UCLA

ANNUAL FINANCIAL REPORT

2023 – 2024

The financial information presented in this report is unaudited and has been prepared by management. For audited financial statements, please see the University of California Controller's website.

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DISCLAIMER – BASIS OF PRESENTATION: UNAUDITED FINANCIAL INFORMATION

The accompanying financial information has been prepared by management of the University of California, Los Angeles (UCLA) and is unaudited. It has not been subjected to the audit procedures applied to the University of California (the University)'s audited financial statements, and accordingly, the external auditors do not express an opinion or provide assurance on this information.

Instead, the University audit was conducted for the purpose of forming an opinion on the University's financial statements taken as a whole, available at: https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html.

These statements present only the financial position, changes in net position, and cash flows attributable to UCLA. They do not purport to, and do not, present fairly the financial position of the University of California as a whole, or the changes in its net position or cash flows, in conformity with accounting principles generally accepted in the United States of America (GAAP).

The unaudited financial information has been prepared in accordance with University policies and procedures and includes all information necessary for a fair presentation of UCLA's financial activity, except for certain elements that are centrally managed and reported by the University of California Office of the President (UCOP). These elements include investments, debt, endowments, pension, and other postemployment benefit (OPEB) obligations, and related revenues and expenses, each of which includes significant transactions and balances that may exceed $1 billion at the systemwide level.

UCLA's general ledger (G/L) data is submitted to UCOP, which consolidates financial information for all campuses and records certain systemwide activities. As a result, UCLA's standalone financial records do not fully reflect these centrally managed balances. For purposes of this presentation, adjustments have been incorporated to reflect amounts that are materially consistent with UCLA's allocable share of these systemwide activities.

In certain instances, detailed information is maintained only at the systemwide level and is not available on a campus-specific basis. Accordingly, UCLA has applied reasonable estimation methodologies to allocate such balances. These estimates are based on the best information available and are intended to achieve a materially accurate presentation.

As methodologies and data availability evolve, prior year amounts presented herein may be refined in the current year comparative presentation; however, previously issued reports may not be updated. Such changes do not affect the University of California's audited consolidated financial statements.

CAMPUS AND FINANCIAL HIGHLIGHTS

UNIVERSITY OF CALIFORNIA, LOS ANGELES
CAMPUS AND FINANCIAL HIGHLIGHTS

Years ended, 2024 and 2023 (in millions of dollars)

	2024	2023
CAMPUS LAND AREA	704 acres	680 acres
ENROLLMENT - FALL QUARTER		
Undergraduates	33,040	32,423
Graduates, Interns, and Residents	15,010	15,409
EMPLOYEE COUNT		
Full-Time Equivalent	44,990	40,402
NET POSITION		
Beginning of Year	$(757)	$(864)
End of Year	$353	$(757)
ASSETS:		
Total Current Assets	$3,136	$2,915
Total Noncurrent Assets and Deferred Outflows	$18,407	$17,538
	$21,543	$20,453
LIABILITIES:		
Total Current Liabilities	$2,676	$2,289
Total Noncurrent Liabilities and Deferred Inflows	$18,514	$18,921
	$21,190	$21,210
REVENUE:		
Operating Revenue	$10,837	$9,898
Nonoperating Revenue (Primary Activities)	$1,649	$1,290
	$12,486	$11,188
Principal Sources of Operating Revenue:		
Student Tuition and Fees	$990	$983
Grants and Contracts	$1,529	$1,390
Sales and Services	$8,125	$7,294
Principal Sources of Nonoperating Revenue:		
State Educational Appropriations	$670	$674
EXPENDITURES:		
Operating Expense	$12,232	$11,595
Nonoperating Expense (Primary Activities)	$220	$226
	$12,452	$11,821
Principal Operating Expenditures:		
Salaries and Wages	$5,541	$4,898
Benefits	$2,305	$2,676
Supplies and Materials	$1,522	$1,567

MANAGEMENT'S DISCUSSION AND ANALYSIS

The objective of this Management's Discussion and Analysis (MD&A) is to help readers of the University of California Los Angeles' (UCLA's) financial statements better understand the financial position and operating activities for the year ended June 30, 2024, with selected comparative information for the year ended June 30, 2023. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes to the financial statements. Unless otherwise indicated, years (2023, 2024, etc.) in this discussion refer to the fiscal years ended June 30.

UCLA is one of 10 campuses within the University of California system (the University). The three basic financial statements in this report—the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows—encompass the UCLA campus and its discretely presented components, the UCLA Foundation and the Jonsson Cancer Center Foundation (JCCF). The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements. While the MD&A and the notes focus mainly on the campus, audited financial statements for The UCLA Foundation and the Jonsson Cancer Center Foundation are issued separately and may be obtained by contacting those organizations directly. Audited financial statements for the UCLA Medical Center are in the University of California's combined medical centers report, available at https://www.ucop.edu/uc-controller/financial-reports/medical-center-financial-reports.html.

For the purposes of this report, Medical Center refers to the UCLA Hospital System, including Ronald Reagan UCLA Medical Center, UCLA Mattel Children's Hospital, Resnick Neuropsychiatric Hospital, UCLA Santa Monica Medical Center, UCLA West Valley Medical Center, and The Tiverton Health & Wellness Hotel.

The University of California

The University of California, one of the largest and most acclaimed institutions of higher learning in the world, is dedicated to excellence in teaching, research, health care, and public service. The University encompasses ten campuses, five medical centers, four law schools, and a statewide Division of Agricultural and Natural Resources. The University is also involved in the operation and management of three national laboratories for the U.S. Department of Energy (DOE). The consolidated audited financial report of the University of California is available at https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html.

The Los Angeles Campus of the University of California

UCLA was founded in 1919 and is financially the largest campus in the 10-campus University of California system, with an annual budget of approximately $12.6 billion. The financial statements included in this annual report encompass the following:

Campus – The Los Angeles campus spans 704 acres and is devoted to undergraduate and graduate scholarship serving 48,050 students in the following schools:

College of Letters and Science
General
Humanities
Institute of the Environment & Sustainability
International Institute
Life Sciences
Physical Sciences
Social Sciences

Health Sciences Programs
David Geffen School of Medicine
Jonathan and Karin Fielding School of Public Health
School of Dentistry
School of Nursing
Semel Institute for Neuroscience and Human Behavior

Professional Schools
School of Education & Information Studies
Henry Samueli School of Engineering & Applied Sciences
John E. Anderson School of Management
Meyer and Renee Luskin School of Public Affairs
School of Law
School of the Arts and Architecture
School of Theater, Film and Television
Herb Alpert School of Music

Basic Biomedical Sciences
Letters and Science: Basic Biomedical Sciences
Medicine: Basic Biomedical Sciences

During the 2023-24 academic year, UCLA offered approximately 7,100 undergraduate and graduate courses in 193 subject areas, producing more than 452,000 enrollments in primary classes and 238,000 enrollments in laboratory and discussion sections. Known for academic excellence, many of UCLA's programs are rated among the best in the nation, and some are among the best in the world. Few universities offer the range and diversity of academic programs available to UCLA students.

The campus' mission also includes a strong dedication to research and public service. The UCLA community focuses on environmental issues, economic and social policy concerns, public education reform, and the cost of health care and medical advances. More than 7,800 research projects are being conducted on campus at any given time. For 2024, UCLA expenditures for research were approximately $1.21 billion. UCLA was ranked the No. 1 public university in the country by U.S. News & World Report for the eighth year in a row.

UCLA employed over 54,100 faculty, administrators and staff (including casual and student employees), filling approximately 45,000 full-time-equivalent positions, and spent $7.8 billion in compensation costs for the fiscal year ended June 30, 2024. UCLA's employees are distinguished for their contributions to education, research, and public service.

Distinguished honors and awards to UCLA alumni and faculty include the following:

- Three alumni awarded Nobel Prizes for chemistry (1951, 1984, 2010), two for economics (1990, 2009), two for physiology or medicine (2013, 2021), and one for peace (1950)

- Four faculty members awarded Nobel Prizes for chemistry (1960, 1987, 1997, 2016), two for physics (1965, 2020), one for physiology or medicine (1998), and one for economic sciences (2012)
- Eleven alumni awarded Rhodes Scholarships (1936, 1948, 1955, 1962, 1969, 1971, 1973, 1997, 2009, 2010)
- Twelve faculty members and two alumni awarded the President's National Medal of Science from the National Science Foundation (1964, 1965, 1966, 1970, 1989, 1991, 1993, 1994, 1996, 1999, 2007, 2011, 2023)
- One faculty member awarded the Fields Medal for Outstanding Discoveries in Mathematics from the International Congress of the International Mathematical Union (2006)
- Four alumni, two faculty, and one staff member awarded the Presidential Medal of Freedom (1963, 1984, 1993, 2000, 2003, 2016)

The Center for the Art of Performance at UCLA, the Fowler Museum at UCLA, the Hammer Museum, and the UCLA Film & Television Archive provide both academic programs and a wide array of public events second to none.

