Combined Financial Statements and Supplemental Schedules

Loma Linda University
Years Ended June 30, 2024 and 2023
With Report of Independent Auditors

Ernst & Young LLP

Building a better working world

Loma Linda University

Combined Financial Statements and Supplemental Schedules

Years Ended June 30, 2024 and 2023

Contents

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Report of Independent Auditors

Management and the Board of Trustees
Loma Linda University

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Loma Linda University and LLUH -SB, Inc. (collectively LLU), refer to note 1, which comprise the combined statements of financial position as of June 30, 2024 and 2023, and the related combined statements of activities and cash flows for the years then ended, and the related notes collectively referred to as the "combined financial statements".

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of LLU at June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 the combined financial statements that are free of material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 combined financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined 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 combined 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 LLU'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 combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LLU'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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 11, 2024 on our consideration of LLU’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LLU’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LLU’s internal control over financial reporting and compliance.

Ernst & Young LLP

October 31, 2024, except for Note 16 and
Note 25, as to which the date is
November 11, 2024

Loma Linda University

Combined Statements of Financial Position

(Amounts in Thousands)

	June 30	
	2024	**2023**
Assets		
Cash and cash equivalents	**$ 17,831**	$ 8,504
Restricted cash	**5**	4
Accounts receivable, net	**27,103**	30,226
Student loans receivable, net	**50,286**	48,440
Pledges receivable, net	**5,606**	2,903
Deferred rent	**3,893**	4,718
Investments	**1,473,152**	1,441,359
Irrevocable trusts	**41,505**	39,720
Investment in net assets of the Foundation	**39,074**	36,707
Advances to related parties	**54,826**	56,546
Inventories, prepaid expenses, and other assets	**13,549**	12,846
Net investment in direct financing lease	**736**	1,325
Property, plant, and equipment, net	**307,844**	318,919
Finance lease right-of-use assets, net	**259**	700
Operating lease right-of-use assets, net	**5,772**	15,316
Total assets	**$ 2,041,441**	$ 2,018,233
Liabilities and assets		
Liabilities:		
Accounts payable and accrued expenses	**$ 47,042**	$ 44,816
Deferred revenue	**26,734**	40,143
Investments held on behalf of others	**677,195**	669,854
Liabilities due under annuity and split-interest agreements	**23,096**	22,622
Advances from related parties	**81,298**	72,290
Debt, net	**223,444**	219,565
Finance lease right-of-use liabilities	**187**	592
Operating lease right-of-use liabilities	**5,420**	15,454
Other liabilities	**36,326**	33,951
Total liabilities	**1,120,742**	1,119,287
Net assets:		
Without donor restrictions	**137,737**	161,513
With donor restrictions	**782,962**	737,433
Total net assets	**920,699**	898,946
Total liabilities and net assets	**$ 2,041,441**	$ 2,018,233

See accompanying notes.

Loma Linda University

Combined Statement of Activities

(Amounts in Thousands)

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Net tuition and fees	$ 168,225	$ –	$ 168,225
Gifts and subsidies	8,200	26,841	35,041
Sponsored support	38,411	1,761	40,172
Investment income, net	37,246	15,028	52,274
Sales and service income	24,678	163	24,841
Clinic and auxiliary income	53,260	(1)	53,259
Student loan interest and other	(167)	3,866	3,699
Change in interest in net assets of the Foundation	–	2,367	2,367
Net assets released from restriction	23,293	(23,293)	–
Total revenue and support	353,146	26,732	379,878
Operating expenses:			
Salaries and benefits	170,594	–	170,594
Plant repairs and replacements	6,082	–	6,082
Supplies and printing services	20,293	–	20,293
Professional development and training	2,664	–	2,664
Travel and entertainment	4,454	–	4,454
Purchased services	66,494	–	66,494
Cost of goods sold	990	–	990
Technology and telecommunications	5,416	–	5,416
Utilities	18,412	–	18,412
General expenses	30,088	–	30,088
Interest and taxes	11,302	–	11,302
Depreciation and amortization	22,710	–	22,710
Total operating expenses	359,499	–	359,499
Change in net assets from operating activities	(6,353)	26,732	20,379
Transfers from affiliates	(7,031)	–	(7,031)
Unrealized (losses) gains on investments	(10,392)	18,797	8,405
Change in net assets	(23,776)	45,529	21,753
Net assets, beginning of year	161,513	737,433	898,946
Net assets, end of year	$ 137,737	$ 782,962	$ 920,699

See accompanying notes.

Loma Linda University

Combined Statement of Activities

(Amounts in Thousands)

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Net tuition and fees	$ 163,159	$ –	$ 163,159
Gifts and subsidies	8,819	35,618	44,437
Sponsored support	35,973	1,798	37,771
Investment income, net	16,353	23,096	39,449
Sales and service income	27,918	178	28,096
Clinic and auxiliary income	46,884	2	46,886
Student loan interest and other	(111)	801	690
Change in interest in net assets of the Foundation	–	1,429	1,429
Net assets released from restriction	24,360	(24,360)	–
Total revenue and support	323,355	38,562	361,917
Operating expenses:			
Salaries and benefits	165,544	–	165,544
Plant repairs and replacements	5,052	–	5,052
Supplies and printing services	19,555	–	19,555
Professional development and training	3,388	–	3,388
Travel and entertainment	3,962	–	3,962
Purchased services	61,921	–	61,921
Cost of goods sold	1,096	–	1,096
Technology and telecommunications	5,340	–	5,340
Utilities	16,155	–	16,155
General expenses	26,271	–	26,271
Interest and taxes	11,055	–	11,055
Depreciation and amortization	23,192	–	23,192
Total operating expenses	342,531	–	342,531
Change in net assets from operating activities	(19,176)	38,562	19,386
Transfers from affiliates	131	29	160
Unrealized (losses) gains on investments	(1,064)	20,579	19,515
Change in net assets	(20,109)	59,170	39,061
Net assets, beginning of year	181,622	678,263	859,885
Net assets, end of year	$ 161,513	$ 737,433	$ 898,946

See accompanying notes.

Loma Linda University

Combined Statements of Cash Flows

(Amounts in Thousands)

	Year Ended June 30	
	2024	**2023**
Operating activities		
Change in net assets	**$ 21,753**	$ 39,061
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization expense	**22,710**	23,192
Noncash lease expense	**8**	1,250
Gain on redemption of debt	**–**	(2,445)
Gain on sale of land and building	**(14,151)**	–
Contribution of non-financial assets	**–**	(225)
(Adjustment) provision for doubtful accounts	**(775)**	1,541
Provision for doubtful pledges receivable	**318**	299
Unrealized gains on investments	**(20,207)**	(35,755)
Transfers to (from) affiliates	**7,031**	(160)
Change in interest in net assets of the Foundation	**(3,172)**	(2,444)
Changes in operating assets and liabilities:		
Accounts receivable	**4,044**	4,563
Pledges receivable	**(3,021)**	(10)
Deferred rent	**825**	(357)
Irrevocable trusts	**(1,785)**	718
Inventories, prepaid expenses, and other assets	**(703)**	1,437
Advances from related parties	**10,728**	8,748
Accounts payable and accrued expenses	**2,906**	428
Liabilities due under annuity and split-interest agreements	**7,120**	2,731
Deferred revenue	**(13,409)**	(9,003)
Right-of-use lease liabilities	**(490)**	(1,192)
Other liabilities	**(82)**	939
Net cash provided by operating activities	**19,648**	33,316
Investing activities		
Proceeds from sales of investments	**561,677**	580,947
Purchases of investments	**(598,459)**	(449,756)
Increase in interest in net assets of the Foundation	**805**	1,015
Repayments of loans from students	**6,516**	5,854
Disbursements of loans to students	**(8,509)**	(10,528)
Investments held on behalf of others	**7,341**	(23,240)
Net investment in direct financing lease	**589**	524
Proceeds from sales of property, plant, and equipment	**–**	7,500
Purchases of property, plant, and equipment	**(12,228)**	(14,765)
Net cash (used in) provided by investing activities	**(42,268)**	97,551

Loma Linda University

Combined Statements of Cash Flows (continued)

(Amounts in Thousands)

	Year Ended June 30 2024	2023
Financing activities		
Payments made under split-interest agreements	**$ (5,874)**	$ (4,077)
Trust distributions	**(772)**	(580)
Transfers (to) from affiliates	**(30,873)**	160
Payments on right-of-use finance leases	**(413)**	(378)
Increase in U.S. government funded student loans	**2,457**	–
Borrowings on operating line of credit	**30,400**	20,000
Payments on operating line of credit	**(20,900)**	(20,000)
Payments on debt	**(5,267)**	(5,057)
Net cash used in financing activities	**(31,242)**	(9,932)
Changes in cash, cash equivalents, and restricted cash	**(53,862)**	120,935
Cash, cash equivalents, and restricted cash, beginning of year	**241,680**	120,745
Cash, cash equivalents, and restricted cash, end of year	**$ 187,818**	$ 241,680
Reconciliation to cash and cash equivalents as reported on the accompanying combined statements of financial position		
Cash and cash equivalents	**$ 17,831**	$ 8,504
Restricted cash	**5**	4
Cash held in investments	**169,982**	233,172
	$ 187,818	$ 241,680
Supplemental disclosure of cash flow information		
Cash paid for interest	**$ 10,730**	$ 10,147
Supplemental disclosures of noncash financing activities		
Debt recharacterized from externally to internally held	**$ –**	$ 5,715
Unpaid balance for purchases of property and equipment	**$ 300**	$ 892
Transfer of building from LLUMC to LLU	**$ 23,842**	$ –
Cash paid for amounts included in the measurement of leases		
Operating cash flows for right-of-use operating leases	**$ 1,751**	$ 2,262
Operating cash flows for right-of-use finance leases	**$ 8**	$ 16
Financing cash flows for right-of-use finance leases	**$ 413**	$ 378

See accompanying notes.

1. Nature of Organization

Loma Linda University (LLU) is a nonprofit Seventh-day Adventist educational health-sciences institution with approximately 4,300 students located in Southern California. LLU's academic structure is organized into eight schools, one college, and the Faculty of Graduate Studies. More than 120 programs are offered by the schools of Allied Health Professions, Behavioral Health, Dentistry, Medicine, Nursing, Pharmacy, Public Health, Religion, and the San Manuel Gateway College. Programs offered range from certificates of completion and associate in science degrees to doctor of philosophy and professional doctoral degrees. Students from more than 80 countries around the world and virtually every state in the nation are represented in LLU's student body. LLU offers both on campus and distance education programs to meet diverse learning needs.

As its mission, LLU seeks to continue the teaching and healing ministry of Jesus Christ "to make man whole" by transforming lives through education, health care, and research. In harmony with LLU's heritage and global mission:

- Encourage personal and professional growth through integrated development of the intellectual, physical, social, and spiritual dimensions of each member of the university community and those LLU serves.

- Promote an environment that reflects and builds respect for the diversity of humanity as ordained by God.

- Serve a worldwide community by promoting healthful living, caring for the sick, and sharing the good news of God's unwavering love.

The activities of LLU are conducted within two major divisions for financial reporting purposes for the year ending June 30, 2024.

a) Educational Division – includes the operations and related activities of the academic functions.

b) Foundation Division – includes endowments, trust agreements, annuities, independent operations, and other non-academic activities.

