (143) |
| Termination of split-interest agreements | (2) | (684) |
| Net cash provided by financing activities | 17,082 | 6,753 |
| Net increase (decrease) in cash and cash equivalents | 16,973 | 8,074 |
| **Cash and cash equivalents** | | |
| Beginning of year | 169,930 | 161,856 |
| End of year | $ 186,903 | $ 169,930 |
| **Supplementary cash flow information** | | |
| Non-cash acquisition of plant | $ 1,506 | $ 1,815 |
| Securities received as gifts | 1,995 | 1,671 |
| Interest paid | 7,057 | 7,334 |
| Non-cash acquisition of other assets | 2,687 | - |

The accompanying notes are an integral part of these financial statements.

## 1. Basis of Presentation and Summary of Significant Accounting Policies

### Organization
Loyola Marymount University (the "University" or "LMU") is a coeducational institution offering undergraduate, graduate and professional degrees. The University is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and is exempt from federal income taxes on related income pursuant to the Code and under corresponding sections of the California Revenue and Taxation Code.

### Basis of Presentation
The financial statements of the University have been prepared on the accrual basis of accounting to conform to accounting principles generally accepted in the United States of America ("GAAP").

### Net Assets
Under generally accepted accounting principles applicable to not-for-profit organizations, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the University and changes therein have been classified and are reported as follows:

- Net assets without donor restrictions – Net assets not subject to donor-imposed stipulations; donor-restricted contributions whose restrictions are met in the same reporting period as the contribution is received; and quasi endowment net assets designated by the Board of Trustees or management for specific purposes (known as quasi endowment net assets).

- Net assets with donor restrictions for time or purpose – Net assets subject to donor-imposed stipulations that will be met either by actions of the University pursuant to those stipulations and/or by the passage of time.

- Net assets with donor restrictions in perpetuity – Net assets subject to donor-imposed stipulations that require the University maintain them in perpetuity. Generally, the donors of these assets permit the University to use all, or part of the income earned on related investments for general or specific purposes.

### Summarized Comparative Information
The financial statements and notes include certain prior-year summarized comparative information in total, but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the University's financial statements for the year ended May 31, 2024 from which the summarized information was derived.

### Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions regarding the reported amounts of assets, liabilities, disclosure of contingent assets and contingent liabilities at the date of the financial statements and those estimates which affect the amounts of revenues and expenses reported during the period. Actual results could differ from those estimates.

### Donor Redesignations
Certain amounts previously received from donors have been transferred among net assets categories due to changes in restrictions or gifts by the donor.

### Cash and Cash Equivalents
Cash and cash equivalents include cash on hand and investments purchased with an initial maturity of three months or less, excluding those held for long-term investment and assets whose use is limited by bond indentures. The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of these financial instruments. In accordance with federal regulations, cash received for Federal Family Education Loans is held in a separate bank account until credited to students' accounts.

**Accounts Receivable**
Tuition and fees receivable represent amounts due for current or past semesters for which students have registered; amounts collected in advance are deferred and recognized when earned. Management periodically reviews and assesses the collectability of receivables and provides an allowance for credit losses. The University's credit losses have been consistent with management's expectations.

Other accounts receivable includes receivables from grants, insurance policies and charitable remainder trusts where the University is named a beneficiary but is not the trustee. As of May 31, 2025 and 2024, the balances of these beneficial interests were $1,672,000 and $1,768,000, respectively. The present value of the estimated future cash flows from the trusts approximates the fair value of the underlying assets. Insurance policies are recorded at cash surrender value.

**Pledges Receivable**
Unconditional promises to give ("pledges") are recorded as contribution revenue and as receivables in the period received. Pledge contributions are classified as with donor restrictions for time or purpose or with donor restrictions in perpetuity based upon donor-imposed stipulations. Pledges are discounted to present value using a discount rate commensurate with the risk involved. An allowance for uncollectible pledges is estimated by management based on such factors as prior collection history, type of contribution, and the nature of the fundraising activity (see Note 2).

**Notes Receivable**
Student loans are generally funded by government and foundation grants for student financial aid, which the University administers, and are uncollateralized. Student notes receivable have mandated interest rates and repayment terms and are subject to significant restrictions as to their transfer or disposition. Due to the nature and terms of the student loans, it is not feasible to determine the fair value of such loans. Management reviews and assesses the collectability of notes receivable on an annual basis and provides an allowance for credit losses when collection is doubtful (see Note 3).

**Investments**
Investments are stated at fair value (see Note 10). Unrealized and realized gains and losses on investments are reported as increases or decreases to net assets without donor restrictions, unless restricted by the donor by time or purpose or in perpetuity (see Note 11). Investment income includes rental income, interest income, royalties, dividends and other investment income (see Note 4). Unrealized and realized gains and losses on investments and investment income are reported net of investment management fees. Real estate investments and securities received by gift or bequest are recorded at fair value on the date acquired. The majority of the University's investments are included in the Endowment Fund, which is a commingled fund composed of various types of investment assets, and largely pooled on a market value per unit basis. The total fair value of the Endowment Fund assets at May 31, 2025 and 2024 was $782,957,000 and $720,022,000, respectively.

The University has adopted endowment, investment and spending policies to preserve and enhance the real purchasing power of the endowment, to provide a relatively stable and constant return sufficient to meet a portion of the spending needs of the University, and to increase the endowment through unspent income and gains, appreciated value, gifts and other appropriate sources. Thus, the University's overall return objective is to garner an average annual real total return of at least 5.0% per year, net of fees and inflation, over the long-term (rolling ten-year period). The return objective may be difficult to achieve in any single year during the ten-year period but is expected to be attainable over a series of ten-year periods.

The University utilizes the "Yale 70/30" spending calculation methodology to determine the annual amount of investment returns distributed to University operations ("spending policy"). Under this methodology, 70% of the calculation is based on a 3% growth rate applied to the prior year's distribution, and 30% is based on a 5% rate applied to a rolling 12 quarter average pool fair market value. This methodology is intended to produce increasing yet smooth and predictable endowment distributions year over year. From time to time, the fair value of assets associated with donor-restricted endowment funds may fall below the level that the University has determined is

required to be maintained in perpetual duration. Deficiencies of this nature are referred to as underwater endowments. If an endowment falls underwater, current management policy is to allow spending on the endowment in accordance with the University spending policy. The aggregate underwater amount, if any, is classified as a reduction of net assets with donor restrictions.

For the year ended May 31, 2025, the gross endowment pool distribution under the spending policy was $31,405,000. Included in investment returns designated for operations is a portion of the endowment distribution designated for operations of $31,207,000 and other non-endowment investment returns of $10,402,000. The remaining endowment distribution of $198,000 is recorded in investment returns after amounts designated for current operations in the Statement of Activities. Returns remaining after the annual distribution are reinvested in the endowment pool as Board-designated or with donor restrictions for time or purpose endowment funds.

For the year ended May 31, 2024, the gross endowment pool distribution under the spending policy was $29,317,000. Included in investment returns designated for operations is a portion of the endowment distribution designated for operations of $29,113,000 and other non-endowment investment returns of $11,182,000. The remaining endowment distribution of $204,000 is recorded in investment returns after amounts designated for current operations in the Statement of Activities. Returns remaining after the annual distribution are reinvested in the endowment pool as Board-designated or with donor restrictions for time or purpose endowment funds.

The University classifies as net assets with donor restrictions in perpetuity: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions in perpetuity is classified as net assets with donor restrictions for time or purpose until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). The University considers the following factors in making a determination to appropriate or accumulate endowment funds: (1) the duration and preservation of the fund; (2) the mission of the University and the donor-restricted endowment fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the University; and (7) the investment policies of the University.

**Assets Whose Use is Limited by Bond Indentures**
As of May 31, 2025 and 2024, the University had unspent bond proceeds related to the Series 2018A Bonds. These proceeds are designated for construction and improvement of facilities. They are held at U.S. Bank, the Bond Trustee, and consist of cash equivalents and are considered Level 1 under the fair value hierarchy.

**Property, Plant and Equipment**
Plant assets, which are purchased or constructed, are stated at cost; assets acquired by gift or bequest are stated at fair value at the date of acquisition. The University uses the straight-line method for the computation of depreciation of long-lived assets according to the following schedule of useful lives:

| Asset | Life |
|---|---|
| Buildings | 40 years |
| Equipment | 5-10 years |
| Library books | 20 years |
| Computer software | 5-12 years |
| Leasehold and building improvements | 20 years |

The University uses a full month convention for all assets except new construction of buildings for which depreciation begins from the date they are placed in service. Depreciation expense for fiscal years 2025 and 2024 was $33,699,000 and $32,294,000, respectively.

Normal repair and maintenance expenses and minor equipment replacement costs are expensed as incurred. When items are retired or otherwise disposed of, the cost and accumulated depreciation and amortization are removed from the accounts, and any gain or loss on such retirements or disposals is recognized in the year of disposal.

Works of art, historical treasures, literary works and artifacts, which are preserved and protected for educational, research and public exhibition purposes, are not capitalized. Donations of such collections are not recorded for financial statement purposes; however, purchases of such collections are recorded as operating expenses in the period in which they are acquired.