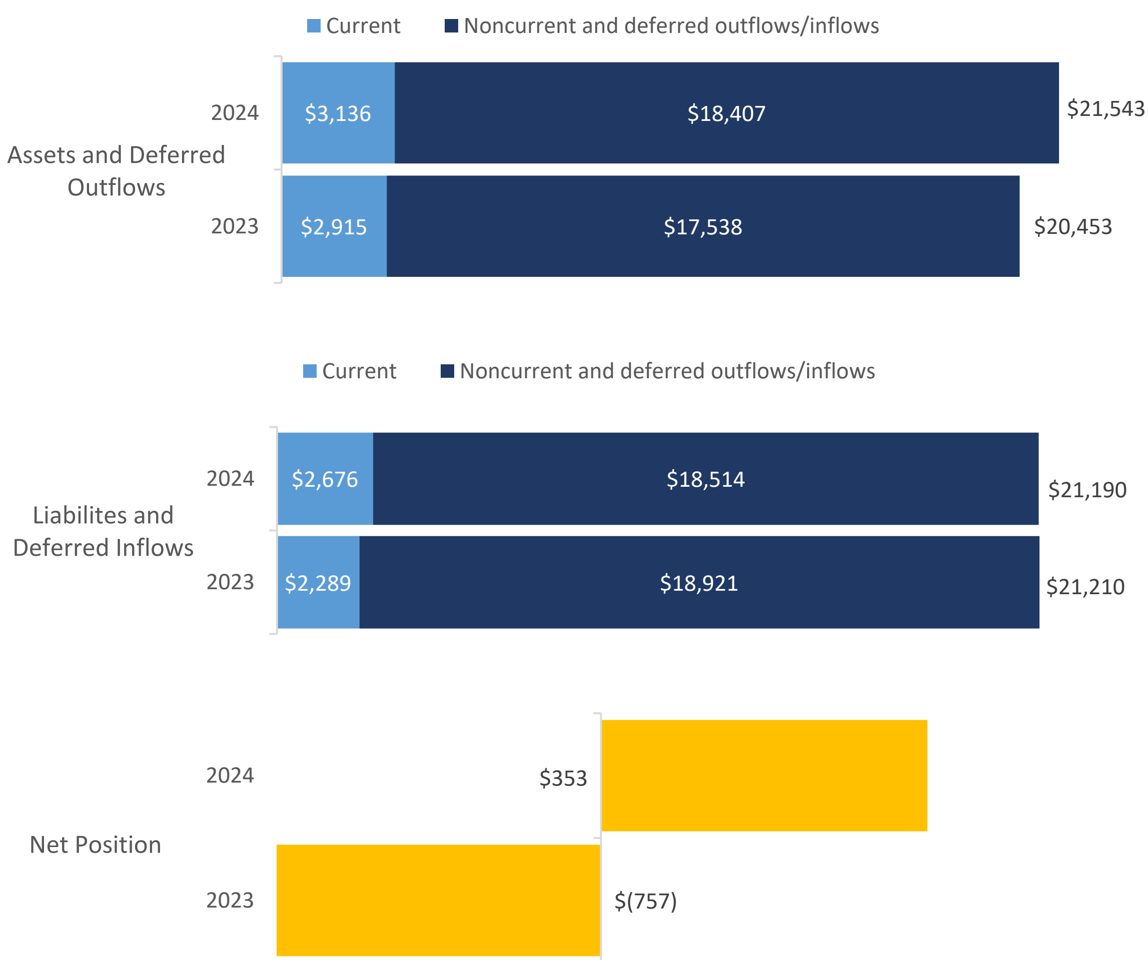
UCLA Health System is comprised of Ronald Reagan UCLA Medical Center, UCLA Mattel Children's Hospital, Resnick Neuropsychiatric Hospital at UCLA, UCLA Santa Monica Medical Center, UCLA West Valley Medical Center, UCLA Ambulatory System, and UCLA Faculty Practice Groups. With its wide-reaching system of primary-care and specialty-care offices throughout the region, UCLA Health System is among the most comprehensive and advanced health care systems in the world. For the 35th consecutive year, UCLA Health hospitals earned a coveted placement on the 2024-25 U.S. News & World Report Best Hospitals national honor roll, a distinction reserved for only the 20 hospitals with the highest-quality care. It is nationally ranked in 14 adult and 8 pediatric specialties and rated high performing in 21 adult procedures and conditions. The UCLA Medical Center comprises the primary teaching hospitals for the David Geffen School of Medicine at UCLA. Information relating to UCLA Health System can be found at http://www.uclahealth.org.

The Campus' Financial Position

UCLA's overall net position was $353 million in 2024, compared with a negative $757 million in 2023. The year-over-year increase in net position is primarily driven by three factors: strong results from Medical Center operations, reduced pension and OPEB liabilities, and net appreciation in our investment portfolios (TRIP, BGP, and GEP). The increase in Medical Center net position reflects continued strength in operating results; the significant decreases in pension and OPEB liabilities are driven by actuarial factors rather than changes in campus operations; and the combined realized and unrealized gains from our investment portfolios totaled $806M in FY24.

UCLA's financial position by component for 2024 and 2023 is presented in **Display 1.**

Display 1: UCLA's Financial Position *(in millions of dollars)*



The Statements of Net Position present the financial position of UCLA at the end of each year. They display all of UCLA's assets, deferred outflows, liabilities, deferred inflows, and net position. The difference between assets, deferred outflows, liabilities, and deferred inflows is net position. The major components of the Statements of Net Position as of June 30, 2024, and 2023 are presented in **Table MDA.1.**

Table MDA.1: UCLA's Net Position *(in millions of dollars)*

Description	2024	2023
Assets		
Investments	$9,125	$8,943
Accounts receivable, net	1,534	1,281
Capital assets, net	8,699	7,822
Other assets	710	675
Total assets	**20,068**	**18,721**
Deferred outflows of resources	**1,475**	**1,732**
Liabilities		
Debt, including commercial paper	6,248	6,238
Net pension liability, including pension payable to UCOP	5,390	5,868
Net retiree health benefits liability	4,482	4,851
Other liabilities	2,170	1,951
Total liabilities	**18,290**	**18,908**
Deferred inflows of resources	**2,900**	**2,302**
Net position		
Net investment in capital assets	4,008	3,527
Restricted: Nonexpendable	358	366
Restricted: Expendable	2,538	2,359
Unrestricted	(6,551)	(7,009)
Total net position	**$353**	**$(757)**

The Campus' Assets and Deferred Outflows

UCLA's assets and deferred outflows of resources totaled $21.5 billion in 2024, compared to $20.5 billion in 2023. Net capital assets have increased due to continued investments in facilities in excess of depreciation. Investments increased in 2024 due to positive financial market returns. Deferred outflows have fluctuated primarily due to changes in UCLA's net pension and retiree health benefits liabilities.