1. Nature of Organization (continued)

LLUH-SB, Inc. (LLUH-SB) was incorporated on December 3, 2014 to deliver and maintain the land, buildings, and infrastructure necessary for the successful operation of a community clinic and educational facilities in San Bernardino, California. LLUH-SB is a wholly owned subsidiary of Loma Linda University Health (LLUH). LLU's intent is to financially support LLUH-SB to carry out its core objectives. Due to LLUH-SB's fiscal dependence on LLU, its financial statements are reported within the Foundation division of LLU's combined financial statements for the period ended June 30, 2024, which includes the activities of LLU and LLUH-SB, with all significant intercompany activities eliminated. On October 6, 2023, LLUH-SB was dissolved and the net assets are reported within the Foundation Division of the University.

The financial statements for the period ended June 30, 2023 include the combined financial position of LLU and LLUH-SB, and for the period ended June 30, 2024 include the combined financial position of LLU.

LLUH is a religious nonprofit corporation that serves as the sole member of LLU. Other corporations of which LLUH is the sole member include Loma Linda University Medical Center (LLUMC), Loma Linda University Children's Hospital, and LLUMC-Murrieta, each a religious nonprofit corporation. LLUH also serves as a member of Loma Linda University Health Care, a religious nonprofit corporation.

2. Summary of Significant Accounting Policies

Basis of Presentation

For reporting purposes, the University prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), including the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, that requires resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. Accordingly, the University classifies fund balances as without donor restrictions or with donor restrictions. The combined financial statements of the University have, in all material respects, been prepared on the accrual basis.

2. Summary of Significant Accounting Policies (continued)

To ensure compliance with restrictions placed on the resources available to the University, the University's accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting into funds established according to their nature and purpose. In the accompanying combined financial statements, funds that have similar characteristics are combined into two net asset categories: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are not restricted by donors or the donor-imposed restrictions have expired.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor-imposed restrictions are satisfied either by the passage of time or when the purpose has been met by actions of the University. Other donor restrictions stipulate that the resources be maintained in perpetuity, but permit the University to use or expend part or all of the income derived from the donated assets for either specified or unspecified purposes and in accordance with the law.

Revenue Recognition and Deferred Revenue

Revenues from tuition and fees are recognized pro rata (on a straight-line basis) over a relevant period attended by the student of the applicable course or program, net of explicit price concessions such as scholarships, discounts, and waivers (student aid) and are displayed on the combined statements of activities in net tuition and fees. If a student withdraws from a course or program, the paid but unearned portion of the student's tuition may be subject to refunds. Refunds are calculated and paid in accordance with applicable federal, state, and University refund policies. Deferred revenue is the portion of payments received but not earned and is reflected as a liability on the accompanying combined statements of financial position. Performance obligations are satisfied by the University over the term that the student receives the benefit from these tuition and fees. Financial aid waivers and scholarships applied to tuition revenue on the combined statements of activities totaled $13.5 million and $14.6 million for the years ended June 30, 2024 and 2023, respectively. These funds represent student support amounts for both undergraduate and graduate students. Financial aid provided to students are for all or part of a student's tuition and fees, and in certain other instances, items such as room and board. In addition, operating expenses include funds paid to students as support in the form of student stipends and grant funded student scholarships. Student support payments reported in operating expenses on the combined statements of activities totaled $4.8 million and $1.6 million for the years ended June 30, 2024 and 2023, respectively.

2. Summary of Significant Accounting Policies (continued)

Contributions are included in gifts and subsidies on the combined statements of activities. These contributions include appropriations from the General Conference of Seventh-day Adventists, which are provided for unrestricted operating support. The revenue is recognized monthly throughout the fiscal period. See Note 16 – Related-Party Transactions.

Sponsored support is primarily federal, state, and private reimbursements that generally are allowable expenditures under nonexchange agreements. Nonexchange agreements are considered conditional, if the terms of the agreement include both a right of return/release of assets received and/or promised. Any funding received in advance of expenditure is recorded as a refundable advance. The University's performance obligation is satisfied when the related costs are incurred in accordance with the agreement. Consequently, revenue is recognized at the time expenses are incurred.

Sales and service income includes revenue primarily from property rental, memberships, and sales of educational materials; food services; printing services; and tickets. The University recognizes the property rental revenue monthly, based on the transaction price stated in the executed rental agreement. Memberships are available to students, related parties' employees, and the general public. The student membership is included in the published enrollment fee, which is administratively allocated to various student-related activities.

The nonstudent membership transaction price is the amount the University expects to be entitled to in exchange for the products provided (either published rates available on the University's websites or agreed-upon rates from related- and third-party payers) and is recognized monthly, based on the agreed-upon rates. Revenue generated from sales is recognized at a point in time.

Clinic and auxiliary income includes multiple revenue streams derived primarily from medical and dental services provided to the general public, and from the operation of the central utility plant (CUP) services, which are included on the combined statements of activities, and reported as net assets without donor restrictions. The transaction price of the clinic income and the performance obligation is recognized as revenue at the time that each procedure is performed. For treatment plans that are satisfied over a period of time, revenue is recognized accordingly over the corresponding time period. The CUP provides utility services, such as electricity and chilled water, to related parties and the University. The utility services provided to the University are eliminated in the combined financial statements. The transaction price of the CUP income is allocated to the performance obligation on a dollar per unit of energy consumed basis. The period in which the University satisfies the performance obligation is the same period in which the revenue is recognized by billing upon usage.

2. Summary of Significant Accounting Policies (continued)

Student loan interest and other include revenue related to financial aid programs and are primarily generated from interest earned. The performance obligation of the student loan funds occurs over the life of the loan. The University receives fixed monthly payments from students, with a portion of the payment attributable to interest (recorded as revenue) and the remaining portion of the payment as a reduction in loan principal. The performance obligations are laid out in the promissory note, and the transaction price is clearly identified in the promissory note.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in certificates of deposit and money market accounts with original maturities of three months or less, except that such instruments purchased with endowment, annuity, or life income assets are classified as investments.

Restricted Cash

Restricted cash is the reserve amount for the project fund required by the bond agreement; see Note 9 – Debt. Certain proceeds of the serial bonds held by trustees are limited as to use in accordance with the requirements of the trust agreements. The project fund balance has been used as specified in the bond agreement.

Accounts Receivable

Accounts receivable includes tuition receivable, nonstudent receivables (employee education notes, future faculty notes), and third-party receivables. Receivables are recognized only to the extent that the University has an unconditional right to consideration to which it is entitled in exchange for goods and services to students, nonstudents, and third parties. Such receivables are stated at the amount management expects to collect from outstanding balances on accounts. Collectability of accounts receivable is assessed periodically for changes in facts and circumstances. The allowance for doubtful accounts amounted to $4.6 million and $5.4 million at June 30, 2024 and 2023, respectively.

2. Summary of Significant Accounting Policies (continued)

Student Loans Receivable

Student loans receivable consist of private donated and federal funds loaned to students. Donated funds are recorded in accordance with the restrictions set by the donors. Federal funds are recorded as federal student loan obligations on the combined statements of financial position. Balances are recorded to the provision for doubtful accounts based on the aging of the receivables and are written off when deemed uncollectible. The University follows federal guidelines for determining when student loans are delinquent or past due for both private donated and federal funds. The allowance for doubtful accounts amounted to $400 thousand and $700 thousand at June 30, 2024 and 2023, respectively.

Pledges Receivable

Unconditional promises to give are recognized at fair value as receivables and gift revenues and require the University to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved and recorded in their respective net asset categories and are not subsequently valued but are evaluated for collectability. An allowance for uncollectible pledges receivable may be provided based upon management’s judgment, including such factors as prior collection history, type of contribution, and nature of fundraising activity. The allowance for uncollectible pledges receivable amounted to $318 thousand and $393 thousand at June 30, 2024 and 2023, respectively.

Inventories

Inventories are valued at the lower of cost or market accounted for on a first-in, first-out basis and are substantially made up of finished goods. The inventories primarily consisted of supplies to be used for dental clinics, food services, housekeeping, property maintenance, and printing.

Deferred Rent

Deferred rent is the cumulative difference between the rental income or payments required by a lease agreement and the rental income or expense recognized on a straight-line basis, in which use or benefit is granted or derived from the leased property, expected to be recognized in income or expense, by the lessor or lessee, respectively.

2. Summary of Significant Accounting Policies (continued)

Net Investment in Direct Financing Lease

At lease commencement, the University records an investment in direct financing leases equal to the total future lease rental payments and the estimated residual value of the leased equipment, less unearned lease income. The unearned lease income is the difference between the cost of the equipment plus initial direct costs capitalized and the total future lease rentals plus the estimated residual value of the leased equipment. Residual value is the estimated proceeds from the sale or re-lease of the asset at the end of the initial lease term. Amortization of unearned income is recognized using the interest method and is included in interest income on the combined statements of activities.

Property, Plant, and Equipment

Plant facilities are stated at cost at the date of acquisition or at fair value at the date of donation in the case of gifts. Capital equipment is tangible personal property having a useful life of one year or more and an acquisition cost of $5 thousand or more per unit. Land and buildings are always capitalized. Depreciation is computed using the straight-line method over the estimated useful life of each class of depreciable assets, as follows:

Land improvements	5–60 years
Buildings	10–60 years
Building improvements	5–30 years
Equipment	3–25 years

The costs and accumulated depreciation of assets sold or retired are removed from the accounts and the related gains and losses are included on the combined statements of activities as a component of depreciation expense. Assets are depreciated beginning in the next month following the acquisition date. Leasehold improvements are amortized over the lesser of their useful lives or the lives of the lease. Maintenance and repairs are charged to expense as incurred. Land and construction-in-progress are nondepreciable assets.

Asset retirement obligations include obligations associated with the retirement of long-lived assets. These liabilities are recorded at fair value when incurred and are capitalized by increasing the carrying amount of the associated long-lived asset. The fair value of the obligation is measured based on the present value of estimated future retirement costs. Asset retirement costs are depreciated on a straight-line basis through the estimated date of retirement. Subsequent to the

2. Summary of Significant Accounting Policies (continued)

initial recognition, period-to-period changes in the carrying amount of the liability are recorded due to the passage of time and revisions to either the timing or amount of the original estimated cash flows. Liabilities are released when the related obligations are settled. The asset retirement obligation amounted to $3.2 million at June 30, 2024 and 2023, and is recorded in other liabilities on the combined statements of financial position.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the assets exceeds the fair value, less selling costs. During the years ended June 30, 2024 and 2023, there were no significant events or changes in circumstances indicating that the carrying amount of long-lived assets may not be recoverable.

Annuity and Split-Interest Agreements

Annuities are paid to individuals who have entered into annuity and split-interest agreements with the University. Standard annuity tables are used to estimate the present value of future payments due to annuitants based on the annuitant's age and gender, the frequency and amount of payment, and the principal amount of the annuity.