The University records conditional asset retirement obligations associated with the legally required removal and disposal of certain hazardous materials, primarily asbestos, present in its facilities. When an asset retirement obligation is identified, the University records the fair value of the obligation as a liability. The fair value of the obligation is also capitalized as property, plant and equipment and then amortized over the estimated useful life of the associated asset. The fair value of the conditional asset retirement obligation is estimated using a probability weighted, discounted cash flow model. The present value of future estimated cash flows is calculated using a credit-adjusted, interest rate applicable to the University in order to determine the fair value of the conditional asset retirement obligations. As of May 31, 2025 and 2024, $558,000 and $590,000, respectively, of conditional asset retirement obligations are included within accounts payable and accrued expenses in the Statements of Financial Position (see Note 6).

**Credit Concentration**

Financial instruments that potentially subject the University to concentration of credit risk are cash, cash equivalents, investments, and receivables. The University's cash, cash equivalents, and investments are held by recognized financial institutions and reputable fund managers. Management regularly reviews its investment policies, asset allocations and individual manager portfolios with the University's external investment consultant, as well as the University's Endowment Fund Investment Committee. Concentration of credit risk for accounts receivable, pledges receivable, and notes receivable is generally limited due to the dispersion of these balances over a broad base.

**Revenue Recognition**

The University's revenue recognition policies are as follows:

- Tuition and fees (net of scholarships) and room and board – The University's operating revenue is primarily derived from academic programs provided to students including undergraduate and graduate programs and residential services. Tuition and fees and room and board revenues are recognized in an amount that reflects the consideration the University is entitled to in exchange for providing educational, housing and dining services. The University's transaction price is determined based on the gross price, net of any scholarships and refunds. The University awarded scholarships in the amounts of $171,870,000 and $163,493,000 for the periods ended May 31, 2025 and May 31, 2024, respectively.

  Tuition and fees are recognized as revenue over time during the course of the academic term or program for which it is earned. Room and board revenues, included in auxiliary revenues, are recognized over time throughout the occupancy period based on the proportional time elapsed. The University has elected the optional exemption to not disclose amounts for educational services that will be fulfilled within a month of the fiscal year end.

  Student tuition and fees received in advance of services to be rendered are recorded as deferred revenue. The University's payment terms generally require payment in advance of the academic term. Substantially all of the deferred revenue balance at the beginning of each year was recognized into revenue during the years ended

May 31, 2025 and 2024. Students who withdraw may receive a full or partial refund in accordance with the University's refund policy.

- Contributions and pledges – For financial reporting purposes, the University distinguishes between contributions of net assets without donor restrictions, net assets with donor restrictions for time or purpose and net assets with donor restrictions in perpetuity. Contributions for which donors have imposed restrictions that limit the use of the donated assets are reported as net assets with donor restrictions. When such donor-imposed restrictions are met in subsequent reporting periods, net assets with donor restrictions for time or purpose are reclassified to net assets without donor restrictions and reported as net assets released from restrictions. Contributed assets that are subject to perpetual donor restrictions and from which only the current income may be used are classified as net assets with donor restrictions in perpetuity. Contributed assets for which donors have not stipulated restrictions, as well as contributions on which donors have placed restrictions which are made and met within the same reporting period, are reported as support without donor restrictions.

  Pledges are recorded as receivables and revenues in the year received. Pledges on which payments are receivable in future periods are reported as net assets with donor restrictions for time or purpose or net assets with donor restrictions in perpetuity based on donor intent. Gifts of land, buildings and equipment are reported as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions for time or purpose. Absent explicit donor stipulation, the University reports expirations of donor restrictions on long-lived assets when the donated or acquired long-lived asset is placed in service. Donated securities are liquidated upon receipt.

- Grants – Revenues from grant agreements are considered non-exchange transactions and are reported as increases in net assets without donor restrictions as the associated barriers are overcome, which generally is as allowable expenditures under such agreements are incurred. The University has elected a policy to report contributions where the condition and restriction are met in the same reporting period within net assets without donor restrictions.

- Auxiliary enterprise revenue – Auxiliary enterprise revenue consists primarily of fees for room and board as previously discussed under *Tuition and fees (net of scholarships) and room and board*. Revenues from supporting services, such as conferences, dining facilities, parking operations, childcare center and bookstores are recorded at a point in time when the customer obtains control of the promised product or service. Amounts received in advance of delivery of products or services are recorded as deferred revenue.

- Other revenue – Other revenue includes income primarily generated from athletic activities, lab fees and consulting. Amounts received are recorded at the time of transaction. Amounts not received by year end but earned are accrued and are included in accounts receivable – other.

**Expenses**
Expenses are reported as decreases in net assets without donor restrictions with the exception of investment expenses which are required to be netted against investment return. In the Statement of Activities, expenses are presented by functional classification in accordance with the Integrated Postsecondary Education Data System ("IPEDS"). Each functional classification includes direct expenses, as well as allocated costs such as depreciation, interest expense and plant operating costs. Depreciation expense is allocated based upon square-footage occupancy of University facilities. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt. Plant operations and maintenance represent building occupancy costs, which are allocated to functional categories based upon square-footage occupancy or by specific identification. Square-footage occupancy is adjusted for changes due to new construction or space redistribution.

Included in institutional support expense in the Statement of Activities for the years ended May 31, 2025 and 2024, is approximately $13,334,000 and $14,003,000 respectively of direct expenses related to fundraising.

**Non-Operating Revenues and Expenses**
Non-operating revenues and expenses consist of amounts which, due to their nature, are not considered by management as part of operations. Specific items include investment results (exclusive of amounts distributed per the spending policy and investment return earned on non-endowed investments which is included in investment returns designated for operations), contributions for non-operating purposes, contributions for acquisition of capital assets, post-retirement actuarial adjustment and non-operating cost components, residential properties income and expense and other non-operating items.

## 2. Pledges Receivable

Pledges are received as part of the University's fundraising activities for operational, plant and endowment purposes. Pledges are recorded at fair value estimated by discounting future cash flows at rates ranging from 3.0% to 4.8% per annum. At May 31, outstanding pledges are reflected in the financial statements and are summarized below.

Pledges expected to be collected are as follows at May 31 (*in thousands)*:

| | 2025 | 2024 |
|---|---|---|
| In one year or less | $ 7,879 | $ 9,815 |
| Between one and five years | 38,362 | 18,799 |
| Over five years | 7,650 | 4,200 |
| Total pledges receivable | 53,891 | 32,814 |
| Allowance for uncollectible pledges | (1,860) | (2,004) |
| Discount to present value | (4,798) | (3,535) |
| Total pledges receivable, net | $ 47,233 | $ 27,275 |

Pledges receivable at May 31, 2025 have the following designations (*in thousands)*:

| | Pledges Receivable Balance | Allowance | Discount | Pledges Receivable Balance, Net |
|---|---|---|---|---|
| Endowment for academic programs and activities | $ 3,482 | $ - | $ (95) | $ 3,387 |
| Endowment for scholarships | 9,236 | (375) | (500) | 8,361 |
| Property, plant and equipment | 35,680 | (252) | (4,002) | 31,426 |
| Departmental programs and activities | 5,493 | (1,233) | (201) | 4,059 |
| Total pledges receivable | $ 53,891 | $ (1,860) | $ (4,798) | $ 47,233 |

Pledges receivable at May 31, 2024 have the following designations (*in thousands)*:

| | Pledges Receivable Balance | Allowance | Discount | Pledges Receivable Balance, Net |
|---|---|---|---|---|
| Endowment for academic programs and activities | $ 5,241 | $ - | $ (323) | $ 4,918 |
| Endowment for scholarships | 9,895 | (1,065) | (998) | 7,832 |
| Property, plant and equipment | 10,664 | (300) | (1,640) | 8,724 |
| Departmental programs and activities | 7,014 | (639) | (574) | 5,801 |
| Total pledges receivable | $ 32,814 | $ (2,004) | $ (3,535) | $ 27,275 |

The University received a conditional pledge of $25,000,000 in fiscal year 2024. As of May 31, 2025, the matching conditions of $15,700,000 for this pledge have been fulfilled. Thus, only $9,300,000 remains conditional as of May 31, 2025.

## 3. Notes Receivable

**Student Loans**

The University makes uncollateralized loans to students based on financial need. Student loans are funded through the Federal Perkins Loan Program, Weingart Foundation Loan Program, and institutional resources. At May 31, 2025 and 2024, net student loans represented approximately 0.7% and 0.8% of total assets, respectively.