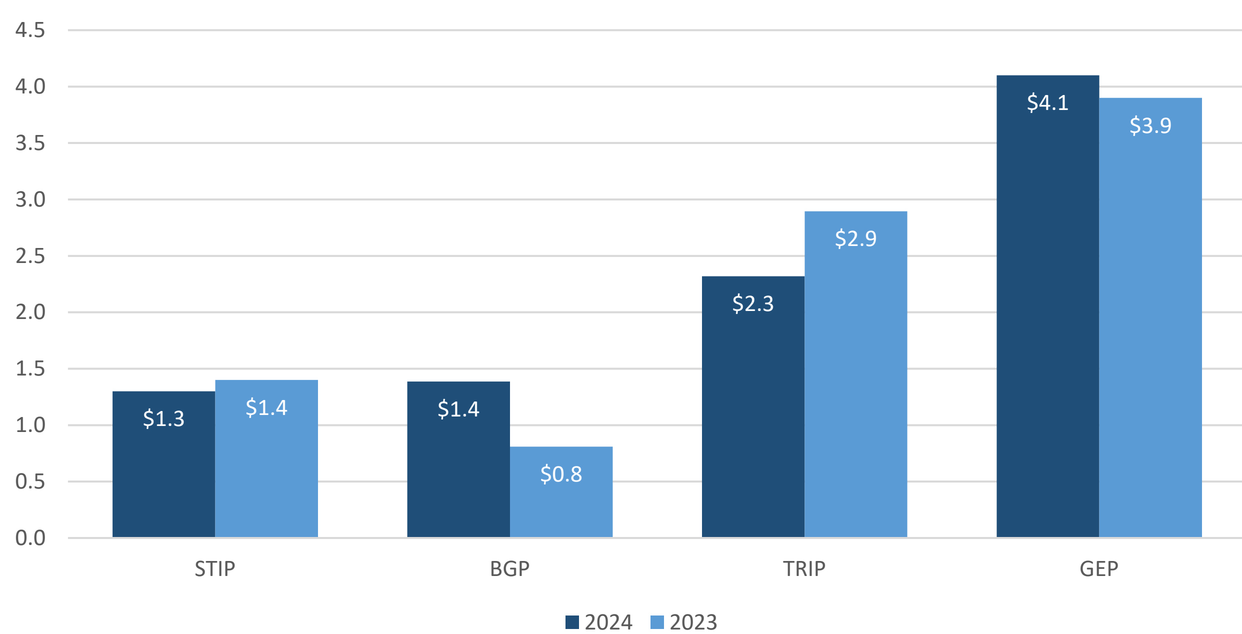
Investments

Investments held by the University are principally carried in the following investment pools: the Short-Term Investment Pool (STIP), the Total Return Investment Pool (TRIP), the Blue and Gold Pool

(BGP), and the General Endowment Pool (GEP). Cash for operations are invested in STIP. The University uses STIP to meet operational liquidity needs. TRIP provides the opportunity to enhance returns on long-term capital by taking advantage of the economies of scale of investing in a large pool across a broad range of asset classes. The University maximizes its use of TRIP while still maintaining sufficient funds in STIP to meet operational and liquidity needs. BGP was created to enhance returns by passively investing funds in the equity and fixed-income markets while still maintaining liquidity. The investment policy for TRIP is balanced between equities and fixed income while the investment policy for BGP is more heavily weighted toward equities. GEP is a balanced portfolio and the primary investment vehicle for individual endowments and funds functioning as endowments.

The University utilizes asset allocation strategies that are intended to optimize investment returns over time in accordance with investment objectives and at acceptable levels of risk. GEP had returns of 11.7 percent in 2024 and 8.2 percent in 2023. BGP had returns of 15.7 percent in 2024 and 13.3 percent in 2023. TRIP had returns of 12.1 percent and 8.6 percent in 2024 and 2023, respectively. STIP had returns of 4.2 percent and 2.8 percent in 2024 and 2023, respectively.

Display 2: UCLA's Investments 2023-2024 *(in billions of dollars)*



Capital assets, net

UCLA's enrollment growth and continuing needs for renewal, modernization and seismic correction of existing facilities are the key drivers of capital investments. Capital spending continued at a brisk pace in order to provide the facilities necessary to support UCLA's teaching, research, and public service mission and for patient care. Capital spending includes constructing and renovating academic buildings, research laboratories, libraries, student services, parking structures, and infrastructure projects. Total additions to capital assets were $1,513 million in 2024. Acquisitions in 2024 include the West Hills Hospital and Medical Center for $146 million, and the land portion of the former Westside Pavilion (now known as UCLA Research Park) for $102 million. Completed buildings and improvements in 2024 include seismic upgrades and renovations to the UCLA Rosenfeld Hall for $26 million.

Major projects under construction include the building portion of the former Westside Pavilion for $539 million, the Neuropsychiatric Replacement Hospital with cumulative costs of $142 million, and the Center for Health Sciences for $26 million.

Other assets

Other assets include cash, investments held by trustees, pledges receivable, notes and mortgages receivable, and inventories.

Deferred outflows of resources

Changes in the fair value of the University's interest rate swaps that are determined to be hedging derivatives, losses on debt refundings, asset retirement obligations, excess of consideration from acquisitions and certain changes in the net pension and net retiree health benefits liabilities are reported as deferred outflows of resources. In 2024, deferred outflows decreased due to changes in the pension obligations as a result of actual earnings more than expected and changes in assumptions for retiree health benefits partially offset by increases due to acquisitions including West Hills Hospital and Medical Center.

The Campus' Liabilities and Deferred Inflows

UCLA's liabilities and deferred inflows of resources were $21.2 billion in 2024 and $21.2 billion in 2023.

Debt, including commercial paper

Capital assets are financed from a variety of sources, including state support, gifts, revenue bonds, bank loans, and leases. Commercial paper and bank loans provide interim financing for capital assets during the construction period. Outstanding debt increased by $10 million in 2024.

UCLA's debt, which is used primarily to finance capital assets, includes $20 million and $19 million of commercial paper outstanding at the end of 2024 and 2023, respectively. Total debt outstanding was $6,248 million at the end of 2024 compared to $6,238 million at the end of 2023.

Commercial paper is primarily used as interim financing for construction projects and short-term financing for other needs. Commercial paper fluctuates based upon the timing of refinancing construction projects with the issuance of long-term revenue bonds.

Net pension liability and retiree health benefits

The University has a financial responsibility for pension benefits associated with its defined benefit plans and for retiree health benefits. UCLA's net pension liability was $3.8 billion and $4.4 billion in 2024 and 2023, respectively. The changes were driven primarily by investment returns for the University of California Retirement Plan (UCRP) portfolio. In both 2024 and 2023, market performance was favorable compared to expected returns. The total investment rate of return for UCRP was 12.2 percent in 2024 and 10.1 percent in 2023. The discount rate used to estimate the net pension liability was 6.75 percent for 2024 and 2023, respectively.

UCLA's net retiree health benefits liability was $4.5 billion and $4.9 billion in 2024 and 2023, respectively. While retiree health benefits are not a legal obligation of the University and can be canceled or modified at any time, accounting standards require the University to recognize a net retiree health benefits liability based on the current practices of providing such benefits. The University funds the retiree health benefits through the University of California Retiree Health Benefit Trust (UCRHBT) on a pay-as-you-go basis. Since the assets in the trust are not currently sufficient to fund retiree health benefits, the Bond Buyer 20-year tax-exempt general obligation municipal bond index rate is used to discount the retiree health benefits liability. The decrease in the net retiree health benefits liabilities in 2024 was primarily driven by changes in actuarial assumptions including an increase in the discount rate and a decrease in plan participation and health care cost trend assumptions. The discount rate as of June 30, 2024, was 3.93 percent.

Other liabilities

Other liabilities consist of accounts payable, accrued salaries, other employee benefits, unearned revenue, and federal refundable loans. Accrued salaries changes were due to the timing of payroll and benefit payments.

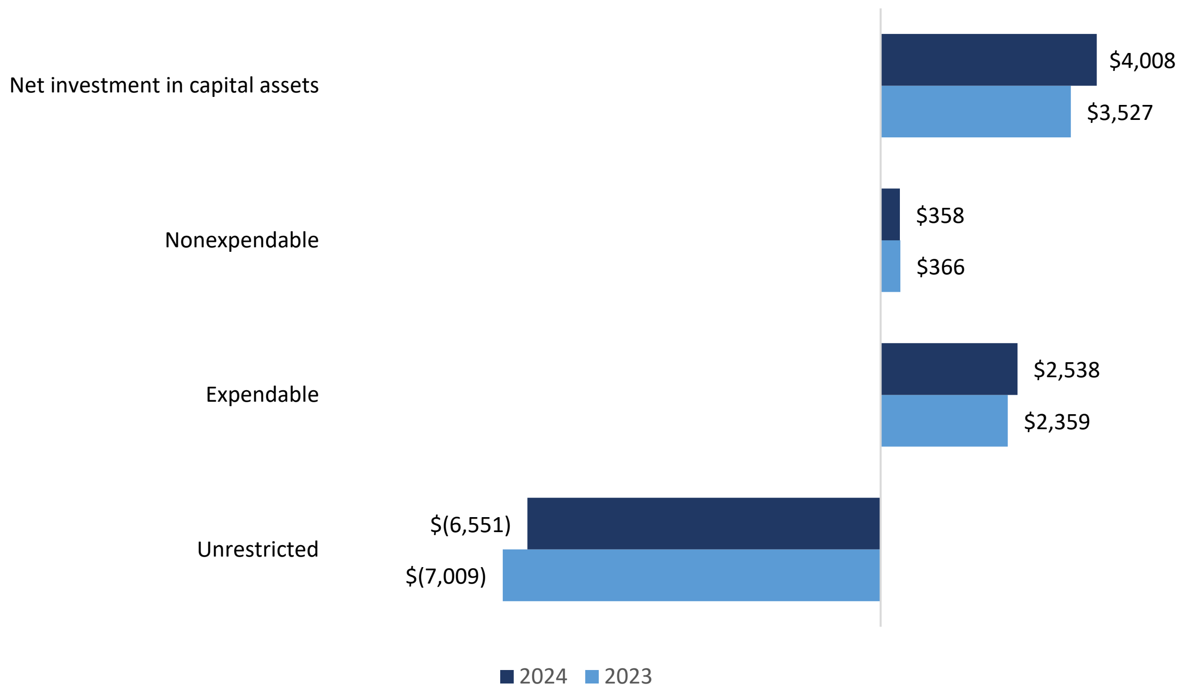
Deferred inflows of resources

Deferred inflows of resources are related to gains on debt refunding, sales of certain future patent royalty revenues, and certain changes in the net pension and net retiree health benefits liabilities. Changes in deferred inflows of resources were primarily due to fluctuations in the net pension liability related to investment market performance and the retiree health liability as a result of changes in the discount rate.