The University is the beneficiary in a number of split-interest arrangements with donors. Under these arrangements, the University controls donated assets and may share with the donor or the donor's designee income generated from those assets until such time as stated in the arrangement (usually upon the death of the donor or donor's designee), at which time the remaining assets are available for the University's use. When the University receives such assets, the fair value of the assets is recorded as irrevocable trust assets. Irrevocable trust assets have been recorded using the same investment valuation techniques as similar investments held by the University (see Note 5 – Investments, Irrevocable Trusts, and Fair Value Measurements). The University's policy is to record the contribution of these gifts in its combined financial statements as net assets with donor restrictions (at fair value) if the assets are controlled by the University as indicated by the donor. These inputs to the fair value estimate are classified in the Level 3 of the fair value hierarchy. At the time of the gift, the University records contribution income in the gifts and subsidies line on

2. Summary of Significant Accounting Policies (continued)

the combined statements of activities and a liability for amounts payable to income beneficiaries using an actuarial calculation, adjusted annually. The estimated net present value of the payments to beneficiaries is recorded as liabilities due under annuity and split-interest agreements, and the estimated net present value of the payments that will be made to other remainderman trusts is also recorded as liabilities due under annuity and split-interest agreements. The annual payments to the beneficiaries are payable from the trust assets' investment earnings or, in some cases, to the extent that the amount is deficient, from principal. If the trust assets' investment earnings exceed the payments to the benefactor, such excess is added to the trust principal. The University uses mortality rates based on the IRS life expectancy table at an 8% discount rate. Irrevocable trust assets received, net of distributions, amounting to $2.4 million and $919 thousand for the years ended June 30, 2024 and 2023, respectively, are included in gifts and subsidies on the combined statements of activities. (Decrease) increase in the value of annuities and split-interest agreements, amounting to ($43) thousand and $3.2 million for the years ended June 30, 2024 and 2023, respectively, is included in unrealized gains on investments on the combined statements of activities.

Board and Administration Designated Net Assets

The Board of Trustees and administration of the University have designated certain net assets without donor restrictions balances at June 30, 2024 and 2023 to be used for operating endowments, instruction, research, student aid, and other areas. Such assets are considered net assets without donor restrictions.

Expiration of Donor-Imposed Restrictions

The expiration of a donor-imposed restriction on net assets is recognized in the period in which the restriction expires and, at that time, the related resources are reclassified to net assets without donor restrictions. Restrictions expire when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors or by the change of restrictions specified by the donors.

2. Summary of Significant Accounting Policies (continued)

Contributions of land, building, and equipment without donor stipulations concerning the use of such long-lived assets are reported in gifts and subsidies without donor restrictions. Contributions of cash or other assets to be used to acquire land, buildings, and equipment with such donor stipulations are reported in gifts and subsidies with donor restrictions. The restrictions are considered to be released at the time of acquisition of such long-lived assets. Contributions that are identified to support the University's current period activities are recorded as without donor restrictions revenue and support.

Fair Values of Financial Instruments

The carrying value of the following financial instruments approximates their fair value: cash and cash equivalents; restricted cash; accounts receivable, net; and student loans receivable.

Investments and Investment Income, Net

The University's investments, consist primarily of equity, debt, and private equity securities, real estate investments, notes receivables, and cash held for reinvestment. The University reflects its share of the partnerships or corporations in the combined financial statements.

Investments are pooled together when permitted by gift agreement and applicable government regulations. Pooled investments and allocation of income are accounted for using the unit market method. A portion of the assets held in pooled investments is held for others, with a corresponding liability recorded in the accompanying combined financial statements.

Pooled investments funds are generally held at fair value. Other investments, such as certain real estate investments and note receivable are generally held at cost.

Investment strategies for certain investments include the use of margin and other forms of leverage, including taking short positions, swaps, futures, options, warrants, private placements, forward contracts, trade claims and credit default swaps, and real estate instruments, when deemed appropriate by the fund managers. Other strategies include macroanalysis, merger arbitrage, distressed securities, and special situations.

In 2024, investment-related expenses of $13.4 million are charged against investment income of $37.2 million from net assets without donor restrictions and investment income of $15.0 million from net assets with donor restrictions. These amounts are displayed on the combined statement of activities.

2. Summary of Significant Accounting Policies (continued)

In 2023, investment-related expenses of $12.8 million are charged against investment income of $16.4 million from net assets without donor restrictions and investment income of $23.1 million from net assets with donor restrictions. These amounts are displayed on the combined statement of activities.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the University to retain as a fund of perpetual duration. When this occurs, the deficit is classified as a reduction of donor-restricted net assets. Deficiencies of $518 thousand and $101 thousand were reported in net assets with donor restrictions as of June 30, 2024 and 2023, respectively, because the market value of the assets is below cost. The aggregate original amount of the funds with deficiencies is $1.1 million and the aggregate fair value $1.2 million as of June 30, 2024. The aggregate original amount of the funds with deficiencies is $2.0 million and the aggregate fair value $2.2 million as of June 30, 2023.

Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the University must hold in perpetuity or for donor-specified periods, as well as board-designated funds. Under these policies, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the Standard & Poor’s 500 Index, while assuming a moderate level of investment risk. The University expects its endowment funds, over time, to provide an average rate of return of approximately 7% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the University relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The University targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

2. Summary of Significant Accounting Policies (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The University has a policy of allowing for distributions of up to 5% of the average fair value of the permanently restricted endowments as of the previous three calendar year-ends preceding the fiscal year of distribution. In establishing this policy, the University considered the long-term expected return on its endowment, which it expects to grow at an average of 1% annually after distributions. This is consistent with the University's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth.

Endowment

The Board of Trustees of the University interprets UPMIFA to state that the University, in the absence of explicit donor stipulations to the contrary, may appropriate for expenditure or accumulate as much of an endowment fund as the University determines prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. As a result of this interpretation, the University classifies as net assets with donor restrictions: (a) the value of gifts donated to the endowment, (b) 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, and (c) appreciation or depreciation in fair value of the related financial instrument in accordance with the original donor restriction. The remaining portion of the donor-restricted endowment fund is also classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the University in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted 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 effects of inflation and deflation

(5) The expected total return from income and the appreciation of investments

2. Summary of Significant Accounting Policies (continued)

(6) Other resources of the University

(7) The investment policies of the University

Fundraising and Advertising Activities

The University has included fundraising and advertising costs in purchased services on the accompanying combined statements of activities. The University incurred $5.1 million of fundraising costs in both fiscal years ended June 30, 2024 and 2023, as well as $327 thousand and $477 thousand in advertising costs, respectively.

Concentration of Credit Risk

The University maintains its cash accounts in financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250 thousand. The amounts held in such accounts exceed the FDIC insurance amounts. The University performs ongoing evaluations of these institutions to limit its concentration risk exposure.

The University invests excess cash in various types of investments. Balances in the University's investment accounts exceed the Securities Investors Protection Corporation insured limit of up to $500 thousand. The University has established guidelines relative to diversification and maturities that maximize safety and liquidity. These guidelines are periodically reviewed and modified to take advantage of trends in yields and interest rates.

Federally Funded Financial Aid

A substantial portion of tuition is paid through the students' participation in federally funded financial aid programs. These amounts are not reported in the University's combined statement of activities as the University serves a pass-through function. Transfers of funds from the financial aid programs to the University are made in accordance with U.S. Department of Education (ED) requirements. The financial aid and assistance programs are subject to political and budgetary considerations. The University's administration of these programs is periodically reviewed by various regulatory agencies.

2. Summary of Significant Accounting Policies (continued)

If the University were to lose its eligibility to participate in federal student financial aid programs, the students at the University would lose access to funds derived from those programs and would have to seek alternative sources of funds to pay their tuition and fees. Students obtain access to federal student financial aid through an ED prescribed application and eligibility certification process. Student financial aid funds are generally made available to students at prescribed intervals throughout their predetermined expected length of study. Students typically apply the funds received from federal financial aid programs to pay their tuition and fees.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP which requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and accompanying notes and supplemental schedules. Actual results could differ from those estimates. The University's significant accounting estimates include investment valuation, useful life of plant and equipment, allowances for uncollectible accounts for accounts receivable, student loans, and pledges receivable, and trust liabilities and annuities payable.

Income Tax Status

The IRS has ruled that LLU qualifies under Section 501(c)(3) of the Internal Revenue Code (IRC) and are therefore not subject to income taxes for activities related to their exempt programs. Management is not aware of any event that would cause the University to be disqualified in operation. LLU had no unrecognized tax benefits at June 30, 2024 or 2023. The University files an exempt organization return and an applicable unrelated business income tax return in the U.S. federal jurisdiction and with the California Franchise Tax Board.

Recently Adopted Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, which changes how companies measure credit losses on most financial instruments measured at amortized cost, such as loans, receivables and held-to-maturity debt securities. Rather than generally recognizing credit losses when it is probable that the loss has been incurred, the revised guidance requires companies to recognize an allowance for credit losses for the difference between the amortized cost basis of a financial instrument and the amount of amortized cost that LLU expects to collect over the instrument's contractual life. ASU No. 2016-13 was effective on July 1, 2023 and did not materially impact the combined financial statements.

3. Credit Quality of Student Loans Receivable

The University issues uncollateralized loans to students based on financial need. Student loans are funded through federal government loan programs or institutional resources. Student loans receivable is carried at the amount of unpaid principal, less an estimate for doubtful accounts. Management regularly assesses the adequacy of the allowance for doubtful collections by performing ongoing evaluations of the student loans receivables and collection trends. Allowances for doubtful accounts are established based on prior collection experience. At June 30, 2024 and 2023, student loans represented 2.46% and 2.40%, respectively, of total assets.

Student loans consist of the following (amounts in thousands):

	June 30	
	2024	**2023**
Federal government programs	**$ 27,351**	$ 27,608
Institutional programs	**23,344**	21,496
	50,695	49,104
Less allowance for doubtful accounts	**(409)**	(664)
Student loans receivable, net	**$ 50,286**	$ 48,440

Funds advanced by the federal government of approximately $29.0 million and $26.5 million at June 30, 2024 and 2023, respectively, are ultimately refundable to the government and are classified as a component of other liabilities on the combined statements of financial position.

After a student is no longer enrolled in an institution of higher education and, after a grace period, interest is charged on student loans receivable and is recognized as it is charged. Student loans receivable through the loan programs are considered to be past due if a payment is not made within 30 days of the payment due date, at which time late charges are charged and recognized as student loan interest income on the combined statements of activities. The Federal Perkins Loan Program receivables may be assigned to the ED. Students may be granted a deferment, forbearance, or cancellation of their student loan receivable based on eligibility requirements defined by the ED.

The following amounts were past due under student loan programs (amounts in thousands):

	1–30 Days	31–60 Days	61–90 Days	91+ Days	Total
June 30, 2024	**$ 26**	**$ 7**	**$ 23**	**$ 6,391**	**$ 6,447**
June 30, 2023	$ 16	$ 9	$ 40	$ 5,468	$ 5,533

4. Pledges Receivable, Net

Pledges receivable, net, of estimated uncollectible amounts, are discounted to present value at rates of 0.37% to 4.82%, based on the pledge gift date.

Pledges receivable, net, are as follows (amounts in thousands):

	June 30	
	2024	**2023**
Gross unconditional pledges receivable	**$ 6,313**	$ 3,391
Less allowance for doubtful accounts	**(318)**	(393)
Less unamortized discounts	**(389)**	(95)
	$ 5,606	$ 2,903
Unconditional promises expected to be collected in:		
Less than one year	**$ 2,767**	$ 1,175
One to five years	**2,839**	1,728
	$ 5,606	$ 2,903

5. Investments, Irrevocable Trusts, and Fair Value Measurements

The University has made an accounting policy election to measure certain investments at fair value on the combined statements of financial position utilizing the instrument-by-instrument fair value option in accordance with ASC 825 Topic Financial Instruments. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in without donor restrictions revenue and support, unless the income or loss is restricted by donor or law.