At May 31, 2025, student loans and the related allowance for credit losses consist of the following (*in thousands*):

| | Student Receivable Balance | Related Allowance | Student Receivable Balance, net |
|---|---|---|---|
| Perkins | $ 1,528 | $ (125) | $ 1,403 |
| Weingart | 11,145 | (1,095) | 10,050 |
| Institutional | 2,519 | (334) | 2,185 |
| Total | $ 15,192 | $ (1,554) | $ 13,638 |

At May 31, 2024, student loans and the related allowance for credit losses consist of the following (*in thousands*):

| | Student Receivable Balance | Related Allowance | Student Receivable Balance, net |
|---|---|---|---|
| Perkins | $ 2,137 | $ (160) | $ 1,977 |
| Weingart | 11,410 | (1,186) | 10,224 |
| Institutional | 2,594 | (290) | 2,304 |
| Total | $ 16,141 | $ (1,636) | $ 14,505 |

Management regularly assesses the adequacy of the allowance for credit losses by performing ongoing evaluations of the student loan portfolio, including such factors as the differing economic risks associated with each loan category, the financial condition of specific borrowers, the economic environment in which the borrowers operate, and the level of delinquent loans, adjusted for management expectations about current and future economic conditions.

The University's Perkins receivable represents the amounts due from current and former students under the Federal Perkins Loan Program. Loans disbursed under the Federal Perkins Loan Program are able to be assigned to the Federal Government in certain non-repayment situations. In these situations, the Federal portion of the loan balance is guaranteed. On October 1, 2017, the Federal Perkins Extension Act of 2015 expired and no longer permits disbursements to students of any kind after June 30, 2018. These funds are ultimately refundable to the government and are included as liabilities in the Statements of Financial Position. The University has been notified that the government will begin collecting the federal share of the University's Perkins Loan Revolving Fund sometime thereafter.

The University's Weingart receivable represents the amount due from current and former students under the Weingart Foundation Loan Program. Under the Weingart Foundation Loan Program, students are awarded non-interest-bearing loans. Any loans not collected under the Weingart Foundation Loan Program become the University's responsibility for repayment. The University must make whole all loans uncollected under this program. Various other institutional loans are sponsored by donor gifts and are subject to donor restrictions on use of funds. The University manages institutional loans through guidelines included in respective donor gift agreements.

Changes in the allowance for credit losses for the years ended May 31 were as follows (*in thousands*):

| | 2025 Student Loan Allowance | 2024 Student Loan Allowance |
|---|---|---|
| **Beginning Balance - June 1** | $ (1,636) | $ (1,633) |
| Change in estimated reserve requirement | (189) | (26) |
| Net charge-offs | 382 | 189 |
| Recoveries | (111) | (166) |
| **Ending Balance - May 31** | $ (1,554) | $ (1,636) |

At May 31, 2025, the following amounts were due under the student loan program (*in thousands*):

| | Current | 1-60 Days Past Due | 60-90 Days Past Due | 90-120 Days Past Due | 120 + Days Past Due | Total Student Loans Receivable |
|---|---|---|---|---|---|---|
| Perkins | $ 1,252 | $ 15 | $ 19 | $ 15 | $ 227 | $ 1,528 |
| Weingart | 10,623 | 363 | 44 | 40 | 75 | 11,145 |
| Institutional | 2,016 | 83 | 22 | - | 398 | 2,519 |
| | | | | | | $ 15,192 |

At May 31, 2024, the following amounts were due under the student loan program (*in thousands*):

| | Current | 1-60 Days Past Due | 60-90 Days Past Due | 90-120 Days Past Due | 120 + Days Past Due | Total Student Loans Receivable |
|---|---|---|---|---|---|---|
| Perkins | $ 1,716 | $ 92 | $ 53 | $ 10 | $ 266 | $ 2,137 |
| Weingart | 10,814 | 352 | 59 | 40 | 145 | 11,410 |
| Institutional | 2,083 | 52 | 44 | - | 415 | 2,594 |
| | | | | | | $ 16,141 |

**Faculty and Staff Loans**

As part of a program to attract and retain excellent faculty, the University provides home mortgage financing assistance. Mortgage notes receivable amounting to $6,654,000 and $6,769,000 were outstanding at May 31, 2025 and 2024, respectively, and are collateralized by deeds of trust on properties concentrated in the region surrounding the University. Mortgage loans are granted up to $150,000 per eligible faculty member. The loan amounts are forgiven over a 10-year period, following one-year participation in the program, as long as the faculty member remains employed at the University per the terms of the agreement. If the faculty member leaves the University prior to the full forgiveness of the loan, the unforgiven balance of the loan is to be repaid to the University. In addition, the University provides both staff and faculty with computer loans as a benefit of employment. Notes of $61,000 and $56,000 were outstanding at May 31, 2025 and 2024, respectively, related to employee computer loans. No allowance for credit losses has been recorded against faculty and staff loans based on collection histories.

The faculty and staff computer loan amount represents less than 1% of total assets at both May 31, 2025 and 2024. There were no amounts past due under either program.

## 4. Investments

Investments consist of the following at May 31, stated at fair value (*in thousands)*:

| | 2025 | 2024 |
|---|---|---|
| Investment cash equivalents | $ 6,360 | $ 38,687 |
| Government bonds | 420 | 332 |
| Common stock | 1,532 | 1,126 |
| Mutual funds | 146,420 | 126,110 |
| Commingled funds | 268,498 | 229,649 |
| Alternative investment funds: | | |
| Private equity/Venture capital | 145,312 | 137,318 |
| Hedge funds | 178,877 | 169,134 |
| Natural resources | 11,999 | 14,135 |
| Real estate | 77,913 | 60,547 |
| Distressed | 26,797 | 24,622 |
| Real property and other | 3,061 | 3,039 |
| | $ 867,189 | $ 804,699 |

The investment goal of the University is to maintain or grow its investments in order to increase financial support to operations and further enhance the educational mission. In order to achieve this, and also mitigate market risk, the University diversifies its investments among various financial instruments and asset categories and uses multiple investment strategies. As a general practice, virtually all the financial assets of the University are managed by external investment management firms selected by the University. The University maintains agreements with each of the external investment managers, which provide for compensation in the form of management fees. Most of these managers charge fees directly to fund Net Asset Value ("NAV") on a regular basis, and therefore, management fees are included in investment returns in the Statement of Activities.

Approximately 49% of the University's investments at both May 31, 2025 and May 31, 2024 are invested (directly or indirectly) in money market funds or publicly traded equities, which are listed on national exchanges, quoted on NASDAQ, or in the over-the-counter market; treasury and agency bonds of the U.S. government; investment-grade corporate bonds for which an active trading market exists; and commingled funds comprised of the aforementioned types of investments.

The University's alternative investment funds consist of private equity, venture capital, natural resources, distressed debt, real estate and absolute return hedge funds. Approximately 51% of the University's investments at both May 31, 2025 and May 31, 2024 are invested with various limited partnerships that invest (directly or indirectly) in the securities of companies that are not immediately liquid, such as venture capital and buyout firms, and in real estate limited partnerships that have investments in various types of properties.

The following schedule summarizes the investment return and its classification in the Statement of Activities for the years ended May 31 (*in thousands)*:

| | 2025 | 2024 |
|---|---|---|
| Unrealized and realized gains/(losses) | $ 56,051 | $ 69,590 |
| Interest income, dividends, royalties and rents | 20,383 | 20,445 |
| Management fees and other investment related expenses | (2,166) | (2,003) |
| Total net gains on investments | 74,268 | 88,032 |
| Less: Investment returns designated for current operations | (41,609) | (40,295) |
| Investment returns after amounts designated for current operations | $ 32,659 | $ 47,737 |

Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that the University's investments and total net assets balances could fluctuate materially.

## 5. Property, Plant and Equipment

Property, Plant and Equipment at May 31 are as follows (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| Land | $ 78,116 | $ 74,544 |
| Buildings | 684,357 | 680,886 |
| Equipment | 95,008 | 157,219 |
| Library books | 108,035 | 109,684 |
| Computer software | 22,806 | 30,546 |
| Leasehold improvements | 53,558 | 57,659 |
| Building improvements | 169,365 | 158,513 |
| Construction-in-progress | 19,939 | 8,564 |
| Total cost | 1,231,184 | 1,277,615 |
| Accumulated depreciation | (487,179) | (541,621) |
| Plant, property and equipment, net | $ 744,005 | $ 735,994 |

## 6. Accounts Payable and Accrued Expenses

The following table sets forth major components of Accounts Payable and Accrued Expenses as of May 31 (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| Vendor accounts payable and accruals | $ 22,552 | $ 21,155 |
| Postretirement benefits liability | 7,713 | 6,832 |
| Accrued vacation expense | 11,529 | 10,346 |
| Workers' compensation self-insurance liabilities | 4,140 | 3,946 |
| Asset retirement obligations | 558 | 590 |
| | $ 46,492 | $ 42,869 |

## 7. Retirement and Other Postretirement Benefits

The University contributes to a retirement plan on behalf of eligible University employees. Under the defined contribution plan, the University and plan participants make contributions to purchase individual annuities or to participate in a variety of mutual funds. Benefits commence upon retirement and pre-retirement survivor death benefits are provided. Amounts expensed for the University's share of these costs were approximately $19,652,000 and $17,656,000 during the years ended May 31, 2025 and 2024, respectively.