The Campus' Net Position

Net position represents the residual interest in UCLA's assets and deferred outflows after all liabilities and deferred inflows are deducted. UCLA's net position was $353 million in 2024, compared to $(757) million in 2023. Net position is reported in the following categories: net investment in capital assets; restricted, nonexpendable; restricted, expendable; and unrestricted, which are presented in **Display 3.**

Display 3: UCLA's Net Position *(in millions of dollars)*



Net investment in capital assets

The portion of net position invested in capital assets, net of accumulated depreciation and the related outstanding debt used to finance the acquisition, construction, or improvement of these capital assets, was $4.0 billion in 2024 compared to $3.5 billion in 2023. To support its growth, UCLA continues to invest in its physical facilities, and financing with debt is used for a significant portion of the investments. Net investment in capital assets increased by $0.5 billion in 2024 as UCLA continues to invest in its physical facilities.

Restricted, nonexpendable

Restricted nonexpendable net position includes the corpus of UCLA's permanent endowments as well as minority interests. In 2024, the decrease in restricted nonexpendable net position was due to decrease in minority interests partially offset by increase in endowments and gifts.

Restricted, expendable

Restricted expendable net position is subject to externally imposed restrictions governing its use. Restricted expendable net position may be spent only in accordance with the restrictions placed upon it and may include endowment income and gains, subject to UCLA's spending policy; support received from gifts, state or federal appropriations; and trustee-held investments. The increases or decreases in restricted expendable funds are principally due to the timing of spending restricted gifts and endowment income and gains.

Unrestricted

Net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted for financial reporting purposes. Unrestricted net position is negative due primarily to obligations for pension and retiree health benefits exceeding UCLA's assets available to pay such obligations. Although unrestricted net position is not subject to externally imposed restrictions, substantially all of UCLA's unrestricted net position is allocated for academic and research initiatives or programs, for capital projects or for other purposes.

The Campus' Results of Operations

The Statements of Revenues, Expenses, and Changes in Net Position present the campus' operating results and indicate whether the financial condition has improved or deteriorated. In accordance with GASB requirements, certain significant revenues relied upon and budgeted for fundamental operational support of the core instructional mission of the campus are required to be recorded as nonoperating revenues, including state educational appropriations, private gifts, and investment income. A summarized comparison of the operating results for 2024 and 2023, arranged in a format that matches the revenue supporting the primary activities of UCLA with the expenses associated with these primary activities, is shown in **Table MDA.2:**

Table MDA.2: UCLA's Results of Operations *(in millions of dollars)*

	2024			2023		
	Operating	**Nonoperating**	**Total**	**Operating**	**Nonoperating**	**Total**
Revenues						
Student tuition and fees, net	$990		$990	$983		$983
State educational appropriations		$670	670		$674	674
Direct government grants					6	6
Federal Pell Grants		62	62		54	54
Grants and contracts, net	1,529		1,529	1,390		1,390
Medical center, net	4,151		4,151	3,694		3,694
Educational activities, net	3,436		3,436	3,076		3,076
Auxiliary enterprises, net	538		538	524		524
Private gifts, net		417	417		391	391
Investment income, net		169	169		146	146
Other revenues	193	331	524	231	19	250
Revenues supporting primary activities	**10,837**	**1,649**	**12,486**	**9,898**	**1,290**	**11,188**
Expenses						
Salaries and wages	5,541		5,541	4,898		4,898
Pension benefits	700		700	1,075		1,075
Retiree health benefits	155		155	220		220
Other employee benefits	1,450		1,450	1,381		1,381
Scholarships and fellowships	154		154	147		147
Utilities	76		76	101		101
Supplies and materials	1,522		1,522	1,567		1,567
Depreciation and amortization	575		575	549		549
Interest expense		197	197		198	198
Other expenses	2,059	23	2,082	1,657	28	1,685
Expenses associated with primary activities	**12,232**	**220**	**12,452**	**11,595**	**226**	**11,821**
Income (loss) from primary activities	**(1,395)**	**1,429**	**34**	**(1,697)**	**1,064**	**(633)**

Other nonoperating activities		
Net appreciation (depreciation) in fair value of investments	806	524
Income (loss) before other changes in net position	**840**	**(109)**
Other changes in net position		
State capital appropriations	106	105
Capital gifts and grants, net	41	33
Additions to permanent endowments	1	1
Transfers	42	77
Change in net position	**1,030**	**107**
Net Position		
Beginning of year, as previously reported	(757)	(1,409)
Change in reporting entity	80	545
Beginning of year, as restated	(677)	(864)
End of year	**$353**	**$(757)**

Revenues Supporting Primary Activities

Revenues to support UCLA's primary activities, including those classified as nonoperating revenues, were $12.5 billion and $11.2 billion in 2024 and 2023, respectively. These diversified sources of revenue increased by $1.3 billion in 2024.

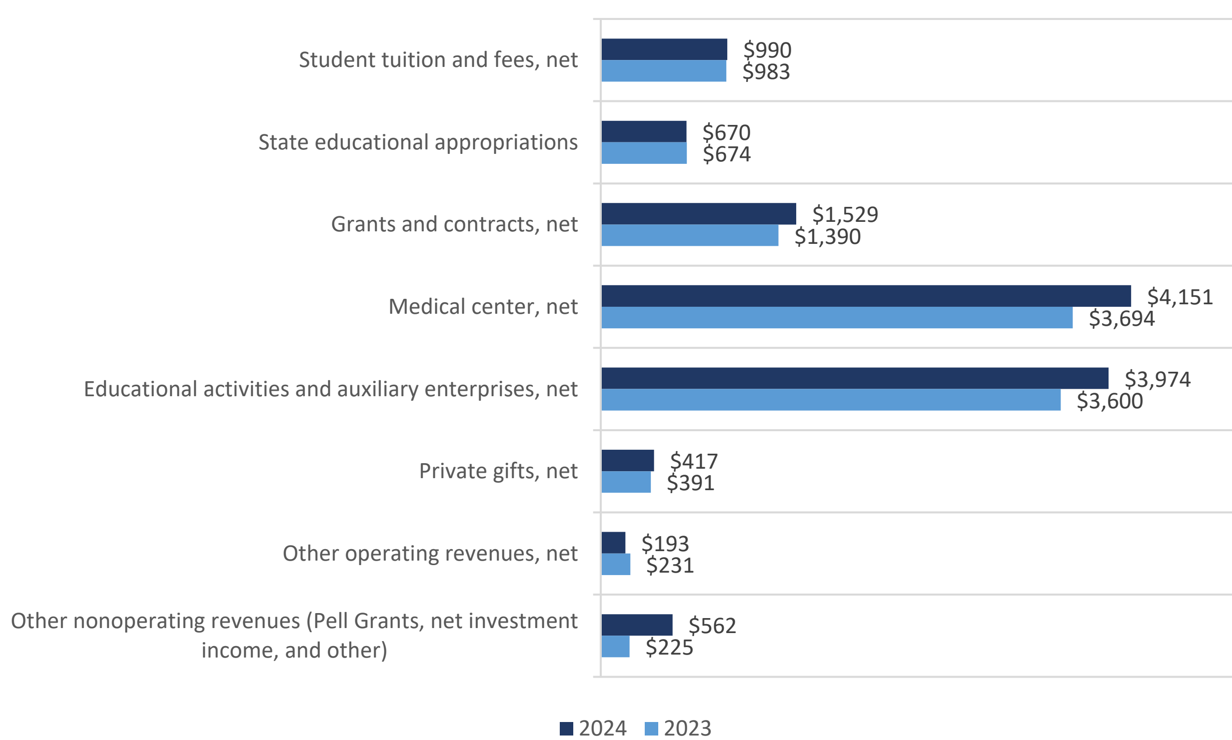
The state of California's educational appropriations, in conjunction with student tuition and fees, are the main components that support the instructional mission of UCLA. Grants and contracts provide opportunities for undergraduate and graduate students to participate in basic research alongside some of the most prominent researchers in the country.