U.S. GAAP establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

U.S. GAAP describes three levels of inputs that may be used to measure fair value:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.

- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized on the accompanying combined statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include equities, debt securities, and U.S. government securities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include debt securities on mortgage-backed corporate bonds and commercial real estate. Level 2 securities also include first trust deed (mortgage) loans. No allowance for credit losses was required to be recorded for June 30, 2024 or 2023. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the valuation hierarchy.

As part of the Level 3 securities valuation process, the Investment Management Committee, under the supervision of the University's Board of Trustees, determines the fair value measurement policies and procedures in consultation with the University's third-party investment advisors. These policies and procedures are reassessed periodically to determine whether the current valuation techniques are still appropriate. At that time, the unobservable inputs used in the fair value measurements are evaluated and adjusted, as necessary, based on the current market conditions and other third-party information.

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

Securities accounted for at net asset value (NAV) include hedge funds, private equity investments, and real estate partnerships. NAV amounts provided by external investment managers are adjusted for receipts and disbursements of cash and securities subsequent to the most recently available NAV date. Items classified as NAV do not have a quoted price in an active market place. As a practical expedient, the University estimates the fair value of an investment at the measurement date using the NAV reported by the fund manager without further adjustment, provided the NAV has been calculated in accordance with or in a manner consistent with GAAP, and provided further that the University does not expect to sell the investment at a value other than NAV. The University has various processes and controls in place to ensure investment fair value is reasonable and performs various due diligence procedures over its investments including an assessment of applicable accounting policies, a review of the valuation procedures employed, and consideration of redemption features and price transparency.

The University's policy is to recognize transfers in and transfers out of the pools at the end of the reporting period. This policy includes transfers in and transfers out of Level 1, Level 2, and Level 3. There were no transfers to or from levels during the periods presented. Level 3 fair value investments were valued at $21.54 million and $21.40 million at June 30, 2024 and 2023, respectively, with $140 thousand in unrealized gains in the June 30, 2024 combined statement of activities.

Investments in real estate outside of the pool are reported at cost, and those that were contributed are reported at their fair value at the date of the gift, adjusted for impairment if impairment exists. At June 30, 2024, the carrying value of such properties was $35.2 million. The investments were not evaluated for impairment, since no impairment indicators were present and, as a result, no fair value was estimated.

Certain notes receivable in investments are reported at cost, because it approximates fair value, including notes to affiliates of $50.9 million and $52.9 million as of June 30, 2024 and 2023, respectively.

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

Investments and irrevocable trusts consist of the following (amounts in thousands):

	June 30, 2024				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Investments – redeemable securities					
Equity securities:					
Real estate industry	**$ 1,363**	**$ –**	**$ –**	**$ –**	**$ 1,363**
Oil and gas industry	**4,789**	**–**	**–**	**–**	**4,789**
Domestic	**136,289**	**–**	**–**	**–**	**136,289**
International	**113,539**	**–**	**–**	**–**	**113,539**
Total equity securities	**255,980**	**–**	**–**	**–**	**255,980**
Debt securities:					
U.S. government agencies	**6,360**	**93,389**	**–**	**–**	**99,749**
Corporate bonds	**141,612**	**49,444**	**–**	**–**	**191,056**
First trust deeds (mortgages)	**–**	**31,611**	**–**	**–**	**31,611**
Total debt securities	**147,972**	**174,444**	**–**	**–**	**322,416**
Total redeemable securities	**$ 403,952**	**$ 174,444**	**$ –**	**$ –**	**$ 578,396**

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

	June 30, 2024				
	Level 1	Level 2	Level 3	NAV	Total
Investments – nonredeemable securities					
Private equity investments:					
Distressed debt	$ –	$ –	$ –	$ 31,558	$ 31,558
Oil and energy	–	–	–	9,713	9,713
International	–	–	–	33,676	33,676
Domestic capital investments	–	–	–	81,623	81,623
Other	–	–	–	41,395	41,395
Total private equity investments	–	–	–	197,965	197,965
Real estate partnerships	–	–	–	429,346	429,346
Real estate preferred equity	–	158,070	–	–	158,070
Commercial real estate	–	–	21,540	–	21,540
Total nonredeemable securities	–	158,070	21,540	627,311	806,921
Investments at fair value	$ 403,952	$ 332,514	$ 21,540	$ 627,311	1,385,317
Real estate at carrying value					35,246
Notes receivable at cost					50,881
Income accrual and other					1,708
Total investments					$ 1,473,152

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

	June 30, 2024			
	Level 1	**Level 2**	**Level 3**	**Total**
Irrevocable trusts – redeemable securities				
Equity securities:				
Domestic mutual funds	**$ 38,309**	**$ –**	**$ –**	**$ 38,309**
Bonds	**21**	**–**	**–**	**21**
Stocks	**917**	**–**	**–**	**917**
Total equity securities	**39,247**	**–**	**–**	**39,247**
U.S. treasury and government money market debt securities	**667**	**–**	**–**	**667**
Total irrevocable trusts – redeemable securities	**39,914**	**–**	**–**	**39,914**
Irrevocable trusts – nonredeemable securities				
Commercial real estate	**–**	**1,580**	**–**	**1,580**
Payables/others	**–**	**–**	**11**	**11**
Total irrevocable trusts – nonredeemable securities	**–**	**1,580**	**11**	**1,591**
Total irrevocable trusts	**$ 39,914**	**$ 1,580**	**$ 11**	**$ 41,505**

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

Investments and irrevocable trusts consist of the following (amounts in thousands):

	June 30, 2023				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Investments – redeemable securities					
Equity securities:					
Real estate industry	$ 956	$ –	$ –	$ –	$ 956
Oil and gas industry	9,717	–	–	–	9,717
Domestic	236,057	–	–	–	236,057
International	98,712	–	–	–	98,712
Total equity securities	345,442	–	–	–	345,442
Debt securities:					
U.S. government agencies	6,702	74,634	–	–	81,336
Corporate bonds	7,897	173,073	–	–	180,970
First trust deeds (mortgages)	–	43,895	–	–	43,895
Total debt securities	14,599	291,602	–	–	306,201
Total redeemable securities	$ 360,041	$ 291,602	$ –	$ –	$ 651,643

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

	June 30, 2023				
	Level 1	**Level 2**	**Level 3**	**NAV**	**Total**
Investments – nonredeemable securities					
Private equity investments:					
Distressed debt	$ –	$ –	$ –	$ 24,754	$ 24,754
Oil and energy	–	–	–	10,249	10,249
International	–	–	–	30,150	30,150
Domestic capital investments	–	–	–	77,191	77,191
Other	–	–	–	37,046	37,046
Total private equity investments	–	–	–	179,390	179,390
Real estate partnerships	–	–	–	376,660	376,660
Real estate preferred equity	–	122,056	–	–	122,056
Commercial real estate	–	–	21,400	–	21,400
Total nonredeemable securities	–	122,056	21,400	556,050	699,506
Investments at fair value	$ 360,041	$ 413,658	$ 21,400	$ 556,050	1,351,149
Real estate at carrying value					35,280
Notes receivable at cost					52,873
Income accrual and other					2,057
Total investments					$ 1,441,359

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

	June 30, 2023			
	Level 1	**Level 2**	**Level 3**	**Total**
Irrevocable trusts – redeemable securities				
Equity securities:				
Domestic mutual funds	$ 38,146	$ –	$ –	$ 38,146
Bonds	20	–	–	20
Stocks	824	–	–	824
Total equity securities	38,990	–	–	38,990
U.S. treasury and government money market debt securities	275	–	–	275
Total irrevocable trusts – redeemable securities	39,265	–	–	39,265
Irrevocable trusts – nonredeemable securities				
Commercial real estate	–	446	–	446
Payables/others	–	–	9	9
Total irrevocable trusts – nonredeemable securities	–	446	9	455
Total irrevocable trusts	$ 39,265	$ 446	$ 9	$ 39,720

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

Investments managed by external advisors include investments in private equity and real estate. The majority of these investments are not readily marketable and are reported at fair value utilizing the most current information provided by the external advisor. In situations where the information provided by the external advisor is deemed not to be representative of fair value as of the measurement date, the University will utilize the supplemental information provided by the external advisor, along with any relevant data to measure the investment's fair value as of that date. Distributions from each fund will be received as the underlying investments of the funds are liquidated, estimated at June 30, 2024, to be over the next 5 to 20 years.

Fair value measurements of investments in certain entities that calculate NAV per share (or its equivalent) are as follows (amounts in thousands):

	Fair Value at June 30, 2024	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity:[(a)]				
Distressed debt	$ 31,558	$ 8,654	Nonredeemable	None
Oil and energy	9,713	9,970	Nonredeemable	None
International	33,676	3,902	Nonredeemable	None
Domestic capital investments	81,623	18,625	Nonredeemable	None
Alternative strategies	41,395	–	Nonredeemable	None
Real estate partnership[(b)]	429,346	22,955	Nonredeemable	None
Totals	$ 627,311	$ 64,106		

5. Investments, Irrevocable Trusts, and Fair Value Measurements (continued)

	Fair Value at June 30, 2023	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity:[a]				
Distressed debt	$ 24,754	$ 14,530	Nonredeemable	None
Oil and energy	10,249	2,337	Nonredeemable	None
International	30,150	950	Nonredeemable	None
Domestic capital investments	77,191	6,823	Nonredeemable	None
Alternative strategies	37,046	8,036	Nonredeemable	None
Real estate partnership[b]	376,660	2,456	Nonredeemable	None
Totals	$ 556,050	$ 35,132		

[a]Diversified investments in various portfolio companies at different stages, industries, or regions, providing venture capital and/or restructuring expertise and subsequently selling the company to generate returns.

[b]Investments in residential and commercial real estate that seek to achieve high levels of consistent income, along with capital appreciation over a full market cycle.

6. Property, Plant, and Equipment, Net

Property, plant, and equipment consist of the following (amounts in thousands):

	June 30	
	2024	**2023**
Land improvements	**$ 42,101**	$ 42,024
Vehicles	**2,063**	1,888
Equipment	**149,410**	137,005
Buildings and improvements	**520,150**	518,770
Cost of plant and equipment	**713,724**	699,687
Less accumulated depreciation	**(448,954)**	(426,604)
Net depreciable plant and equipment	**264,770**	273,083
Land	**38,650**	37,534
Construction-in-progress	**4,424**	8,302
Property, plant and equipment, net	**$ 307,844**	$ 318,919

The University has various construction-in-progress projects open as of June 30, 2024 and 2023 for the construction of facilities and other improvements. There were no projects with capitalized interest for the years ended June 30, 2024 and 2023.

7. Net Investment in Direct Financing Lease

Net investment in direct financing lease consists of the following (amounts in thousands):

	June 30	
	2024	**2023**
Gross investment	**$ 6,035**	$ 6,035
Less unearned income and deferred rent	**(5,299)**	(4,710)
Net investment in direct financing lease	**$ 736**	$ 1,325
Estimated unguaranteed residual value	**$ 736**	$ 736

7. Net Investment in Direct Financing Lease (continued)

The estimated unguaranteed residual value represents the estimated amount to be received at lease termination from the disposition or re-lease of equipment under leases not classified as operating leases and in which the University has an ongoing economic interest, discounted using the internal rate of return related to each specific direct financing lease. Actual results may differ from estimated amounts.