The University currently provides certain health care benefits for retired University employees. Employees become eligible for those benefits if they reach retirement age while employed by the University and are at least age 65 with 10 years of service. As of May 31, 2025 and 2024, a net postretirement benefit liability of $7,713,000 and $6,832,000, respectively, is included in accounts payable and accrued expenses (see Note 6). The Statement of Activities includes the service cost component of the net periodic benefit cost which is allocated among the functional expense classifications. The remaining change in net assets is recorded in other non-operating income in the Statement of Activities. The University's postretirement benefits are funded on a pay-as-you-go basis; therefore, the plan has no assets.

The following table sets forth the postretirement health benefit plan's unfunded status as of May 31 and amounts recognized in the Statement of Activities for the years ended May 31 (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| **Benefit obligation at beginning of year** | $ 6,832 | $ 6,454 |
| Service cost | 387 | 340 |
| Interest cost | 385 | 323 |
| Benefits paid | (532) | (584) |
| Actuarial (gain)/loss | 641 | 299 |
| **Benefit obligation at end of year** | $ 7,713 | $ 6,832 |

In fiscal years 2025 and 2024, the increase in benefit obligation was driven by health care cost trend updates that were partially offset by an increase in the discount rate and greater than expected medical plan premium increases.

The initial health care cost trend rate used to estimate the expected cost of benefits covered by the plan was 6.25% and 7.00% as of May 31, 2025 and 2024, respectively. The ultimate cost trend rate expected as of May 31, 2025 and 2024 is 3.75%. The ultimate cost trend rate as of May 31, 2025 and 2024 is expected to be reached in the year 2071.

The discount rates used to estimate the benefit obligation as of May 31, 2025 and 2024 are 5.50% and 5.35%, respectively.

Components of net periodic benefit costs for the year ended May 31 are as follows (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| Service cost | $ 387 | $ 340 |
| Interest cost | 385 | 323 |
| Amortization of (gains) | (365) | (432) |
| Net periodic benefit cost | $ 407 | $ 231 |

The discount rates used to determine the net periodic cost for the years ended May 31, 2025 and 2024 are 5.35% and 4.85%, respectively.

Other changes in the benefit obligation recognized in net assets without donor restrictions for the period at May 31 are as follows (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| Net assets without donor restrictions at beginning of year | $ 6,700 | $ 7,431 |
| Net gain/(loss) | (641) | (299) |
| Amortization of net (gain) | (365) | (432) |
| Net assets without donor restrictions at end of year | $ 5,694 | $ 6,700 |

Items not yet recognized as a component of net periodic benefit cost assets for the period at May 31 are as follows (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| Items not yet recognized as a component of net periodic benefit cost | | |
| Net (gain) | (5,694) | (6,700) |
| Total | $ (5,694) | $ (6,700) |

The following benefit payments which reflect expected future service, as appropriate, are expected to be made as follows (*in thousands*):

| **Fiscal Year Ending May 31,** | |
|---|---|
| 2026 | $ 668 |
| 2027 | 644 |
| 2028 | 596 |
| 2029 | 617 |
| 2030 | 619 |
| 2031-2035 | 3,234 |

## 8. Debt Outstanding

Total debt outstanding is composed of bonds payable resulting from borrowings issued through the California Educational Facilities Authority ("CEFA"). The University maintains all long-term debt at amortized cost on the Statements of Financial Position.

Total debt outstanding at May 31, 2025 is as follows (*in thousands*):

| Series | Fiscal Year Maturity Dates | Type of Bond | Interest Rates | Principal Outstanding |
|---|---|---|---|---|
| 2001A | 2025 - 2039 | Capital appreciation bonds | 5.51% - 5.83% | $ 19,933 |
| 2013A | 2025 - 2043 | Revenue bonds | 1.67% - 4.73% | 27,490 |
| 2018A | 2025 - 2048 | Revenues bonds, taxable | 4.84% | 29,210 |
| 2018B | 2025 - 2048 | Revenue bonds | 4.00% - 5.00% | 52,340 |
| 2019 | 2025 - 2040 | Revenue bonds | 3.00% - 5.00% | 32,755 |
| | | Total CEFA bond principal outstanding | | 161,729 |
| | | Total unamortized premium on CEFA borrowings | | 8,919 |
| | | Total amortized cost of CEFA bonds | | 170,648 |
| | | Unamortized deferred issuance costs | | (1,589) |
| | | Total long term debt outstanding | | $ 169,059 |

Total debt outstanding at May 31, 2024 is as follows (*in thousands*):

| Series | Fiscal Year Maturity Dates | Type of Bond | Interest Rates | Principal Outstanding |
|---|---|---|---|---|
| 2001A | 2024 - 2039 | Capital appreciation bonds | 5.51% - 5.83% | $ 21,694 |
| 2013A | 2024 - 2043 | Revenue bonds | 1.67% - 4.73% | 28,405 |
| 2018A | 2024 - 2048 | Revenues bonds, taxable | 4.84% | 29,210 |
| 2018B | 2024 - 2048 | Revenue bonds | 4.00% - 5.00% | 53,440 |
| 2019 | 2024 - 2040 | Revenue bonds | 3.00% - 5.00% | 36,350 |
| | | Total CEFA bond principal outstanding | | 169,099 |
| | | Total unamortized premium on CEFA borrowings | | 10,283 |
| | | Total amortized cost of CEFA bonds | | 179,382 |
| | | Unamortized deferred issuance costs | | (1,679) |
| | | Total long term debt outstanding | | $ 177,703 |

Future principal payment requirements for the CEFA bonds are as follows (*in thousands*):

| Fiscal Year Ending May 31, | |
|---|---|
| 2026 | $ 7,793 |
| 2027 | 7,974 |
| 2028 | 8,162 |
| 2029 | 6,349 |
| 2030 | 6,040 |
| Thereafter | 125,410 |
| | $ 161,728 |

In October 2019, a portion of the CEFA 2001A bonds was defeased. The individual CEFA 2001A serial bonds continue to mature each year with final maturity on October 1, 2039. At May 31, 2025 and 2024, the total outstanding liability for these bonds was $77,561,000 and $79,660,000, respectively, which includes principal and accrued interest.

Total interest expense on debt outstanding for fiscal year 2025 and 2024 was $11,404,000 and $11,780,000, respectively.

The CEFA agreements contain covenants relating to maintenance of University assets, insurance and other general items. In addition, the University must at all times maintain net assets without donor restrictions and net assets with donor restrictions for time or purpose in the aggregate at a market value equal to at least 90% of the outstanding indebtedness. The University is in compliance with all covenants as of May 31, 2025.

## 9. Leases

The University is the lessee of building space under a non-cancelable operating lease agreement. The lease commencement date was June 1, 2018 and expires May 31, 2030, or May 31, 2040 if all options to extend are exercised. The University is not reasonably certain to exercise the options to extend at this time. The operating lease expense for the years ended May 31, 2025 and 2024 are both $2,546,000. The cash payments recorded for the years ended May 31, 2025 and 2024 are $2,579,000 and $2,255,000, respectively, and are reflected within cash flows from operating activities on the Statements of Cash Flows. The weighted average discount rate is based on the risk-free rate of 3%. The lease contains customary escalation clauses and rent abatement entitlements, which are included in the annual aggregate minimum lease payments. Future minimum lease payments are as follows (in thousands):

| **Fiscal Year Ending May 31,** | |
|---|---|
| 2026 | $ 2,683 |
| 2027 | 2,790 |
| 2028 | 2,902 |
| 2029 | 3,018 |
| 2030 | 3,138 |
| Total | 14,531 |
| Discount to present value | (1,438) |
| Lease liability at May 31, 2025 | $ 13,093 |

The University records short-term leases (those 12 months or less in duration) as operating expenditures in the periods in which the lease obligations are incurred.

## 10. Fair Value Measurements

Certain University assets and liabilities are measured and reported in the financial statements at fair value on a recurring basis. The fair value hierarchy of valuation techniques is utilized to determine such fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices available in active markets for identical investments.
- Level 2 – Quoted prices in active markets for similar investments; quoted prices for identical investments in markets that are inactive; and prices based on observable inputs other than an unadjusted quoted price.
- Level 3 – Prices based on significant unobservable inputs.

Investments measured at net asset value (“NAV”), as a practical expedient for fair value, are excluded from the fair value hierarchy.

Valuation inputs may be observable or unobservable and refer to the assumptions that a market participant would consider significant to value an asset or liability. The determination of what is "observable" requires judgment by the University. In general, the University considers observable inputs to be data that are readily available, regularly updated, reliable, and verifiable. Unobservable inputs may be used when observable inputs are not readily available or current. In this situation, one or more valuation techniques may be used including the market approach (inputs based on recent market transactions or comparables) or the income approach (discounted cash flow).