Gifts to the campus allow crucial flexibility to faculty for support of their fundamental activities or new academic initiatives. Other significant revenues are from the medical center, educational activities, and auxiliary enterprises such as student housing, food service operations, and parking.

A major financial strength of the UCLA is its diverse source of revenues, including those from student fees, federally sponsored grants and contracts, the medical center, the state of California, private support, and auxiliary enterprises. The variety of fund sources has become increasingly important over the past several years.

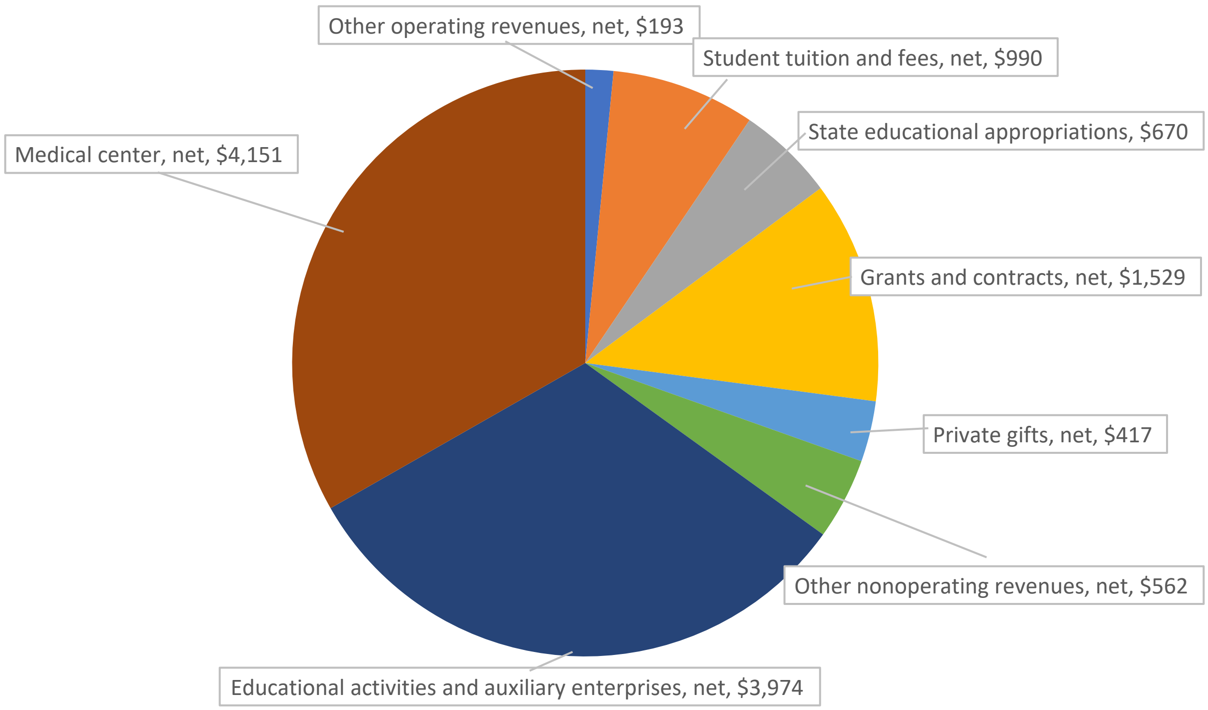
Revenues by category for 2024 and 2023 are presented in **Display 4.**

Display 4: UCLA's Revenues by Category *(in millions of dollars)*



Categories of both operating and nonoperating revenue that supported UCLA's primary activities in 2024 are presented in **Display 5:**

Display 5: UCLA's Operating and Nonoperating Revenues for 2024 *(in millions of dollars)*



Student tuition and fees, net

Net student tuition and fees were $990 million and $983 million in 2024 and 2023, respectively. Scholarship allowances, or financial aid, are the difference between the stated charge for tuition and fees and the amount that is paid by the student and third parties on behalf of the student. Scholarship allowances, netted against student tuition and fees, were $274 million and $241 million in 2024, 2023, respectively. Student tuition and fees, net of scholarship allowances, increased by $7 million in 2024.

Table MDA.3: Student Tuition and Fees *(in millions of dollars)*

Description	2024	2023
Student tuition and fees	$1,129	$1,095
Summer sessions	50	49
University Extension	85	80
Scholarship allowance	(274)	(241)
Total	$990	$983

In 2023-24, UCLA enrolled its largest-ever cohort of California resident first-year students, contributing to an increase of 1,263 full-time equivalent (FTE) resident undergraduates compared to the previous year, and an increase of 2,035 undergraduate FTE over 21-22, a significant contribution to the growth goal of 7,800 FTE included in the Budget Act of 2023. Consistent with the Tuition Stability Plan approved by the Regents in July 2021, which authorizes increases to mandatory systemwide fees applicable to the incoming cohort of undergraduate students, undergraduates who first enrolled in 2024–25 are assessed a mandatory tuition level that is 4.97% higher than the prior cohort. For graduate students in state-supported programs, adjustments to mandatory tuition and fees are pegged to the rate of inflation beginning with the 2022–23 academic year. Professional Degree Supplemental Tuition varies by discipline, with fee levels approved on a regular interval as existing plans expire; the latest increases for certain programs were approved by the Regents for 2024.

State educational appropriations

Educational appropriations from the state of California were $670 million and $674 million in 2024 and 2023, respectively. State educational appropriations decreased by $4 million in 2024, primarily due to receiving less Assembly Bill 94-funded project interest, as those bonds were refinanced. Assembly Bill 94 allows the state to use bond funding to support capital projects at UC campuses.

Direct government grants

UCLA received funds under certain provisions of the American Rescue Plan Act (ARPA) and Coronavirus Response & Relief Supplemental Appropriations Act (CRRSAA) to minimize the impacts of lost revenues and increased expenses related to COVID-19. The campus received $4 million in 2023 in grants to provide emergency financial aid to students and to mitigate the impacts of lost revenue and additional technology expenses associated with moving to online education. UCLA did not receive such funding in 2024. UCLA Medical Center received $2 million in 2023 in CARES Act provider relief funding for lost health care revenues and additional expenses for treating patients with COVID-19. UCLA Medical Center did not receive such funding in 2024.

Grants and contracts, net

Revenue from federal, state, private, and local government grants and contracts, including facilities and administration cost recovery of $296 million and $270 million in 2024 and 2023, respectively, was $1,529 million and $1,390 million in 2024 and 2023, respectively.

In 2024, federal grants and contracts revenue increased $54 million, or 6.6 percent, compared to 2023. Federal grants and contracts include federal facilities and administrative cost recovery of $196 million and $180 million in 2024 and 2023, respectively. Changes in the federal budget impact UCLA's revenue from federal grants and contracts.

Table MDA.4: Grants and Contracts Revenue Sources *(in millions of dollars)*

Sources	2024	2023
Federal government	$875	$821
State agencies	167	120
Private industries	389	359
Local government	98	90
Total	**$1,529**	**$1,390**

Medical center, net

Medical center revenue, net of allowances, increased $457 million, or 12.4 percent, in 2024. Revenue growth in 2024 was the result of increases in both inpatient and outpatient volumes.

Educational activities and auxiliary enterprises, net

Revenue from educational activities, primarily medical professional fees, net of allowances, increased by $360 million, or 11.7 percent, in 2024 due to higher patient volumes.