As a condition of the financing arrangements, customers are required to maintain insurance on the underlying collateral. These credit policies and procedures enable the University to monitor and control its risks and exposures on the lease receivables. At June 30, 2024 and 2023, there were no nonaccrual leases.

8. Trusts

Revocable Trust Agreements

At June 30, 2024 and 2023, the University held, as trustee, a total of nine revocable trust agreements, of which the University has a significant beneficial interest. These trust agreements had total assets amounting to $2.3 million and $3.0 million in 2024 and 2023, respectively. Revocable assets totaling $98 thousand and $0 became irrevocable in 2024 and 2023, respectively. The University's policy is to recognize as contributions revenue the trust gift when the agreement becomes irrevocable.

Other Unrecorded Trusts

The University has a beneficial or remainder interest in a number of irrevocable and revocable trusts, life income agreements, and estates held by various Conferences of the Seventh-day Adventist Church or third-party trustees, such as banks. LLU does not have access to the number or value of these trusts, so they will not be reflected in the combined financial statements until such gifts are received by the University.

9. Debt

Debt consists of the following (amounts in thousands):

	June 30 2024	June 30 2023
CEFA Revenue Bonds, Series 2017A	**$ 126,435**	$ 127,640
CEFA Revenue Bonds, Series 2017B	**27,640**	30,095
Secured note to bank at 4.50%, principal and interest monthly, matures February 17, 2030	**9,207**	10,594
Secured note to bank at 4.25%, principal and interest monthly, matures February 7, 2032	**343**	380
Secured note to bank at 4.25%, principal and interest monthly, matures February 7, 2032	**456**	505
Secured note to bank at a fixed rate of 4.50%, principal and interest monthly, matures January 15, 2035	**1,109**	1,156
Secured notes to individuals at fixed interest rate of 7.50%, principal and interest monthly, mature in 2033 and upon the passing of individuals	**1,126**	1,213
Line of credit at SOFR plus 1.41%, interest monthly, collateralized by marketable securities	**20,000**	20,000
Line of credit at SOFR plus 0.95%, interest monthly, collateralized by marketable securities	**27,999**	18,499
Total outstanding debt	**214,315**	210,082
Capitalized finance costs, net of accumulated amortization	**(1,661)**	(1,782)
CEFA Revenue Bonds, Series 2017A Premium, net of accumulated amortization	**10,790**	11,265
Total debt, net	**$ 223,444**	$ 219,565

9. Debt (continued)

Aggregate principal maturities of debt for the years ending June 30 are as follows (amounts in thousands):

2025	$ 5,507
2026	5,746
2027	6,004
2028	6,275
2029	6,576
2030 and thereafter	184,207
	$ 214,315

Interest related to the debt was $10.8 million and $10.3 million for the years ended June 30, 2024 and 2023, respectively.

The CEFA Act, as a public instrumentality of the state of California pursuant to Chapter 2 of Part 59 of Division 10 of Title 3 of the Education Code of the State of California, authorized the University to issue the CEFA Revenue Bonds Series 2017A and 2017B on March 1, 2017.

The University has California Education Facilities Authority (CEFA) Revenue Bonds that are reported at an amortized cost of $164.9 million and $169.0 million as of June 30, 2024 and 2023, respectively, on the combined statements of financial position.

The University has obtained CEFA Revenue Bonds Series 2017A in the amount of $134.9 million, payable in 30 years beginning April 1, 2017 until April 1, 2047, at a fixed rate of 5.00% per annum and the CEFA Revenue Bond Series 2017B in the amount of $43.4 million payable, in 15 years beginning April 1, 2018 until April 1, 2033, at a rate starting at 1.97% in the first year to a maximum of 4.75% at maturity. The outstanding loan balance is $154.1 million and $157.7 million as of June 30, 2024 and 2023, respectively. In 2023 and 2024, the University was in compliance with all financial covenants under the CEFA loan agreement.

The University has a secured commercial loan from a financial institution at a fixed rate of 4.50%, payable in 15 years beginning February 24, 2015 until February 17, 2030. The balance of the loan is $9.2 million and $10.6 million as of June 30, 2024 and 2023, respectively. The University was in compliance with the financial covenants in 2024 and 2023.

9. Debt (continued)

The University has two secured commercial loans from a financial institution, which were executed on February 7, 2017, at a fixed rate of 4.25% for both loans. The loans are payable in 15 years beginning on February 7, 2018 and maturing on February 7, 2032. The loan balances as of June 30, 2024 and 2023 are $798 thousand and $885 thousand, respectively.

The University has a secured commercial loan from a financial institution, which was executed on January 2, 2020, at a fixed rate of 4.50%. The loan's term is 15 years and will mature on January 15, 2035. The loan balances as of June 30, 2024 and 2023 are $1.11 million and $1.16 million, respectively.

Secured loans from private individuals were obtained by the University at a fixed interest rate of 3.00% to 7.50%, with term of 15 to 25 years. The loans will mature in 2033 or upon the passing of the private individuals. The loan balance is $1.1 million and $1.2 million as of June 30, 2024 and 2023, respectively.

The University has a $20.0 million unsecured line of credit with a financial institution, with interest based on SOFR plus 1.41% for the years ended June 30, 2024 and 2023. The interest rate was approximately 6.8% and 6.7% at June 30, 2024 and 2023, respectively. The loan balance was $20.0 million as of June 30, 2024 and 2023. As part of the unsecured line of credit agreement, the University is required to meet certain financial and nonfinancial covenants. The University was in compliance with all such financial covenants in 2024 and 2023. The line of credit has an availability period through March 1, 2025.

On July 23, 2018, the University obtained a $40.0 million line of credit from a financial institution, which had loan balances of $28.0 million and $18.5 million as of June 30, 2024 and 2023, respectively. Interest was based on SOFR plus 0.95% and LIBOR plus .90% as of June 30, 2024 and 2023, respectively. Interest was 6.3% and 6.1% as of June 30, 2024 and 2023, respectively. The line of credit has an availability period through July 15, 2025.

Prepayments

The University may, at any time, prepay all or any part of the base loan payments due on the CEFA bonds. All such prepayments shall be deposited in the optional redemption account within the bond fund and credited against the base loan payments in the order of their due date or at the election of the University in accordance with the indenture. Notwithstanding any such prepayment, the University shall not be relieved of this obligation under the agreement until all of the bonds have been fully paid and retired.

9. Debt (continued)

Optional Redemption Revenue Bonds Series 2017A

The Series 2017A bonds, maturing on or after April 1, 2028, are subject to optional redemption by the University prior to their stated maturities pursuant to the agreement at the principal amount thereof plus accrued interest, if any, to the date of redemption.

Mandatory Redemption From Sinking Fund Payments

The Series 2017A bonds, maturing on April 1, 2042, amounting to $38.6 million, are subject to redemption, in part or by lot, from mandatory sinking fund payments pursuant to the indenture, on each April 1, from and after April 1, 2038, at the principal amount thereof plus accrued interest, if any, to the date of redemption (without premium).

The Series 2017A bonds, maturing on April 1, 2047, amounting to $49.3 million, are subject to redemption, in part or by lot, from mandatory sinking fund payments pursuant to the indenture, on each April 1, from and after April 1, 2043, at the principal amount thereof plus accrued interest, if any, to the date of redemption (without premium).

Optional Redemption Revenue Bonds Series 2017B

The Series 2017B bonds, maturing on April 1, 2033, in the amount of $19.6 million, are subject to optional redemption prior to their stated maturity pursuant to the agreement at the principal amount thereof plus accrued interest, if any, to the date of redemption.

Mandatory Redemption From Sinking Fund Payments

The Series 2017B bonds, maturing on April 1, 2033, in the amount of $19.6 million, are subject to redemption, in part or by lot, from mandatory sinking fund payments pursuant to the indenture, on each April 1, from and after April 1, 2028, at the principal amount thereof plus accrued interest, if any, to the date of redemption (without premium).

10. Deferred Compensation

The University maintains a nonqualified deferred compensation plan for the benefit of certain doctors associated with various medical groups. The plan is an unsecured promise to pay income in the future. As of June 30, 2024 and 2023, the plan's liabilities totaled $285 thousand and $378 thousand, respectively. The assets are included in inventories, prepaid expenses, and other assets and the liabilities are included in accounts payable and accrued expenses on the accompanying combined statements of financial position.

11. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes (amounts in thousands):

	June 30	
	2024	**2023**
Restricted for specific purposes	**$ 224,835**	$ 217,335
Student loans and scholarships	**87,403**	79,487
Endowment	**438,819**	411,361
Annuity and life income agreements	**31,905**	29,250
	$ 782,962	$ 737,433

12. Endowment

The net assets of the University include permanent endowment and funds functioning as endowment (collectively, the endowment). Permanent endowment funds are subject to the restrictions of gift instruments requiring that the principal be invested and the income only be utilized as provided under California UPMIFA. While certain funds have been established by the Board of Trustees to function as endowment, any portion of such funds may be expended.

12. Endowment (continued)

Changes in the University's endowment, excluding trusts with donor restrictions, were as follows (amounts in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Investment returns:			
Investment income from pooled funds	$ (8,216)	$ 14,955	$ 6,739
Net amount appropriated for operation	(8,216)	14,955	6,739
Change in realized/unrealized net appreciation of investments	–	6,130	6,130
Net return in pooled investment fund	(8,216)	21,085	12,869
Total net investment returns	(8,216)	21,085	12,869
Other changes in endowed equity:			
Gifts	289	6,373	6,662
Transfers	–	–	–
Net change in endowed equity	(7,927)	27,458	19,531
Endowed equity, beginning of year	140,127	411,361	551,488
Endowed equity, end of year	$ 132,200	$ 438,819	$ 571,019

12. Endowment (continued)

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Investment returns:			
Investment income from pooled funds	$ (10,578)	$ 13,217	$ 2,639
Net amount appropriated for operation	(10,578)	13,217	2,639
Change in realized/unrealized net appreciation of investments	–	13,067	13,067
Net return in pooled investment fund	(10,578)	26,284	15,706
Total net investment returns	(10,578)	26,284	15,706
Other changes in endowed equity:			
Gifts	215	3,424	3,639
Transfers	–	(1,619)	(1,619)
Net change in endowed equity	(10,363)	28,089	17,726
Endowed equity, beginning of year	150,490	383,272	533,762
Endowed equity, end of year	$ 140,127	$ 411,361	$ 551,488

The endowment net asset composition excludes trusts with donor restrictions and consists of the following (amounts in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total 2024
Investments	**$ 132,200**	**$ 438,819**	**$ 571,019**
Total endowed equity	**$ 132,200**	**$ 438,819**	**$ 571,019**

	Without Donor Restrictions	With Donor Restrictions	Total 2023
Investments	$ 140,127	$ 411,361	$ 551,488
Total endowed equity	$ 140,127	$ 411,361	$ 551,488

12. Endowment (continued)

The endowment net asset composition by type of fund consists of the following (amounts in thousands):

	June 30	
	2024	**2023**
Total without donor restrictions endowment (board designated)	**$ 132,200**	$ 140,127
With donor restrictions endowment:		
Restricted in perpetuity	**320,568**	316,172
Restricted by purpose or time	**118,251**	95,189
Total endowment (excluding trusts with donor restrictions)	**$ 571,019**	$ 551,488

13. Liquidity and Availability

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

	June 30	
	2024	**2023**
Financial assets:		
Cash and cash equivalents	**$ 17,831**	$ 8,504
Accounts receivable, net	**27,103**	30,226
Pledges receivable, net	**2,767**	1,175
Investments	**578,396**	651,643
Total financial assets available within one year	**626,097**	691,548
Liquidity resources:		
Bank lines of credit available for operations	**12,000**	21,500
Total financial assets and liquidity resources available within one year	**$ 638,097**	$ 713,048

14. Revenue From Contracts

Revenue from contracts with customers comprises revenue from lessees for building space and for common area maintenance (CAM). Transaction prices are based on the executed lease agreement. Revenue is recognized evenly over the term specified in the building lease agreement. The performance obligation is to provide the building space in return for payment from the lessee. The CAM fee revenue is recorded in sales and service income on the combined statements of financial position.