The table below sets forth the University's assets and liabilities which are fair valued on a recurring basis with their associated categorization into Levels 1, 2 and 3 at May 31, 2025 (*in thousands*):

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Asset classification** | | | | |
| Investment cash equivalents | $ 6,360 | $ - | $ - | $ 6,360 |
| Debt securities | | | | |
| Government bonds | - | 420 | - | 420 |
| Equity securities | | | | |
| Common stock | 1,532 | - | - | 1,532 |
| Mutual funds | | | | |
| Fixed income | 125,486 | - | - | 125,486 |
| Equity | 14,584 | - | - | 14,584 |
| Alternative | 6,350 | - | - | 6,350 |
| Real property | - | - | 3,061 | 3,061 |
| Investments measured at NAV | - | - | - | 709,396 |
| Total investments | 154,312 | 420 | 3,061 | 867,189 |
| Other assets: split/beneficial interest | - | - | 1,672 | 1,672 |
| Total assets | $ 154,312 | $ 420 | $ 4,733 | $ 868,861 |

The table below sets forth the University's assets and liabilities which are fair valued on a recurring basis with their associated categorization into Levels 1, 2 and 3 at May 31, 2024 (*in thousands*):

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Asset classification** | | | | |
| Investment cash equivalents | $ 38,687 | $ - | $ - | $ 38,687 |
| Debt securities | | | | |
| Government bonds | - | 332 | - | 332 |
| Equity securities | | | | |
| Common stock | 1,126 | - | - | 1,126 |
| Mutual funds | | | | |
| Fixed income | 104,262 | - | - | 104,262 |
| Equity | 12,930 | - | - | 12,930 |
| Alternative | 8,918 | - | - | 8,918 |
| Real property | - | - | 3,039 | 3,039 |
| Investments measured at NAV | - | - | - | 635,405 |
| Total investments | 165,923 | 332 | 3,039 | 804,699 |
| Other assets: split/beneficial interest | - | - | 1,768 | 1,768 |
| Total assets | $ 165,923 | $ 332 | $ 4,807 | $ 806,467 |

Level 1: Includes the University's investment cash equivalents, investments in mutual funds, and common stock that are regularly traded in active markets where quoted prices may be easily obtained.

Level 2: Includes the University's investments in debt securities. Debt security prices are obtained from pricing services, or from brokers. Investments may also be priced using model-based valuation techniques where all assumptions are observable, or by utilizing observable inputs from contractual agreements.

Level 3: Includes the University's oil and gas interests and real property. Oil and gas interests are valued by discounting future expected royalty revenues, while real property is valued based on a number of different approaches, including third party appraisals, market comparables, tax assessor values, and discounted future rental revenues. Significant increases or decreases in these inputs in isolation may result in a lower or higher fair value measurement, respectively.

These investments also include those maintained as part of split-interest agreements where the University is not the trustee but is named as the beneficiary. The beneficial interest in the future cash flows of the split-interest agreements is valued using the income approach, calculated using a discounted cash flow analysis based on the expected annuity payments to be made over the remaining life of each respective beneficial interest. The primary unobservable inputs for beneficial interest in split-interest agreements are the applicable discount rates which range from 3.25%-8.00% and applicable life expectancies ranging from 5-18 years. For the years ended May 31, 2025 and May 31, 2024, the weighted average discount rates were 6.6% and 6.6%, respectively, and the weighted average life expectancy were 10.8 years and 11.4 years, respectively. These assets include the University's interest in life insurance policies that are recorded at cash surrender value and charitable remainder trusts that are recorded at present value of expected proceeds net of any annual distributions. A change in the discount rate of 1% in either direction would not have a material effect on the financial statements.

The methods described above may produce a fair value that may not be indicative of net realizable value or reflective of future values. In addition, while the University believes that its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different estimates of fair value at the reporting date.

The table below sets forth a reconciliation of beginning and ending balances for the fiscal year ended May 31, 2025, separately for each major category of assets, for financial instruments designated as Level 3 (*in thousands)*:

| | Beginning Balance | Realized Gains | Unrealized Gains(Losses) | Purchases | Sales / Maturities | Net Transfers | Ending Balance |
|---|---|---|---|---|---|---|---|
| Real property | $ 3,039 | $ - | $ 22 | $ - | $ - | $ - | $ 3,061 |
| Split/Beneficial Interest | 1,768 | - | (96) | - | - | - | 1,672 |
| Total assets | $ 4,807 | $ - | $ (74) | $ - | $ - | $ - | $ 4,733 |

The table below sets forth a reconciliation of beginning and ending balances for the fiscal year ended May 31, 2024, separately for each major category of assets, for financial instruments designated as Level 3 (*in thousands)*:

| | Beginning Balance | Realized Gains | Unrealized Gains(Losses) | Purchases | Sales / Maturities | Net Transfers | Ending Balance |
|---|---|---|---|---|---|---|---|
| Real property | $ 3,134 | $ - | $ (95) | $ - | $ - | $ - | $ 3,039 |
| Split/Beneficial Interest | 1,645 | - | 123 | - | - | - | 1,768 |
| Total assets | $ 4,779 | $ - | $ 28 | $ - | $ - | $ - | $ 4,807 |

The University uses the NAV to determine the fair value of all the underlying investments which (a) may not have a readily determinable fair value and (b) prepare financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

The following table lists investments in other investment companies as of May 31, 2025 (in limited partnership or trust format) by major category (*in thousands*):

| | Strategy | NAV in Funds | # of Funds | Remaining Life | Unfunded Commitments | Redemption Terms and Restrictions |
|---|---|---|---|---|---|---|
| **Commingled Funds** | Global, long only equities and bonds in LP/Trust format | $ 268,498 | 5 | N/A | N/A | Liquidity ranges from daily to monthly redemptions with 1 to 60 day notice. |
| **Hedge Funds** | Absolute return employing long/short, convertible arbitrage, event driven, and distressed strategies | 178,877 | 59 | N/A | N/A | Liquidity may be quarterly, annual, or rolling with various notice periods from 45 days up to 180 days. Certain funds may include holdback, gate, and/or side pocket provisions. |
| **Private Equity** | Venture and buyout in U.S. and International | 145,312 | 44 | 0 to 12 years | 45,810 | No ability to redeem due to structure. |
| **Natural Resources** | Private natural resource and energy | 11,999 | 9 | 0 to 12 years | 909 | No ability to redeem due to structure. |
| **Real Estate/Debt** | Private real estate equity | 77,913 | 28 | 0 to 12 years | 42,431 | No ability to redeem due to structure. |
| **Special Situations** | Opportunistic | 26,797 | 9 | 0 to 12 years | 13,980 | No ability to redeem due to structure. |
| **Total** | | **$ 709,396** | **154** | | **$ 103,130** | |

The following table lists investments in other investment companies as of May 31, 2024 (in limited partnership or trust format) by major category (*in thousands*):

| | Strategy | NAV in Funds | # of Funds | Remaining Life | Unfunded Commitments | Redemption Terms and Restrictions |
|---|---|---|---|---|---|---|
| **Commingled Funds** | Global, long only equities and bonds in LP/Trust format | $229,649 | 5 | N/A | N/A | Liquidity ranges from daily to monthly redemptions with 1 to 60 day notice. |
| **Hedge Funds** | Absolute return employing long/short, convertible arbitrage, event driven, and distressed strategies | 169,134 | 65 | N/A | N/A | Liquidity may be quarterly, annual, or rolling with various notice periods from 45 days up to 180 days. Certain funds may include holdback, gate, and/or side pocket provisions. |
| **Private Equity** | Venture and buyout in U.S. and International | 137,318 | 39 | 0 to 12 years | 52,694 | No ability to redeem due to structure. |
| **Natural Resources** | Private natural resource and energy | 14,135 | 9 | 0 to 12 years | 2,677 | No ability to redeem due to structure. |
| **Real Estate/Debt** | Private real estate equity | 60,547 | 24 | 0 to 12 years | 49,407 | No ability to redeem due to structure. |
| **Special Situations** | Opportunistic | 24,622 | 7 | 0 to 12 years | 12,069 | No ability to redeem due to structure. |
| **Total** | | **$635,405** | **149** | | **$ 116,847** | |

## 11. Net Assets

Net assets with donor restrictions for time or purpose for annuity trust agreements, buildings and equipment, and for scholarship and academic support represent pledges and funds previously collected but not yet expended or released from their restrictions. Endowment net assets with donor restrictions for time or purpose include appropriations not yet expended by the University for its restricted purpose as well as accumulated investment return that has yet to be appropriated.