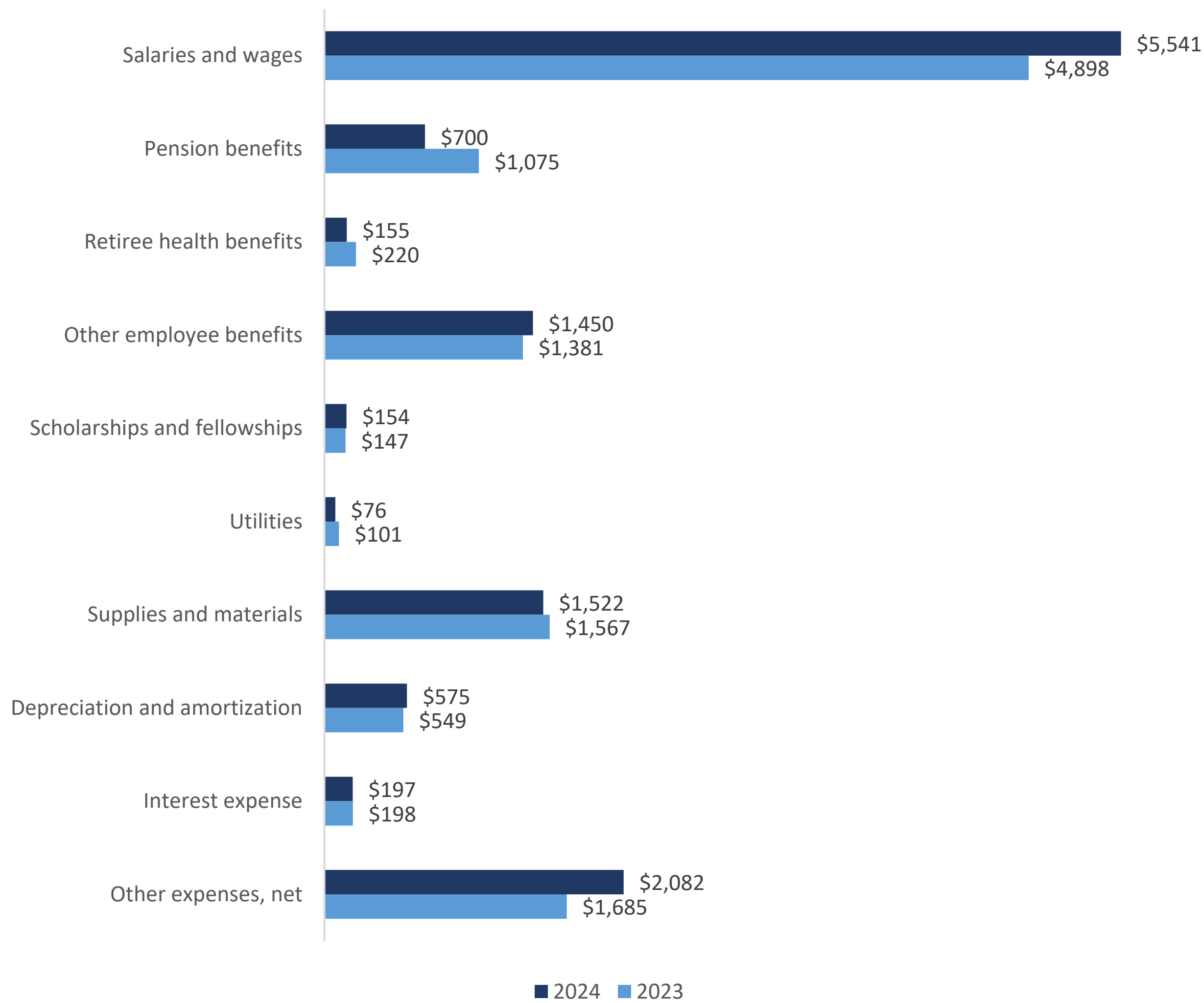
Auxiliary enterprises include housing, food service, parking, bookstores, the student center, union, and child-care centers. Revenue from auxiliary enterprises, net of allowances, increased by $14 million, or 2.7 percent, in 2024 in line with the University's initiative to expand campus housing while minimizing increases in housing costs for students.

Expenses associated with primary activities

Expenses associated with UCLA's primary activities, including those classified as nonoperating expenses, were $12.5 billion and $11.8 billion in 2024 and 2023, respectively. These expenses increased in 2024 by $0.7 billion. UCLA's operations continued to grow, principally at the medical center, and expenses increased consistent with the overall growth in operations. Pension expenses have caused significant fluctuations in total expenses due to the performance of the financial markets. Retiree health benefits expenses decreased in 2024 due to the changes in the discount rate.

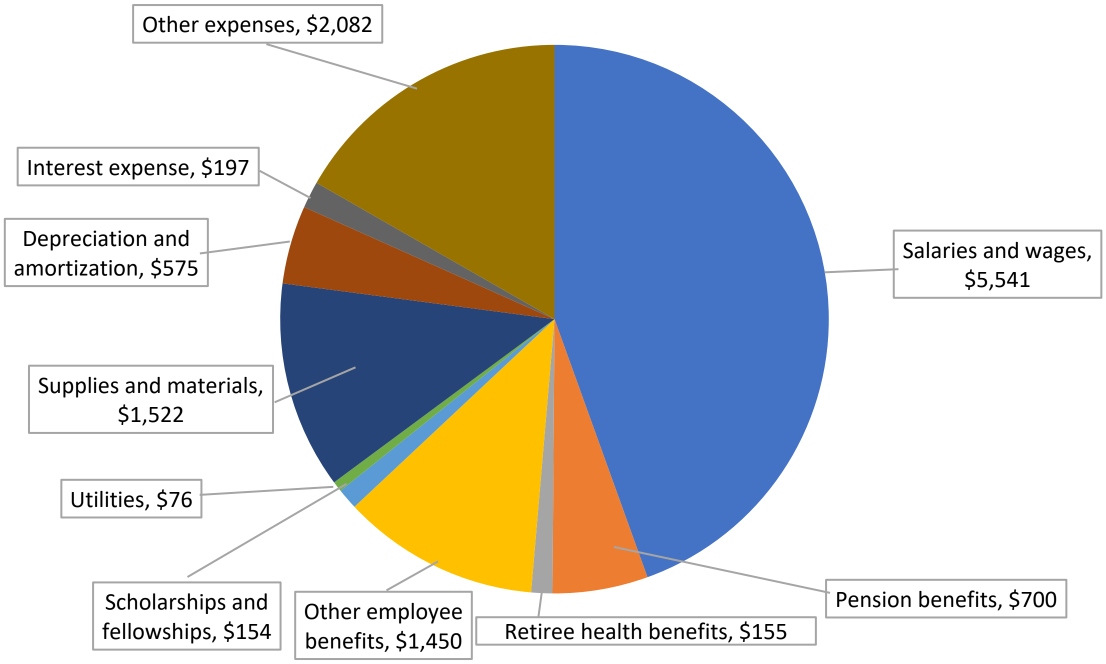
Expenses in the various categories are presented in **Display 6:**

Display 6: UCLA's Expenses by Category *(in millions of dollars)*



Categories of both operating and nonoperating expenses related to UCLA's primary activities in 2024 are presented in **Display 7:**

Display 7: Expenses Related to Primary Activities in 2024 *(in millions of dollars)*



Salaries and benefits

Approximately two-thirds of UCLA's expenses are related to salaries and benefits. There were 44,990 full-time equivalent (FTE) employees in 2024, as compared to 40,402 FTEs in 2023. Total salaries and benefits expense increased by 3.6 percent in 2024, primarily driven by the increase in salaries and wages of $643 million and partially offset by the decrease in pension expense of $375 million.

In 2024, salaries increased by 13.1 percent, comprised of an increase in the number of FTEs and an increase in the average salary per FTE. In 2024, employee benefits, excluding pension and retiree health benefits, increased by $69 million, or 5.0 percent. Pension expense decreased by $375 million due to changes in actuarial assumptions related to the experience study. Retiree health benefits expense decreased by $65 million, or 29.5 percent, due to an increase in the discount rate.

Scholarships and fellowships

UCLA places a high priority on student financial aid as part of its commitment to affordability. UCLA's practice is to minimize the impact of cost increases on first-generation and low-income students. Financial aid in all forms awarded by UCLA were $501 million and $450 million in 2024 and 2023, respectively. Scholarship allowances which are netted against student tuition and fees were $347 million and $302 million in 2024 and 2023, respectively. Scholarships and fellowships expense, representing payments of financial aid made directly to students and reported as an operating expense, were $154 million and $147 million in 2024 and 2023, respectively. On a combined basis, financial aid in all forms increased by $51 million, or 11.4 percent in 2024 as compared to 2023. Increases in financial aid, scholarships and fellowships are consistent with increases in enrollment, tuition, fees and housing costs. Financial aid includes direct payments to students of $10.8 thousand in 2023 related to funds received under the ARPA and CRRSA Acts. UCLA did not receive such funding in 2024.

Other expenses

Other expenses consist of a variety of expense categories, including travel, rent, insurance, legal settlements, and repairs and maintenance, plus any gain or loss on disposals of capital assets and other nonoperating expenses.