15. Functional Expenses

Each functional classification displays all expenses related to the underlying operations by natural classification. The University tracks costs by department, division, and fund, and, therefore, allocated costs attributable to providing student services, research, auxiliary activities and support services accordingly.

Expenses by function were as follows for the year ended June 30, 2024 (amounts in thousands):

	Student Services	Research	Auxiliary Activities	Support Services	Total
Salaries and benefits	**$ 129,177**	**$ 9,948**	**$ 9,689**	**$ 21,780**	**$ 170,594**
Plant repairs and replacements	**3,384**	**86**	**2,569**	**43**	**6,082**
Supplies and printing services	**16,091**	**2,120**	**1,436**	**646**	**20,293**
Professional development and training	**1,532**	**914**	**(359)**	**577**	**2,664**
Travel and entertainment	**3,430**	**417**	**32**	**575**	**4,454**
Purchased services	**18,500**	**16,456**	**8,604**	**22,934**	**66,494**
Cost of goods sold	**875**	**–**	**115**	**–**	**990**
Technology and telecommunications	**3,386**	**515**	**126**	**1,389**	**5,416**
Utilities	**56**	**–**	**9,990**	**8,366**	**18,412**
General expenses	**14,093**	**10,703**	**(1,134)**	**6,426**	**30,088**
Interest and taxes	**(64)**	**8**	**6,805**	**4,553**	**11,302**
Depreciation and amortization	**1,500**	**5**	**8,369**	**12,836**	**22,710**
Total expenses	**$ 191,960**	**$ 41,172**	**$ 46,242**	**$ 80,125**	**$ 359,499**

15. Functional Expenses (continued)

Expenses by function were as follows for the year ended June 30, 2023 (amounts in thousands):

	Student Services	Research	Auxiliary Activities	Support Services	Total
Salaries and benefits	$ 123,661	$ 9,173	$ 9,853	$ 22,857	$ 165,544
Plant repairs and replacements	2,759	89	(2,983)	5,187	5,052
Supplies and printing services	15,762	1,458	1,546	789	19,555
Professional development and training	1,236	1,670	(375)	857	3,388
Travel and entertainment	3,430	220	46	266	3,962
Purchased services	17,228	14,546	8,765	21,382	61,921
Cost of goods sold	983	–	113	–	1,096
Technology and telecommunications	3,574	629	135	1,002	5,340
Utilities	71	–	14,597	1,487	16,155
General expenses	13,657	11,750	(2,415)	3,279	26,271
Interest and taxes	33	11	1,569	9,442	11,055
Depreciation and amortization	1,348	7	3,591	18,246	23,192
Total expenses	$ 183,742	$ 39,553	$ 34,442	$ 84,794	$ 342,531

16. Related-Party Transactions

The University receives capital and operating appropriations, as well as various other special appropriations, from the General Conference of Seventh-day Adventists (the GC). Revenue received from the GC in gifts and subsidies without donor restrictions for the years ended June 30, 2024 and 2023 was $7.0 million and $7.6 million, respectively.

The University terminated a land lease with an affiliate of LLUMC and immediately sold the land and the medical office building to an unrelated third party. The proceeds of the sale of $38.0 million is reported within investing activities in the combined statement of cash flow. The transfer to affiliate of $23.8 million is reported within financing activities in the combined statement of cash flows. The gain on sale is reported as an adjustment to operating activities in the statement of cash flows. The gain on the sale is reported as investment income by the University for the value of the land, building and land improvements. The University recorded a transfer to affiliate for the building and land improvement portion of the sale. The gain on the sale reported within the combined statement of activities within investment income is $14.2 million and the transfer to affiliate of $10 million is recorded in the combined statement of activities within transfers to affiliates.

Revenue transactions occurring between the University and various affiliated organizations consist of various service-related items, including pharmacy and clinical services, audiovisual services, cafeteria, utilities, and rent, and are recorded under sales and service income, and clinic and auxiliary income on the combined statements of activities. These are summarized as follows (amounts in thousands):

	Year Ended June 30	
	2024	**2023**
LLUMC and affiliates	**$ 27,806**	$ 23,687
Loma Linda University Shared Services (LLUSS)	**4,135**	6,653
Loma Linda University Health Care (LLUHC)	**1,346**	1,413
Loma Linda Inland Empire Consortium for Healthcare Education (LLIECHE)	**588**	880
LLUH	**27**	94
Related faculty medical groups	**292**	545
	$ 34,194	$ 33,272

16. Related-Party Transactions (continued)

Expenses paid to LLUMC consist primarily of various service-related items, including pharmacy and clinical services, audiovisual services, cafeteria, and rent. Expenses paid to LLUHC consist primarily of leased employees and rent. Expenses paid to LLUH are primarily comprised of management fees and legal fees. Expenses paid to LLUSS are comprised of shared services provided to the core entities within LLUH, including human resources management, payroll, financial services, supply chain, advancement, security, telecommunications, construction, dispatch, mail services, and grants management, as well as other support services. In total, approximately 50 departments are supported by LLUSS. Expenses paid to LLIECHE include resident labor for research grants. Expenses paid to related faculty medical groups include medical director fees, resident director fees, and leased employes. Expense transactions occurring between LLU and various affiliated organizations are summarized as follows (amounts in thousands):

	Year Ended June 30	
	2024	**2023**
LLUMC and affiliates	**$ 3,474**	$ 5,903
LLUSS	**26,612**	29,972
LLUHC	**212**	164
LLIECHE	**1,045**	1,578
LLUH	**3,637**	3,491
Related faculty medical groups	**13,527**	13,242
	$ 48,507	$ 54,350

16. Related-Party Transactions (continued)

U.S. Department of Education Required Disclosure – Related-Party Transactions

The University must comply with related-party disclosure regulations promulgated by the U.S. department of Education. Those regulations require that all related-party transactions be disclosed, regardless of their materiality to the financial statements. The University has summarized related party transactions in Note 16.

The University's receivables due from each related party are as follows (amount in thousands):

Related Party Name	Related Party Address	Description of Related Entity	Nature of Receivables Transactions	June 30, 2024
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	CUP: utilities	$ 7,769
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Shared employees	463
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Other Purchased Services – Library/Drayson Ctr/Simulation Ctr charges/Laundry & Linen	533
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Printing, training, food service and other	427
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Campus Engineering	220
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Shared employees	597
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Rental/Lease Buildings	631
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Other Purchased Services – pharmacy, research, audio visual, IT	544
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Campus Engineering	333
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	CUP utilities, cafeteria, printing & other	279
LLUHC	Loma Linda, CA	Management services organization for faculty medical groups	CUP: utilities, Drayson membership fees and other	256
LLIECHE	Loma Linda, CA	Intern/Residency program	Medical education	559
LLUH	Loma Linda, CA	Parent corporation	Other Purchased Services	739
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Printing/Catering Services	105
Loma Linda Mercantile	Loma Linda, CA	Centralized purchasing organization	Accounts Payable	41,064
Risk Management	Loma Linda, CA	Self-Insured Insurance Trust	Insurance loss claims and recoveries	306
			Total	$ 54,826

16. Related-Party Transactions (continued)

The University's payables due to each related party are as follows (amount in thousands):

Related Party Name	Related Party Address	Description of Related Entity	Nature of Receivables Transactions	June 30, 2024
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Shared employees	$ 3,780
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Facility costs	998
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Research indirect costs, pharmacy and other	1,131
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Administration support allocation	417
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Finance/IT allocations	332
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Human resources allocation	208
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Advancement allocation	524
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Research allocation	408
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Value added services and other allocation	133
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Shared employees	289
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Facility costs	181
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Animal care, infrastructure & other purchased services	192
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Shipping, copying & other	68
LLUHC	Loma Linda, CA	Management services organization for faculty medical groups	Leased employees	457
LLIECHE	Loma Linda, CA	Intern/Residency program	Purchased services, leased employees and other	661
LLUH	Loma Linda, CA	Parent corporation	Shared employees	1,315
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Leased employees	6,900
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Research and teaching services	6,361
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Training, hospitality & other	636
Loma Linda Mercantile	Loma Linda, CA	Centralized purchasing organization	Accounts Payable	41,112
Risk Management	Loma Linda, CA	Self-Insured Insurance Trust	Insurance loss claims and recoveries	15,194
			Total	$ 81,298

16. Related-Party Transactions (continued)

University revenue transactions occurring between the University and various affiliated organizations (amounts in thousands):

Related Party Name	Related Party Address	Description of Related Entity	Nature of Receivables Transactions	June 30, 2024
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	CUP: utilities	$ 22,952
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Shared employees	1,367
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Other Purchased Services - Library/Drayson Ctr/Simulation Ctr charges/Laundry & Linen	1,579
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Printing, training, food service and other	1,262
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Campus engineering services	651
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Shared employees	1,036
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Rental/Lease Buildings	1,094
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Other Purchased Services – pharmacy, research, audio visual, IT	943
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Campus Engineering	578
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	CUP utilities, cafeteria, printing & other	484
LLUHC	Loma Linda, CA	Management services organization for faculty medical groups	CUP: utilities, Drayson membership fees and other	1,346
LIECHE	Loma Linda, CA	Intern/Residency program	Medical education	588
LLUH	Loma Linda, CA	Parent corporation	Other Purchased Services	27
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Printing/Catering Services	292
			Total	$ 34,194

16. Related-Party Transactions (continued)

University expense transactions occurring between the University and various affiliated organizations (amounts in thousands):

Related Party Name	Related Party Address	Description of Related Entity	Nature of Receivables Transactions	June 30, 2024
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Shared employees	$ 2,222
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Facility costs	587
LLUMC and affiliates	Loma Linda, CA	Healthcare services organization	Research indirect costs, pharmacy and other	665
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Administration support allocation	4,030
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Finance/IT allocations	3,214
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Human resources allocation	2,011
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Advancement allocation	5,070
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Research affairs services	3,950
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Other support services	1,283
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Shared employees	2,796
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Facility costs	1,746
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Animal care, infrastructure & other purchased services	1,857
LLUSS	Loma Linda, CA	Shared services organization for LLUH entities	Shipping, copying & other	655
LLUHC	Loma Linda, CA	Management services organization for faculty medical groups	Purchased services, leased employees and other	212
LLIECHE	Loma Linda, CA	Parent Corporation	Purchased services, leased employees and other	1,045
LLUH	Loma Linda, CA	Intern/Residency program	Purchased services, leased employees and other	3,637
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Leased employees	6,716
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Research and teaching services	6,192
Related faculty medical groups	Loma Linda, CA	Affiliated physician groups	Training, hospitality & other	619
			Total	$ 48,507

17. Retirement Plans

Defined Benefit Plans

The University participates in a noncontributory multiple-employer defined benefit pension plan known as the Seventh-day Adventist Retirement Plan for the North America Division. This plan, which covers substantially all employees of the University, is administered by the GC in Silver Spring, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 (ERISA) as a multiple-employer plan of a church-related agency.