Net assets with donor restrictions for time or purpose at May 31 are available for the following purposes (*in thousands)*:

| | 2025 | 2024 |
|---|---|---|
| Buildings and equipment | $ 7,798 | $ 4,517 |
| Endowment | 278,188 | 254,778 |
| Pledges (Note 2) | 35,485 | 14,525 |
| Scholarship and program - split/beneficial interest | 2,083 | 2,236 |
| Undesignated - split/beneficial interest | 2,377 | 2,439 |
| | $ 325,931 | $ 278,495 |

Net assets with donor restrictions in perpetuity consist of the following at May 31 (*in thousands)*:

| | 2025 | 2024 |
|---|---|---|
| Investment in perpetuity, the income from which is expendable to support educational activities | $ 275,068 | $ 256,210 |
| Donor-restricted loan funds | 22,853 | 22,380 |
| Pledges restricted in perpetuity (Note 2) | 11,748 | 12,749 |
| | $ 309,669 | $ 291,339 |

The fair value of the endowment is comprised of the following net asset composition by type of fund as of May 31, 2025, is as follows (*in thousands*):

| | Without donor restrictions | With donor restrictions | | Total |
|---|---|---|---|---|
| | | Time or purpose | Perpetuity | |
| Donor-restricted endowment funds | $ - | $ 138,328 | $ 275,264 | $ 413,592 |
| Board-designated endowment funds | 369,365 | - | - | 369,365 |
| Total endowment funds | $ 369,365 | $ 138,328 | $ 275,264 | $ 782,957 |

The fair value of the endowment is comprised of the following net asset composition by type of fund as of May 31, 2024, is as follows (*in thousands*):

| | Without donor restrictions | With donor restrictions | | Total |
|---|---|---|---|---|
| | | Time or purpose | Perpetuity | |
| Donor-restricted endowment funds | $ - | $ 121,487 | $ 256,380 | $ 377,867 |
| Board-designated endowment funds | 342,155 | - | - | 342,155 |
| Total endowment funds | $ 342,155 | $ 121,487 | $ 256,380 | $ 720,022 |

Changes in endowment net assets for the year ended May 31,2025 are as follows (*in thousands*):

| | Without donor restrictions | With donor restrictions | | Total 2025 |
|---|---|---|---|---|
| | | Time or purpose | Perpetuity | |
| **Endowment net assets, beginning of year** | $ 342,155 | $ 121,487 | $ 256,380 | $720,022 |
| Total Investment gain net of expenses | 29,765 | 33,485 | - | 63,250 |
| Contributions | 11,911 | 108 | 18,881 | 30,900 |
| Appropriation of endowment returns for expenditure | (14,736) | (16,669) | - | (31,405) |
| Donor redesignation/transfers | 270 | (83) | 3 | 190 |
| **Endowment net assets, end of year** | $ 369,365 | $ 138,328 | $ 275,264 | $ 782,957 |

Changes in endowment net assets for the year ended May 31,2024 are as follows (*in thousands*):

| | Without donor restrictions | With donor restrictions | | Total 2024 |
|---|---|---|---|---|
| | | Time or purpose | Perpetuity | |
| **Endowment net assets, beginning of year** | $ 311,621 | $ 96,752 | $ 243,521 | $ 651,894 |
| Total Investment gain net of expenses | 35,555 | 40,891 | - | 76,446 |
| Contributions | 8,178 | (38) | 12,859 | 20,999 |
| Appropriation of endowment returns for expenditure | (13,317) | (16,000) | - | (29,317) |
| Donor redesignation/transfers | 118 | (118) | - | - |
| **Endowment net assets, end of year** | $ 342,155 | $ 121,487 | $ 256,380 | $ 720,022 |

The portions of endowment funds that are board-designated are as follows as of May 31, (*in thousands*):

**Net assets without donor restrictions**:

| | 2025 | 2024 |
|---|---|---|
| Scholarship support | $ 147,545 | $ 133,305 |
| Chair and faculty support | 52,545 | 50,318 |
| Program and operating support | 117,831 | 109,211 |
| Awards | 13,338 | 12,785 |
| Plant | 38,106 | 36,536 |
| Total endowment net assets without donor restrictions | $ 369,365 | $ 342,155 |

The portions of endowment funds that are required to be retained in perpetuity and/or for time or purpose either by explicit donor stipulation or by UPMIFA as enacted by the State of California are as follows as of May 31 (*in thousands*):

**Net assets with donor restrictions for time or purpose**:

| | 2025 | 2024 |
|---|---|---|
| Scholarship support | $ 70,043 | $ 60,937 |
| Chair and faculty support | 43,500 | 39,430 |
| Program support | 22,825 | 19,421 |
| Awards | 1,395 | 1,217 |
| Plant | 565 | 482 |
| Total endowment net assets with donor restrictions for time or purpose | $ 138,328 | $ 121,487 |

**Net assets with donor restrictions in perpetuity**:

| | 2025 | 2024 |
|---|---|---|
| Scholarship support | $ 156,452 | $ 143,777 |
| Chair and faculty support | 53,030 | 52,469 |
| Program support | 61,419 | 55,777 |
| Awards | 2,913 | 2,907 |
| Plant | 1,450 | 1,450 |
| Total endowment net assets with donor restrictions in perpetuity | $ 275,264 | $ 256,380 |

## 12. Operating Expenses by Natural and Functional Classification

Expenses by natural and functional classification for the year ended May 31, 2025, were as follows (*in thousands*):

| Expenses | Instruction | Research | Academic Support | Library | Student Services | Institutional Support | Auxiliary Enterprises | Total |
|---|---|---|---|---|---|---|---|---|
| Salaries and wages | $ 112,256 | $ 7,057 | $ 25,220 | $ 5,309 | $ 33,756 | $ 48,580 | $ 9,837 | $ 242,015 |
| Benefits | 37,353 | 2,113 | 9,152 | 2,014 | 12,456 | 18,508 | 3,706 | 85,302 |
| Depreciation and amortization | 3,097 | 169 | 5,914 | 5,303 | 7,766 | 2,549 | 7,967 | 32,765 |
| Interest expense | 148 | - | 16 | 27 | 1,509 | 2,491 | 7,213 | 11,404 |
| Other operating expenses | 33,312 | 5,637 | 16,575 | 4,441 | 41,256 | 36,570 | 22,764 | 160,555 |
| **Total** | $ 186,166 | $ 14,976 | $ 56,877 | $ 17,094 | $ 96,743 | $ 108,698 | $ 51,487 | $ 532,041 |

Expenses by natural and functional classification for the year ended May 31, 2024, were as follows (*in thousands*):

| Expenses | Instruction | Research | Academic Support | Library | Student Services | Institutional Support | Auxiliary Enterprises | Total |
|---|---|---|---|---|---|---|---|---|
| Salaries & wages | $ 109,087 | $ 6,149 | $ 23,230 | $ 5,291 | $ 32,114 | $ 44,136 | $ 8,885 | $ 228,892 |
| Benefits | 35,171 | 1,723 | 7,929 | 1,930 | 11,336 | 16,057 | 3,225 | 77,371 |
| Depreciation and amortization | 2,970 | 160 | 5,816 | 5,121 | 7,489 | 2,375 | 7,679 | 31,610 |
| Interest expense | 154 | - | 16 | 28 | 1,581 | 2,608 | 7,393 | 11,780 |
| Other operating expenses | 32,435 | 3,703 | 16,693 | 4,339 | 38,041 | 31,472 | 19,055 | 145,738 |
| Total | $ 179,817 | $ 11,735 | $ 53,684 | $ 16,709 | $ 90,561 | $ 96,648 | $ 46,237 | $ 495,391 |

## 13. Financial Assets and Liquidity Resources

The University's financial assets available to meet its general expenditures within one year of the statement of financial position date are as follows (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| Total assets at year end | $ 1,915,841 | $ 1,807,395 |
| Less: plant assets and other non-financial assets | (772,666) | (766,254) |
| Financial assets at year end | 1,143,175 | 1,041,141 |
| | | |
| Less: Amounts not available to meet general expenditures within one year | | |
| Notes receivable, net | 20,353 | 21,335 |
| Pledges with time or purpose restrictions | 45,216 | 25,525 |
| Investments encumbered by donor or board restrictions, net of anticipated endowment payout | 750,911 | 694,160 |
| Assets whose use is limited by bond indentures | 3,165 | 3,466 |
| Other receivables not due within 12 months | 3,389 | 3,408 |
| Financial assets available at year end for current use | $ 320,141 | $ 293,247 |

The University regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investments of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the University considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

Notes receivables are not considered to be available to meet general expenditures because principal and interest on these loans are used solely to make new loans.

As part of the University's liquidity management, the University maintains a short-term investment portfolio with daily liquidity. During FY 2025, the University held an unsecured working capital line of credit which it could draw upon for $50,000,000 that matures May 30, 2028. Additionally, the University has board designated endowment funds of $369,365,000 and $342,155,000 as of May 31, 2025 and May 31, 2024, respectively. Although the University does not intend to spend from its board-designated endowment funds other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available, if necessary, through Board action.

The University operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

## 14. Scholarships

Scholarships, reported in the Statement of Activities as a reduction of the transaction price for tuition and fees, were funded in fiscal years 2025 and 2024 from the following revenue sources as of May 31 (*in thousands*):

| | 2025 | 2024 |
|---|---|---|
| University tuition and fees | $ 158,587 | $ 150,451 |
| Endowment distribution | 8,157 | 7,241 |
| Donor contributions for current use | 3,701 | 4,364 |
| Government grants | 1,425 | 1,437 |
| Total scholarships | $ 171,870 | $ 163,493 |

## 15. Related Parties

Related parties include individuals and entities with roles on the University's governing boards, such as religious orders with board representation. Members of the Society of Jesus, the Religious of the Sacred Heart of Mary, and the Sisters of St. Joseph of Orange constitute approximately 2% of the University's full and part-time faculty and administrative staff. During the years ended May 31, 2025 and 2024, the University paid these religious communities approximately $2,651,000 and $2,654,000, respectively, for their services. This compensation is included in Instruction, Research, Institutional support and Student services expenses in the Statement of Activities. For the years ended May 31, 2025 and 2024, members of the Board of Trustees contributed $3,082,761 and $2,368,000 respectively, to the University. In addition, the University has an existing contract with a business affiliated with a Board of Trustee member for parking and transportation services. For the years ended May 31, 2025 and 2024, the University paid this organization $753,849 and $797,000, respectively, for these services. The contribution revenues are included within Contributions and pledges and the parking and transportation services are included within Operating expenses in the Statement of Activities.