Operating gains and losses

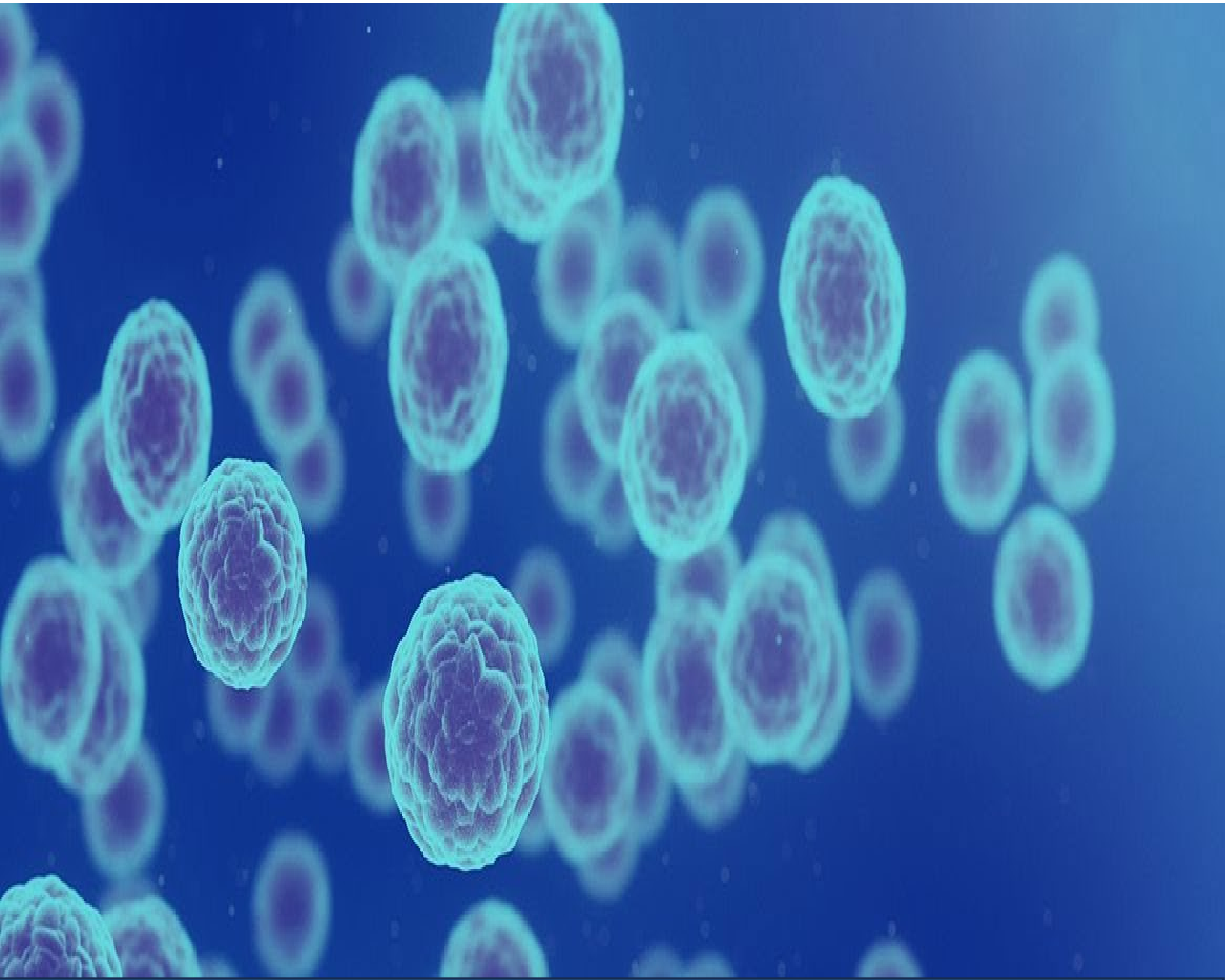
In accordance with GASB's reporting standards, operating losses were $1.4 billion and $1.7 billion in 2024 and 2023, respectively. The operating losses in 2024 and 2023 were offset by $1,429 million and $1,064 million, respectively, of net nonoperating revenue that supports primary operating activities of UCLA. Revenues exceeded expenses associated with primary activities by $34 million in 2024. Expenses exceeded revenues associated with primary activities by $633 million in 2023. These fluctuations have been primarily driven by changes in pension and retiree health benefits expenses.

Other nonoperating activities

UCLA's other nonoperating activities, consisting of net appreciation or depreciation in the fair value of investments, are noncash transactions and, therefore, are not available to support operating expenses. In 2024 and 2023, UCLA recognized net appreciation in the fair value of investments of $806 million and $524 million, respectively. UCLA's portfolio returns fluctuate with the overall performance in the investment markets.

Other changes in net position

Similar to the other nonoperating activities discussed above, other changes in net position are also not available to support UCLA's operating expenses in the current year. State capital appropriations and capital gifts and grants may only be used for the purchase or construction of the specified capital assets. Only income earned from gifts of permanent endowments is available in future years to support the specified program.



UNAUDITED FINANCIAL STATEMENTS

STATEMENT OF NET POSITION (UNAUDITED)

	CAMPUS		FOUNDATIONS	
At June 30, 2024 and 2023 (in thousands of dollars)	**2024**	**2023**	**2024**	**2023**
Assets				
Cash	$54,952	$21,196	$3,024	$4,633
Short-term investments	1,298,691	1,383,874	1,139,430	1,129,711
Investments held by trustees	182	179		
Accounts receivable, net	1,534,142	1,281,343	15,447	17,216
Pledges receivable, net	3,953	14,118	16,637	54,067
Current portion of notes and mortgages receivable, net	4,981	4,738		
Inventories	128,405	116,350		
Other current assets	110,736	93,099		
Current assets	**3,136,042**	**2,914,897**	**1,174,538**	**1,205,627**
Investments	7,825,820	7,559,058	4,094,531	3,650,817
Investments held by trustees	837	808		
Pledges receivable, net	1,379	428	362,697	334,485
Notes and mortgages receivable, net	53,483	65,315		
Capital assets, net	8,699,487	7,821,534		
Other noncurrent assets	351,550	359,607	24,559	11,807
Noncurrent assets	**16,932,556**	**15,806,750**	**4,481,787**	**3,997,109**
Total assets	**20,068,598**	**18,721,647**	**5,656,325**	**5,202,730**
Deferred outflows of resources	**1,474,888**	**1,731,766**		
Liabilities				
Accounts payable	975,189	806,029	11,472	10,425
Accrued salaries	76,001	56,765		
Employee benefits	293,858	184,843		
Unearned revenue	431,725	453,141	2,292	2,705
Commercial paper	20,456	19,002		
Current portion of long-term debt	682,638	582,294		
Other current liabilities	196,074	187,353	11,102	14,641
Current liabilities	**2,675,941**	**2,289,427**	**24,866**	**27,771**
Federal refundable loans	39,990	44,177		
Obligations under life income agreements			29,659	29,365
Long-term debt	5,545,228	5,636,995		
Net pension liability	3,824,157	4,383,526		
Pension payable to UCOP	1,565,370	1,484,400		
Net retiree health benefits liability	4,481,694	4,850,562		
Other noncurrent liabilities	158,134	219,543		
Noncurrent liabilities	**15,614,573**	**16,619,203**	**29,659**	**29,365**
Total liabilities	**18,290,514**	**18,908,630**	**54,525**	**57,136**
Deferred inflows of resources	**2,899,877**	**2,301,545**	**63,927**	**44,601**
Net Position				
Net investment in capital assets	4,007,729	3,526,480		
Restricted:				
Nonexpendable	357,572	366,323	2,102,256	1,901,720
Expendable	2,538,403	2,359,245	2,076,353	1,932,816
Unrestricted	(6,550,609)	(7,008,810)	1,359,264	1,266,463
Total net position	**$353,095**	**$(756,762)**	**$5,537,873**	**$5,100,99**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (UNAUDITED)