The University also participates in a noncontributory multiple-employer defined benefit health plan known as the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division. This plan, which covers substantially all employees of the University, is administered by the GC in Silver Spring, Maryland, and is exempt from ERISA as a multiple-employer plan of a church-related agency.

The University contributed $3.0 million and $3.3 million to these plans (for retiree pension and retiree health care benefits) for the years ended June 30, 2024 and 2023, respectively.

These plans are defined by the FASB as multiple-employer plans. As such, it is not required, nor is it possible, to determine the actuarial present value of accumulated benefits or plan net assets for employees of the University apart from other plan participants.

The North American Division Committee voted to freeze the accrual of service credit in these plans, effective December 31, 1999, except for employees who choose the career completion option, and to start a new defined contribution plan, effective January 1, 2000. The University continues to make contributions (at a reduced rate) to the frozen plans after December 31, 1999. Certain employees will continue to be eligible for future benefits under these plans.

Defined Contribution Plan

The University participates in a multiple-employer defined contribution retirement plan known as The Adventist Retirement Plan (ARP). This plan, which covers substantially all employees of the University, is administered by the GC in Silver Spring, Maryland, and is exempt from ERISA as a multiple-employer plan of a church-related agency. The University makes a basic contribution to this plan for covered employees at a stated percentage of the employee's wage. The University also makes matching contributions at a stated percentage of additional contributions made by covered employees. Investment management of the accumulated contributions designated for each

17. Retirement Plans (continued)

employee is provided under an agreement between the GC and Variable Annuity Life Insurance Company. The University contributed $2.9 million and $3.0 million for the years ended June 30, 2024 and 2023, respectively.

Effective January 1, 2021, the University transitioned from ARP to the Adventist Healthcare Retirement Plan (AHRP), which is a common retirement plan platform for all LLUH entities. This transition not only aligns retirement plan vendors, but also aligns retirement plan benefits within LLUH. The current AHRP plan design includes a 3% annual basic employer contribution, as well as a bi-weekly employer matching contribution. Under this plan, the University employer matching benefit changed to 50% of the first 6% of an employee's contribution (3% maximum matching contribution). Although AHRP currently has a three-year cliff vesting schedule, current University employees are immediately vested for employer contributions under AHRP, regardless of their employment duration at the time of transition.

Faculty members do not participate in the retirement plan that is administered by the GC, but participate in the Teachers Insurance and Annuity Association and the College Retirement Equities Fund. Under this defined contribution plan, the University and plan participants make annual payments to purchase individual annuities, fixed or variable, equivalent to retirement benefits earned. Vesting provisions are full and immediate. Benefits commence upon retirement, and preretirement survivor death benefits are also provided. Charges to funds without donor restrictions for the University's share of costs were $5.3 million and $5.2 million during the years ended June 30, 2024 and 2023, respectively.

18. Self-Insurance Plans

The University is covered by programs of self-insurance administered by the Risk Management Department of LLUH (Risk Management) for employee and student health care, auto physical damage, unemployment benefits, and workers' compensation benefits. For the employee health care program, the University's risk is pooled with LLUMC, LLUH, LLUSS, Loma Linda University Health Education Consortium (LLUHEC) (which provides graduate medical education), LLUHC and Loma Linda University Faculty Medical Group.

The University self-insures for workers' compensation and unemployment claims, covering benefits to employees as required under applicable federal and state laws. The University maintains insurance to cover workers' compensation claims in excess of $300 thousand. The gross accrual for workers' compensation claims totaled $1.52 million and $1.63 million at June 30, 2024 and 2023, respectively.

18. Self-Insurance Plans (continued)

The University is also covered by the LLUH Professional and General Liability Trust administered by Risk Management (the Trust) for professional and general liability claims. The Trust is a pooling of risk among the participants, which includes all of the core organizations described in Note 1. The University is required to deposit contributions with the Trust annually to fund the independent actuarial projections of future liabilities for the professional and general liability self-insurance program. In 2024 and 2023, the University deposited contributions of $505 thousand and $502 thousand, respectively, to fund its share of actuarial projections of future liabilities (included in general expenses). The funds paid to Risk Management for general and professional liability insurance coverage are not refundable.

For professional and general liability exposures, the University is covered up to $7.0 million per claim by the Trust's assets. Risk Management has purchased additional insurance through University Insurance Company of Vermont (UICV), which is wholly owned by LLUH, to cover claim limits of $2.0 million in excess of $7.0 million. UICV also issues a policy covering $20.0 million in excess of $9.0 million, which is 75% reinsured through ACE American Insurance Company (Chubb). Risk Management has purchased additional insurance from commercial insurance carriers to cover claims in excess of $29.0 million and up to $229.0 million per claim and in the aggregate.

In 2024 and 2023, the University deposited contributions of $30.2 million and $29.9 million, respectively, to fund its share of actuarial projections of future liabilities for all self-insurance plans.

19. Conditional Pledges

On August 1, 1995, the United States Government conditionally deeded 6.5 acres of land, including buildings from the former Norton Air Force Base, to LLU for the sum of one dollar. This property and facility are restricted for educational purposes and are subject to certain donor-imposed operational conditions and inspections by the government for a period of 30 years. If these conditions are not met, the land and buildings will be returned to the donor. The University will record the contribution at its fair value at the end of the 30-year period when all conditions to the transfer are met. The property and the facility are currently being used by the Social Action Community Health System clinic. There are no other unrecognized conditional pledges as of June 30, 2024 and 2023.

20. Commitments and Contingencies

There exists an unfunded commitment to draw down payments of $64.1 million over twelve months for investments private equity and other investments (refer to Note 5).

The University has guaranteed to the state of California the payment of all workers' compensation liabilities of LLUMC, LLUBMC, LLUCH, LLUSS and Faculty Practice Groups. For 2024 and 2023, the total current funding of all these groups exceeds the estimated future liability, therefore no liability has been recorded on the combined statement of financial position.

The University is involved in legal actions in the normal course of business, some of which seek monetary damages, including claims for punitive damages, which are not covered by insurance. These actions, when finally concluded and determined, will not, in the opinion of management based in part on consultation with the University's legal counsel, have a material adverse effect on the University's financial position, change in net assets, or cash flows.

21. Leases

Operating and finance lease liabilities are recognized at lease commencement based on the present value of the fixed lease payments using the University's incremental borrowing rate (IBR) at commencement. The University has elected to utilize the risk-free rate instead of the IBR as permitted by the standard for nonpublic entities. Related operating and finance lease ROU (right-of-use) assets are recognized based on the initial present value of the fixed lease payments, reduced by cash payments received from the landlords as lease incentives, plus any prepaid rent and other direct costs from executing the leases. Amortization of operating lease ROU assets is recorded as part of rent expense in facility costs, and amortization of finance lease assets is recorded as part of depreciation and amortization on the combined statements of activities.

The financing component of the amortization of the finance lease liabilities is recorded within interest expense on the combined statements of activities. ROU assets are tested for impairment in the same manner as long-lived assets. Leases with an initial term of 12 months or less are not recorded on the combined statements of financial position; the University recognizes lease expense for these leases on a straight-line basis over the lease term. Variable lease payments are recognized as lease expense as they are incurred. Options to extend are recognized as part of the ROU assets and liabilities based on management's intent to exercise. The University determined that a contract contains a lease when it conveys the right to control an identified asset for a period of time in exchange for consideration.

21. Leases (continued)

ROU operating and finance lease assets and liabilities are noted separately on the combined statements of financial position. Finance ROU assets are also stated separately on the combined statements of financial position, whereas previously they were recorded within property and equipment.

ROU assets and lease liabilities as of June 30, 2024 consist of the following (amounts in thousands):

Assets		
Operating lease assets	$	5,772
Finance lease assets		259
Total lease assets	$	6,031
Liabilities		
Operating lease liabilities	$	5,420
Finance lease liabilities		187
Total lease liabilities	$	5,607

Total finance and operating lease costs for the twelve months ended June 30, 2024 were as follows (amounts in thousands):

Finance lease costs		
Amortization of ROU assets	$	442
Interest on lease liabilities		8
Total finance lease costs	$	450
Operating lease cost	$	1,751
Variable lease cost		–
Total operating lease costs	$	1,751

21. Leases (continued)

Future lease payments as of June 30, 2024 are as follows (amounts in thousands):

	Operating Leases	Finance Leases
2025	$ 1,422	$ 183
2026	718	2
2027	501	–
2028	384	–
2029	380	–
Thereafter	2,281	–
Total	5,686	185
Less: Imputed interest	(264)	(1)
Present value of net lease payments	$ 5,422	$ 184

The following table includes supplemental lease information as of June 30, 2024:

Weighted average remaining lease term as of June 30, 2024 (in years):	
Operating leases	9.97
Finance leases	0.65
Weighted average discount rate as of June 30, 2024:	
Operating leases	0.94%
Finance leases	2.18%

Most operating leases consist of rental of buildings and space occupied by LLU, the majority of which are with other LLUH-related parties. Intracompany leases among the University's divisions are recorded and then eliminated in the combined statements of financial position. The finance leases are comprised of equipment used for the dental school and printing services.

LLUH-SB leases space to a community health clinic under a noncancelable operating lease with an initial rate of $2.80 per square foot. The lease rate increases by fixed and indexed amounts over an initial term of 20 years, and the lease agreement includes two options to extend for an additional five years.

21. Leases (continued)

Future minimum cash rentals to be collected from leases with an unrelated tenant for the years ending June 30 are as follows (amounts in thousands):

2025	$ 3,890
2026	3,890
2027	3,890
2028	3,890
2029	3,890
Thereafter	27,107
	$ 46,557

In addition to the minimum lease payments above, the University receives payments related to operating expenses necessary to operate the building, including maintenance, property taxes, and insurance. These amounts are not included as minimum lease payments, as the payment due is based on actual expenses incurred by the organization. During 2024, $1.64 million was recorded as revenue for CAM from the nonaffiliated tenant, which was included within rental income on the combined statement of activities.

22. U.S. Department of Education Title IV Supplemental Disclosure

The U.S. Department of Education has issued regulations regarding additional disclosures deemed necessary to calculate certain ratios for determining sufficient financial responsibility under Title IV regulations. The financial information as of June 30, 2024 is as follows (amounts in thousands):

	2024	**2023**
Pre-implementation debt:		
Ending balance of last combined financial statements	**$ 223,444**	$ 219,565
Post-implementation line of credit	**(48,000)**	(38,500)
Post-implementation debt	**(10,790)**	(11,265)
Balance pre-implementation debt	**$ 164,654**	$ 169,800

23. Financially Interrelated Foundation

During the year ended June 30, 2020, LLU contributed $15.0 million to a financially interrelated foundation which has as its sole and specific purpose to provide tuition support for a cadre of students in each entering class of Loma Linda University School of Medicine; no variance power was granted to the Foundation.