## 16. Commitments and Contingencies

Amounts are received and expended by the University under federal contracts and are subject to audit by governmental agencies. These awards are subject to audit and final acceptance by federal granting agencies. The amount of expenditures that may be disallowed by the grantors, if any, cannot be determined at this time, although the University expects such amounts, if any, to be immaterial.

For the years ended May 31, 2025 and 2024, the University was committed under certain construction contracts in the amount of $17,324,000 and $4,639,000, respectively.

At May 31, 2025 and 2024, the University has open commitments to invest approximately $103,130,000 and $116,847,000, respectively with alternative investment managers.

The University's workers' compensation carrier requires that the University maintain a separate money market account or an unsecured letter of credit as collateral for claims that fall below the deductible amount. At May 31, 2025 and 2024, the University maintained a separate money market account.

The University is a defendant in various legal actions incident to the conduct of its operations. The University's management does not expect that liabilities, if any, related to these legal actions would have a material effect on the University's financial position at May 31, 2025 or May 31, 2024.

## 17. Subsequent Events

Management has evaluated subsequent events through October 6, 2025, the date the financial statements were issued. There are no events that require adjustment or additional disclosure in these financial statements.

**Loyola Marymount University**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended May 31, 2025**

| Federal Grantor / Program Title | Federal Award Number | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Amounts Provided to Subrecipients |
|---|---|---|---|---|---|
| Student Financial Assistance Cluster | | | | | |
| Department of Education | | | | | |
| Direct Programs | | | | | |
| Federal Perkins Loan Program (Note 4) | | | | | |
| Outstanding Loan Balances as of June 1, 2024 | | 84.038 | | $ 2,137,329 | $ - |
| Federal Direct Student Loans | | 84.268 | | 121,321,411 | - |
| Federal Work-Study Program | | 84.033 | | 1,839,877 | - |
| Federal Supplemental Educational Opportunity Grants | | 84.007 | | 730,335 | - |
| Federal Pell Grant Program | | 84.063 | | 8,359,403 | - |
| Teacher Education Assistance for College and Higher Education Grants | | 84.379 | | 162,199 | - |
| Total Department of Education | | | | 134,550,554 | - |
| Total Student Financial Assistance Cluster | | | | 134,550,554 | - |
| Research & Development Cluster | | | | | |
| National Science Foundation | | | | | |
| Direct Programs | | | | | |
| Engineering | 2301707 | 47.041 | | 55,329 | - |
| Mathematical and Physical Sciences | 2418877 | 47.049 | | 36,794 | - |
| Social, Behavioral, and Economic Sciences | 2148556 | 47.075 | | 56,002 | - |
| STEM Education | 1240118 | 47.076 | | 14,378 | - |
| STEM Education | 1712296 | 47.076 | | 72,716 | - |
| Integrative Activities | 2415723 | 47.083 | | 273,090 | 25,257 |
| Total Direct Programs | | | | 508,309 | 25,257 |
| Pass-through Programs | | | | | |
| Pass-through Seattle University | | | | | |
| Engineering | | 47.041 | 21-0-1-486578-02 | 17,694 | - |
| Pass-through Boise State University | | | | | |
| STEM Education | | 47.076 | 10855-PO143075 | 20,987 | - |
| Total Pass-through Programs | | | | 38,681 | - |
| Total National Science Foundation | | | | 546,990 | 25,257 |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Loyola Marymount University**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended May 31, 2025**

| Federal Grantor / Program Title | Federal Award Number | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Amounts Provided to Subrecipients |
|---|---|---|---|---|---|
| Department of Health and Human Services | | | | | |
| Direct Programs | | | | | |
| Alcohol Research Programs | R01AA027168 | 93.273 | | 375,279 | 137,474 |
| Alcohol Research Programs | R34AA030139 | 93.273 | | 170,685 | - |
| Alcohol Research Programs | R01AA031175 | 93.273 | | 527,507 | - |
| Alcohol Research Programs | R01AA030904 | 93.273 | | 115,629 | - |
| Drug Abuse and Addication Research Programs | R44DA061662 | 93.279 | | 89,846 | - |
| Cancer Treatment Research | R00CA256351 | 93.395 | | 287,306 | - |
| Biomedical Research and Research Training | R15GM134451 | 93.859 | | 6,394 | - |
| Biomedical Research and Research Training | R15GM152955 | 93.859 | | 2,811 | - |
| Total Direct Programs | | | | 1,575,457 | 137,474 |
| Pass-through Programs | | | | | |
| Pass-through University of Massachusetts | | | | | |
| Human Genome Research | | 93.172 | SUB00000573 | 11,413 | - |
| Pass-through Pink Cloud Inc. | | | | | |
| Alcohol Research Programs | | 93.273 | R34AA031358 | 73,266 | - |
| Total Pass-through Programs | | | | 84,679 | - |
| Total Department of Health and Human Services | | | | 1,660,136 | 137,474 |
| Department of Education | | | | | |
| Direct Programs | | | | | |
| Higher Education Institutional Aid | P031A230175 | 84.031 | | 461,037 | - |
| Fund for the Improvement of Postsecondary Education | P116T220010 | 84.116 | | 569,014 | - |
| Total Department of Education | | | | 1,030,051 | - |
| Total Research & Development Cluster | | | | 3,237,177 | 162,731 |
| TRIO Cluster | | | | | |
| Department of Education | | | | | |
| Direct Programs | | | | | |
| TRIO Student Support Services | P042A201050 | 84.042A | | 270,308 | - |
| TRIO Upward Bound | P047A221416 | 84.047A | | 319,935 | - |
| TRIO Upward Bound | P047M220453 | 84.047M | | 333,260 | - |
| TRIO McNair Post-Baccalaureate Achievement | P217A220248 | 84.217A | | 221,808 | - |
| Total Department of Education | | | | 1,145,311 | - |
| Total TRIO Cluster | | | | 1,145,311 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Loyola Marymount University**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended May 31, 2025**

| Federal Grantor / Program Title | Federal Award Number | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Amounts Provided to Subrecipients |
|---|---|---|---|---|---|
| Child Nutrition Cluster | | | | | |
| Department of Agriculture | | | | | |
| Pass-through California Department of Education | | | | | |
| Summer Food Service Program for Children | | 10.559 | N/A | 9,124 | - |
| Total Child Nutrition Cluster | | | | 9,124 | - |
| Other Programs | | | | | |
| Direct Programs | | | | | |
| National Endowment for the Humanities | | | | | |
| Promotion of the Humanities Division of Preservation and Access | PG-300989-24 | 45.149 | | 10,000 | - |
| Total National Endowment for the Humanities | | | | 10,000 | - |
| Institute of Museum and Library Services | | | | | |
| Laura Bush 21st Century Librarian Program | RE-250170-OLS-21 | 45.313 | | 67,658 | 10,000 |
| Total Institute of Museum and Library Services | | | | 67,658 | 10,000 |
| Department of Veterans Affairs | | | | | |
| Veterans Legacy Grants Program | LG-23-12 | 64.204 | | 167,700 | - |
| Veterans Legacy Grants Program | LG-24-12 | 64.204 | | 207,346 | - |
| Total Department of Veterans Affairs | | | | 375,046 | - |
| Department of Education | | | | | |
| Centers for International Business Education | P220A220008 | 84.220A | | 308,818 | - |
| Comprehensive Centers | S283B240090 | 84.283 | | 189,444 | 78,789 |
| English Language Acquisition State Grants | T365Z210143 | 84.365Z | | 588,386 | - |
| Total Department of Education | | | | 1,086,648 | 78,789 |
| Total Other Programs - Direct Programs | | | | 1,539,352 | 88,789 |
| Pass-through Programs | | | | | |
| Department of Treasury | | | | | |
| Pass-through County of Los Angeles | | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | | 21.027 | SLFRP0137 | 54,557 | - |
| Total Department of Treasury | | | | 54,557 | - |
| National Endowment for the Humanities | | | | | |
| Pass-through California Humanities | | | | | |
| Promotion of the Humanities Federal/State Partnership | | 45.129 | SO-268663.20 | 19,058 | - |
| Pass-through University of Notre Dame | | | | | |
| Promotion of the Humanities Research | | 45.161 | RQ-286932-22 | 53,206 | - |
| Total National Endowment for the Humanities | | | | 72,264 | - |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

**Loyola Marymount University**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended May 31, 2025**

| Federal Grantor / Program Title | Federal Award Number | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures | Amounts Provided to Subrecipients |
|---|---|---|---|---|---|
| Department of Education | | | | | |
| Pass-through University of California Office of the President | | | | | |
| Supporting Effective Instruction State Grants | | 84.367A | S367A230005 | 34,049 | - |
| Supporting Effective Instruction State Grants | | 84.367A | S367A230005 | 15,961 | - |
| Supporting Effective Instruction State Grants | | 84.367A | S367A240005 | 71,616 | - |
| Total Department of Education | | | | 121,626 | - |
| Department of Homeland Security | | | | | |
| Pass-through California Governor's Office of Emergency Services | | | | | |
| Nonprofit Security Program | | 97.008 | EMW-2021-UA-00069 | 25,985 | - |
| Total Department of Homeland Security | | | | 25,985 | - |
| Total Pass-through Programs | | | | 274,432 | - |
| Total Other Programs | | | | 1,813,784 | 88,789 |
| Total Expenditures of Federal Awards | | | | $ 140,755,950 | $ 251,520 |

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

# Loyola Marymount University
## Notes to the Schedule of Expenditures of Federal Awards
## For the Year Ended May 31, 2025

### 1. Basis of Presentation and Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") summarizes the expenditures of Loyola Marymount University (the "University") under programs of the federal government for the year ended May 31, 2025. The information presented in the Schedule is presented on the accrual basis of accounting and prepared 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 University, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the University.

Expenditures reported on 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.

For purposes of this Schedule, federal awards include all grants, contracts, and similar agreements entered into directly or indirectly between the University and agencies and departments of the federal government.

### 2. Indirect Cost Rate

The University has elected not to use the 10% or 15% de minimis indirect cost rate, as applicable, as allowed under the Uniform Guidance. Rather the University uses the lower of the approved predetermined indirect cost rate or the rate specific in the award agreements.

### 3. Commingled Assistance

The California Student Aid Commission (CSAC) administers the State Cal Grant A and B Programs, selects the student recipients of these grant awards, and provides funds to participating institutions for disbursement. Federal Temporary Assistance for Needy Families (TANF) funds, Assistance Listing Number 93.558, from the United States Department of Health and Human Services are commingled with general state funding when providing grants and a specific amount of TANF funding provided is not able to be determined for these Cal Grant awards and excluded from the Schedule accordingly. In fiscal year 2025, the University received Cal Grant A and B funds in the amount of $7,176,420.

### 4. Federal Perkins Loan Program

The Federal Perkins Loan Program, Assistance Listing Number 84.038, is administered directly by the University, with balances and transactions relating to this program included in the University’s financial statements. For the year ended May 31, 2025, federal expenditures presented in the Schedule include loans outstanding at the beginning of the year. Due to the cessation of the Perkins Loan Program, no new loans were made during the year. The balance of loans outstanding at May 31, 2025 was $1,528,008.

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

To the Board of Trustees of Loyola Marymount University

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of Loyola Marymount University (the "University"), which comprise the statement of financial position as of May 31, 2025, and the related statements of activities and of cash flows for the year then ended, including the related notes (collectively referred to as the "financial statements"), and have issued our report thereon dated October 6, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

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**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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PricewaterhouseCoopers LLP

Los Angeles, California
October 6, 2025

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

To the Board of Trustees of Loyola Marymount University

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Loyola Marymount University's (the "University") 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 each of the University's major federal programs for the year ended May 31, 2025. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2025.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with 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 University'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 University's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a

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

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

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

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

***Other Matters***

As indicated in Part I to the accompanying Schedule of Findings and Questioned Costs, we have audited the Student Financial Assistance cluster as a major program. Also, as indicated in the first paragraph of this report, we performed our audit of compliance using the compliance requirements contained in the OMB Compliance Supplement, including those contained in Part V 5.3, Compliance Requirement N, Special Tests and Provisions, Section 11 "Gramm-Leach-Bliley Act-Student Information Security." This section includes two suggested audit procedures with respect to verification that the institution (1) designated a Qualified Individual responsible for implementing and monitoring the institution's information security program, and (2) has a written information security program that addresses the remaining six required minimum elements that are detailed in the OMB Compliance Supplement, Part Five, Student Financial Assistance Cluster, Special Tests and Provisions, item 11, Gramm-Leach-Bliley Act – Student Information Security. Our procedures in relation to these two items were limited to inquiry of and obtaining written representation from management and obtaining and reading management's documentation related to these two items. Our procedures did not include an analysis of the adequacy or completeness of the minimum required elements of the institution's information security program.

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-001. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our audit described in the accompanying management's views and corrective action plan. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**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 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 Auditors' 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.

PricewaterhouseCoopers LLP

Los Angeles, California
December 11, 2025

# Loyola Marymount University
## Schedule of Findings and Questioned Costs
## For the Year Ended May 31, 2025

### Section I – Summary of Auditor's Results

***Financial Statements***

| | |
|---|---|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Noncompliance material to financial statements noted? | No |

***Federal Awards***

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| Identification of major programs: | |

| **Assistance Listing Number(s)** | **Name of Federal Program or Cluster** |
|---|---|
| Various | Student Financial Assistance Cluster |
| 84.365Z | English Language Acquisition State Grants |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | Yes |

### Section II – Financial Statement Findings

None noted.

**Section III – Findings and Questioned Costs for Federal Awards**

2025-001 - Non-Compliance with Timely Student Enrollment Change Submissions to the National Student Loan Data System (NSLDS)

**Grantor:** U.S. Department of Education
**Cluster Name:** Student Financial Assistance Cluster
**Award Name:** Federal Direct Loan Program
**Award Year:** 6/1/2024- 5/31/2025
**Award Number:** Not applicable
**Assistance Listing Number**: 84.268

**Criteria:**
In accordance with 34 CFR 685.309, institutions are required to report enrollment information under the Federal Direct Loan program through NSLDS. The enrollment information, inclusive of Campus Level and Program Level data, must be reviewed, updated and validated by the institution in a timely manner. Furthermore, for a student that received a Direct Loan and was enrolled or accepted for enrollment at the institution, and the student had ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended, the institution must report the change within 60 days from which the change was identified.

**Condition:**
We reviewed a sample of 25 students enrolled at the University who received either Pell and/or Direct Loans and had a change of enrollment status during the fiscal year. Of the 25 students tested, 14 students who received Direct Loans were not reported to NSLDS within the 60-day reporting timeframe. For these 14 students, each had graduated and were reported to NSLDS completely and accurately, but untimely. Although the change in enrollment was submitted to the National Student Clearinghouse (NSC) within 60 days, the changes were not received by the NSLDS from the NSC within the required timeframe, with the timing of reporting to the NSLDS occurring between 83 and 104 days from the date the change was identified.

**Cause:**
The University adjusted the academic calendar for fiscal year 2025 such that the spring semester ended one week later than prior year; however, it did not adjust the timing of its batch submissions of student status changes to NSC. This compressed the reporting timeline, allowing fewer days for NSC to report to NSLDS. Additionally, the University does not have an internal process in place to verify all student status changes communicated to the NSC are completely, accurately and timely communicated to the NSLDS.

**Effect:**
A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies, all of which are impacted by late reporting.

**Questioned Costs:**
None noted.

**Repeat Finding from Prior Year:**
No.

**Recommendation:**
We recommend taking into consideration changes to the academic calendar to ensure that the submission of student status changes are reported in a timely manner. Additionally, the University might consider first reporting graduated students as "Withdrawn" prior to the conferral of the students' degree and at that time report the "Graduated" status to NSC. In addition, we recommend the University implement a periodic reconciliation process between NSLDS and NSC to verify the NSLDS completely, accurately and timely received communication of all student status changes.

**Management's Corrective Action Plan:**
Management's response is reported on "Management's Views and Corrective Action Plan" at the end of this report.

# Loyola Marymount University
## Summary Schedule of Prior Audit Findings and Status
## For the Year Ended May 31, 2025

There are no findings from prior years that require an update in this report.

Loyola Marymount University

**Office of the Controller**

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**2025-001 – Non-Compliance with Timely Student Enrollment Change Submissions to the National Student Loan Data System (NSLDS)**

**Grantor:** U.S. Department of Education
**Cluster Name:** Student Financial Assistance Cluster
**Award Name:** Federal Direct Loan Program
**Award Year:** 6/1/2024- 5/31/2025
**Award Number:** Not applicable
**Assistance Listing Number**: 84.268

**Corrective Action Plan**

The University acknowledges that the graduation reporting date was not adjusted to reflect changes in the academic calendar. This resulted in a compressed timeframe for both the NSC and the University to process and correct student records as needed. To address this, the University will revise its reporting schedule beginning with the Fall 2025 graduation date to ensure that status changes related to graduation are reported promptly. This adjustment will allow the NSC to verify data with the NSLDS and provide the University sufficient time to resolve any discrepancies. Additionally, the University will explore further options to enhance the timeliness of reporting student status changes and will strengthen its reconciliation process to ensure accurate and efficient communication of all status updates.

Aida Shadfan

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