LLU does not control the Foundation and, as such, does not consolidate it in its combined financial statements. However, LLU and the Foundation are financially interrelated organizations, as defined under FASB Accounting Standards Codification Topic 958. As the specified beneficiary, LLU reports its interest in the net assets of the Foundation in its combined statements of financial position. LLU also adjusts its interest for its share of the change in the net assets of the Foundation, which is shown as a component of revenue and support on the combined statements of activities.

During the year ended June 30, 2024, LLU recognized $2.4 million, representing its share of the change in the net assets of the Foundation and an interest in the net assets of the Foundation of $39.1 million on the combined statement of financial position at June 30, 2024, of which $24.3 million is considered to be an asset with donor restrictions. During the year ended June 30, 2024, the Foundation distributed $805 thousand to a select group of students for their tuition in the Loma Linda University School of Medicine.

24. COVID-19 Pandemic and Impact of CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020, and included, among other provisions, budgetary relief to higher educational institutions. The CARES Act Higher Education Emergency Relief Funds (HEERF) provided funding from ED to higher educational institutions to support financial aid grants to students and lost revenue attributable to COVID-19. HEERF is not required to be repaid, provided that the University attests to and complies with certain terms and conditions. The University recognized $784 thousand for the institutional portion for the year ended June 30 2023. These funds are included on the combined statement of activities for the year ended June 30, 2023 as sponsored support revenue.

On May 25, 2021, the University received an award of $960 thousand from the Department of Health and Human Services (HHS) to support mental and behavioral health education as part of the American Rescue Act of 2021. Sponsored project revenue of $521 thousand has been recognized in fiscal year 2024.

24. COVID-19 Pandemic and Impact of CARES Act (continued)

The University will continue to monitor compliance with the terms and conditions of all federal awards and the impact of the pandemic on revenues and expenses. If it is determined that the University is unable to attest to or comply with current or future terms and conditions, the University's ability to retain some or all of the distribution received may be impacted. The Federal COVID-19 Public Health Emergency declaration ended on May 11, 2023.

25. Subsequent Events

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

The University has evaluated subsequent events through November 11, 2024, which is the date the accompanying combined financial statements are available for issuance.

Supplemental Schedules

Loma Linda University

Combining Statement of Financial Position

(Amounts in Thousands)

June 30, 2024

	Educational Division	Foundation Division	Eliminations	Total
Assets				
Cash and cash equivalents	$ 16,277	$ 1,554	$ –	$ 17,831
Restricted cash	5	–	–	5
Accounts receivable, net	26,087	969	47	27,103
Student loans receivable, net	50,286	–	–	50,286
Pledges receivable, net	32	5,574	–	5,606
Deferred rent	–	5,051	(1,158)	3,893
Investments	39,136	1,473,152	(39,136)	1,473,152
Irrevocable trusts	–	41,505	–	41,505
Investment in net assets of the Foundation	39,074	–	–	39,074
Due from interdivision	134,614	113,655	(248,269)	–
Advances to related parties	45,611	9,215	–	54,826
Inventories, prepaid expenses, and other assets	8,476	5,073	–	13,549
Net investment in direct financing lease	–	736	–	736
Property, plant, and equipment, net	206,244	101,600	–	307,844
Finance right-of-use assets, net	–	259	–	259
Operating right-of-use assets, net	21,943	461	(16,632)	5,772
Total assets	$ 587,785	$ 1,758,804	$ (305,148)	$ 2,041,441
Liabilities and net assets				
Liabilities:				
Accounts payable and accrued expenses	$ 45,693	$ 1,349	$ –	$ 47,042
Deferred revenue	26,734	–	–	26,734
Investments held on behalf of others	–	677,195	–	677,195
Liabilities due under annuity and split-interest agreements	–	23,096	–	23,096
Due to interdivision	111,390	172,066	(283,456)	–
Advances from related parties	73,255	8,043	–	81,298
Debt, net	211,455	11,989	–	223,444
Finance lease right of use liability	–	187	–	187
Operating lease right of use liability	22,037	490	(17,107)	5,420
Other liabilities	34,711	1,615	–	36,326
Total liabilities	525,275	896,030	(300,563)	1,120,742
Net assets (deficiency):				
Without donor restrictions	(61,903)	204,225	(4,585)	137,737
With donor restrictions	124,413	658,549	–	782,962
Total net assets	62,510	862,774	(4,585)	920,699
Total liabilities and net assets	$ 587,785	$ 1,758,804	$ (305,148)	$ 2,041,441

Loma Linda University

Combining Statement of Activities
(Amounts in Thousands)

Year Ended June 30, 2024

	Educational Division			Foundation Division				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	All Divisions Total
Revenue and support:								
Net tuition and fees	$ 168,225	$ –	$ 168,225	$ –	$ –	$ –	$ –	$ 168,225
Gifts and subsidies	7,473	184	7,657	754	26,657	27,411	(27)	35,041
Sponsored support	38,411	1,761	40,172	–	–	–	–	40,172
Investment income, net	4,404	1,164	5,568	34,933	13,864	48,797	(2,091)	52,274
Sales and service income	12,579	163	12,742	18,390	–	18,390	(6,291)	24,841
Clinic and auxiliary income	54,576	(1)	54,575	–	–	–	(1,316)	53,259
Student loan interest and other	(167)	3,866	3,699	–	–	–	–	3,699
Change in interest in assets of the Foundation	–	2,367	2,367	–	–		–	2,367
Net assets released from restriction	25,793	(13,108)	12,685	(2,500)	(10,185)	(12,685)	–	–
Total revenue and support	311,294	(3,604)	307,690	51,577	30,336	81,913	(9,725)	379,878
								–
Operating expenses:								–
Salaries and benefits	170,594	–	170,594	27	–	27	(27)	170,594
Plant repairs and replacements	4,238	–	4,238	2,820	–	2,820	(976)	6,082
Supplies and printing services	20,151	–	20,151	274	–	274	(132)	20,293
Professional development and training	2,664	–	2,664	–	–	–	–	2,664
Travel and entertainment	4,454	–	4,454	–	–	–	–	4,454
Purchased services	63,562	–	63,562	3,247	–	3,247	(315)	66,494
Cost of goods sold	990	–	990	–	–	–	–	990
Technology and telecommunications	5,797	–	5,797	17	–	17	(398)	5,416
Utilities	16,267	–	16,267	2,145	–	2,145	–	18,412
General expenses	35,117	–	35,117	(439)	–	(439)	(4,590)	30,088
Interest and taxes	9,852	–	9,852	3,542	–	3,542	(2,092)	11,302
Depreciation and amortization	19,479	–	19,479	3,231	–	3,231	–	22,710
Total operating expenses	353,165	–	353,165	14,864	–	14,864	(8,530)	359,499
Change in net assets from operating activities	(41,871)	(3,604)	(45,475)	36,713	30,336	67,049	(1,195)	20,379
Transfer from (to) interdivisions	21,147	4,173	25,320	(21,147)	(4,173)	(25,320)	–	–
Transfer from affiliates	2,960	–	2,960	(9,991)	–	(9,991)	–	(7,031)
Unrealized gains (losses) on investments	379	–	379	(10,392)	18,797	8,405	(379)	8,405
Change in net assets	(17,385)	569	(16,816)	(4,817)	44,960	40,143	(1,574)	21,753
Net assets (deficiency), beginning of year	(44,518)	123,844	79,326	209,042	613,589	822,631	(3,011)	898,946
Net assets (deficiency), end of year	$ (61,903)	$ 124,413	$ 62,510	$ 204,225	$ 658,549	$ 862,774	$ (4,585)	$ 920,699

Loma Linda University

Financial Responsibility Supplemental Schedule
Required by the United States Department of Education
(Amounts in Thousands)

Year Ended June 30, 2024

Location in Combined Financial Statements or Related Notes	Financial Element	GAAP Financial Statement Line Item or Disclosure
Primary reserve ratio: expendable net assets		
Statement of financial position	Net assets without donor restrictions	$ 137,737
Statement of financial position	Net assets with donor restrictions	782,962
Statement of financial position	Unsecured related-party receivable	54,826
Statement of financial position	Total land, buildings, and equipment, net (includes construction progress)	307,844
Note 6, Property, Plant, and Equipment, Net	Construction-in-progress post-implementation without long-term related debt	4,424
Note 21, Leases	Lease right-of-use asset, net total	6,031
N/A	Lease right-of-use asset, net, pre-implementation	–
Note 21, Leases	Lease right-of-use asset, net, post-implementation	6,031
N/A	Intangible assets	–
N/A	Post-employment and pension liabilities	–
Statement of financial position	Long-term debt – for long-term purposes – bonds and notes payable, net	223,444
N/A	Long-term debt – for long-term purposes – capital lease liability	–
Note 22, U.S. Department of Education Title IV Supplemental Information	Long-term debt – for long-term purposes – pre-implementation – total principal outstanding	164,654
Note 9, Debt	Long-term debt – for long-term purposes – pre-implementation – unamortized premium on bonds	10,790
N/A	Long-term debt – for long-term purposes – post-implementation – capital lease liability	–
Note 22, U.S. Department of Education Title IV Supplemental Information	Long-term debt – for long-term purposes – post-implementation – notes payable	48,000
Note 21, Leases	Lease right-of-use asset liabilities	5,607
N/A	Pre-implementation right-of-use asset liability	–
Note 21, Leases	Post-implementation right-of-use asset liability	5,607
Note 11, Net assets with donor restrictions	Annuities and life income funds with donor restrictions	31,905
Note 12, Endowment	Term endowments with donor restrictions	118,251
Note 12, Endowment	Net assets with donor restrictions: restricted in perpetuity	320,568
N/A	Net assets with donor restrictions – in perpetuity	–
N/A	Beneficial interest in trusts with donor restrictions	–

Loma Linda University

Financial Responsibility Supplemental Schedule
Required by the United States Department of Education (continued)
(Amounts in Thousands)

Year Ended June 30, 2024

Location in Combined Financial Statements or Related Notes	Financial Element	GAAP Financial Statement Line Item or Disclosure
Primary reserve ratio: expenses and losses		
Statement of activities	Total expenses without donor restrictions – taken directly from combined statement of activities	$ 359,499
Statement of activities –	Nonoperating and net investment gain (losses) – without donor restriction: investment income, net + unrealized losses on investments	26,854
Statement of activities –	Net investment gains (losses) – without donor restriction: investment income, net + unrealized losses on investments + transfers from affiliates	19,823
N/A	Pension-related changes other than net periodic benefit cost	–
Equity ratio: modified net assets		
Statement of financial position	Net assets without donor restrictions	137,737
Statement of financial position	Net assets with donor restrictions	782,962
N/A	Intangible assets	–
Statement of financial position	Unsecured related-party receivable	54,826
Equity ratio: modified assets		
Statement of financial position	Total assets	2,041,441
N/A	Lease right-of-use asset pre-implementation	–
N/A	Pre-implementation right-of-use asset and liability	–
N/A	Intangible assets	–
Statement of financial position	Unsecured related-party receivable	54,826
Net income ratio		
Statement of activities	Change in net assets without donor restrictions	(23,776)
Statement of activities	Total revenue and support without donor restrictions	353,146
Statement of activities	Unrealized gain (loss) on investments, net	(10,392)

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