	CAMPUS		FOUNDATIONS	
At June 30, 2024 and 2023 (in thousands of dollars)	**2024**	**2023**	**2024**	**2023**
Operating Revenues				
Student tuition and fees, net	$990,330	$982,680		
Grants and contracts, net:				
Federal	875,420	821,239		
State	166,963	119,791		
Private	388,994	359,539		
Local	97,936	89,926		
Medical center, net	4,150,725	3,694,327		
Educational activities, net	3,436,215	3,075,811		
Auxiliary enterprises, net	538,072	523,748		
Foundation private gifts			$319,349	$596,379
Other operating revenues, net	192,601	231,302		
Total operating revenues	**10,837,256**	**9,898,363**	**319,349**	**596,37**
Operating Expenses				
Salaries and wages	5,540,727	4,898,171		
Pension benefits	699,849	1,074,704		
Retiree health benefits	155,073	219,947		
Other employee benefits	1,450,447	1,381,020		
Supplies and materials	1,522,284	1,566,529		
Depreciation and amortization	574,600	548,813		
Scholarships and fellowships	153,905	147,354		
Utilities	76,110	101,442		
Foundation grants			448,100	420,296
Other operating expenses	2,059,243	1,657,326	15,310	16,477
Total operating expenses	**12,232,238**	**11,595,306**	**463,410**	**436,77**
Operating income (loss)	**(1,394,982)**	**(1,696,943)**	**(144,061)**	**159,60**
Nonoperating revenues (expenses)				
State educational appropriations	670,471	673,521		
State hospital fee grants	12,554	5,804		
Direct government grants		6,277		
Build America Bonds federal interest subsidies	10,432	9,218		
Federal Pell Grants	62,125	53,555		
Private gifts, net	417,285	391,387		
Investment income:				
Short Term Investment Pool and other, net	140,224	107,021		
Endowment, net	29,105	39,275		
Foundation			79,443	45,648
Net appreciation in fair value of investments	805,962	523,932	335,576	209,225
Interest expense	(197,304)	(197,991)		
Loss on disposal of capital assets	(22,619)	(28,959)		
Other nonoperating revenues	306,103	4,371		
Net nonoperating revenues	**2,234,338**	**1,587,411**	**415,019**	**254,87**
Income (loss) before other changes in net position	**839,356**	**(109,532)**	**270,958**	**414,47**
Other changes in net position				
Capital gifts and grants	41,404	33,336		
State capital appropriations	105,714	105,328		
Additions to permanent endowments	598	1,135	165,916	155,776
Transfers	43,287	76,889		
Change in net position	**1,030,359**	**107,156**	**436,874**	**570,25**
Net position				
Beginning of year	(756,762)	(1,408,809)	5,100,999	4,530,744
Change to or within financial reporting entity	79,498	544,891		
Beginning of year, restated	(677,264)	(863,918)	5,100,999	4,530,744
End of year	**$353,095**	**$(756,762)**	**$5,537,873**	**$5,100,99**

STATEMENT OF CASH FLOWS (UNAUDITED)

	CAMPUS		FOUNDATIONS	
Years ended June 30, 2024 and 2023 (in thousands of dollars)	**2024**	**2023**	**2024**	**2023**
Cash flows from operating activities				
Student tuition and fees	$993,014	$995,176		
Grants and contracts	1,219,650	1,326,448		
Medical center	3,835,667	3,660,757		
Educational activities	3,662,646	3,052,164		
Auxiliary enterprises	533,573	529,783		
Foundation private gifts			$301,222	$578,352
Payments to employees	(5,706,388)	(5,171,236)		
Payments to suppliers and utilities	(3,460,953)	(3,202,014)		
Payments for pension benefits	(567,285)	(485,942)		
Payments for retiree health benefits	(120,207)	(108,540)		
Payments for other employee benefits	(1,225,260)	(1,069,511)		
Payments for scholarships and fellowships	(153,905)	(147,354)		
Collection of loans from (loans issued to) students and employees	11,589	(608)		
Payments to campus and beneficiaries			(460,522)	(461,868)
Other receipts (payments)	(328,033)	164,880	6,898	(2,176)
Transfers - intercampus	477,208	231,692		
Net cash provided (used) by operating activities	**(828,684)**	**(224,305)**	**(152,402)**	**114,308**
Cash flows from noncapital financing activities				
State educational appropriations	668,530	672,884		
Federal Pell Grants	62,125	53,555		
Direct government grants		6,277		
State hospital fee grants	12,554	5,804		
Gifts received for other than capital purposes:				
Private gifts for endowment purposes			153,879	139,864
Other private gifts	426,499	411,346		
Interest paid on debt	(50,490)	(32,879)		
Other receipts	190,572	11,061		
Transfers - intercampus	(41,225)	(193,048)		
Net cash provided by noncapital financing activities	**1,268,565**	**935,000**	**153,879**	**139,864**
Cash flows from capital and related financing activities				
Commercial paper financing:				
Proceeds from issuance	1,767	339		
Payments of principal	(313)	(18,363)		
Interest paid	(1,065)	(1,055)		
State capital appropriations	105,651	104,028		
Build America Bonds federal interest subsidies	11,218	13,907		
Capital gifts and grants	20,546	18,364		
Proceeds from debt issuance	630,759	531,070		
Purchases of capital assets	(1,474,345)	(594,254)		
Refinancing or prepayment of outstanding debt	(372,840)	(493,459)		
Scheduled principal paid on debt	(249,341)	(216,714)		
Interest paid on debt	(167,380)	(223,908)		
Other receipts	328,997	10,237		
Transfers - intercampus	(38,340)	123,256		
Net cash used by capital and related financing activities	**(1,204,686)**	**(746,552)**		
Cash flows from investing activities				
Net (purchases) / proceeds from sales and maturities of investments	544,049	(270,791)	(106,407)	(353,187)
Investment income, net of investment expenses	169,329	146,296	103,320	35,414
Net cash provided (used) by investing activities	**713,378**	**(124,495)**	**(3,087)**	**(317,773**
Net change in cash and cash equivalents	(51,427)	(160,352)	(1,610)	(63,601)
Cash and cash equivalents, beginning of year	1,405,070	1,565,422	4,634	68,234
Cash and cash equivalents, end of year	**$1,353,643**	**$1,405,070**	**$3,024**	**$4,633**

STATEMENT OF CASH FLOWS (CONTINUED)

	CAMPUS		FOUNDATIONS	
Years ended June 30, 2024 and 2023 (in thousands of dollars)	**2024**	**2023**	**2024**	**2023**
Cash and cash equivalents are comprised of the followings:				
Cash	54,952	21,196	3,024	4,633
Short-term investments	1,298,691	1,383,874		
Cash and cash equivalents Total	**$1,353,643**	**$1,405,070**	**$3,024**	**$4,633**
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	(1,394,982)	(1,696,943)	(144,061)	159,606
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	574,600	548,813		
Noncash gifts			(25,086)	(39,862)
Allowance for uncollectible accounts	(429,954)	(70,442)	5,392	(273)
Loss on impairment of capital assets	13,670	35,564		
Changes in assets and liabilities:				
Investments held by trustees			(6,261)	(3,663)
Accounts receivable	(571,737)	(88,529)	(1,230)	541
Pledges receivable			3,826	21,833
Inventories	(12,055)	(3,152)		
Other assets	6,555	(7,043)		
Accounts payable	169,160	101,244	4,818	(24,178)
Accrued salaries	19,236	16,693		
Employee benefits	25,979	15,099		
Unearned revenue	(272,327)	(7,122)	(413)	(18)
Net pension liability	132,564	588,762		
Net retiree health benefits liability	33,199	109,424		
Other liabilities	877,408	233,327	10,613	322
Net cash provided (used) by operating activities	**$(828,684)**	**$(224,305)**	**$(152,402)**	**$114,308**
SUPPLEMENTAL NONCASH ACTIVITIES INFORMATION				
Capital assets acquired through capital leases	$70,197	$99,277		
Capital assets acquired through SBITAs	37,463	26,772		
Change in fair value of interest rate swaps classified as hedging derivatives	8,181	14,261		
Gifts of capital assets	20,858	14,971		
Other noncash gifts			$37,163	$55,788

NOTES TO UNAUDITED FINANCIAL STATEMENTS

BASIS OF PRESENTATION AND USE OF ESTIMATES – UNAUDITED

Unaudited Financial Statements

The financial information presented in these statements is unaudited and has been prepared by management. It has not been subjected to the audit procedures applied to the University of California (the University)'s audited financial statements, and accordingly, the external auditors do not express an opinion or provide assurance on this information.

Instead, the University audit was conducted for the purpose of forming an opinion on the University's financial statements taken as a whole, available at: https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html.

Relationship to UC Systemwide Audited Financials

This presentation seeks to provide a UCLA-specific breakout of information contained within the University's consolidated financial statements. UCLA is included in the annual audit of the University of California (UC) system. As part of this process, UCLA provides its complete general ledger to UCOP, which aggregates financial activity across all UC locations. Several areas with material impact on the financial statements, such as Investments, Pensions, Other Postemployment Benefits (OPEB), and Debt, are recorded and maintained centrally by UCOP on behalf of all campuses.

Because these activities are managed at the system level, UCLA's standalone general ledger includes only limited entries related to those categories. UCOP determines and records the systemwide activity needed for the consolidated UC audit, and as a result, several material transactions are not reflected in UCLA's unadjusted campus-level financial statements. For this unaudited report, UCLA has incorporated adjustments to reflect these categories in amounts that are directionally and materially aligned with their appropriate values for standalone presentation.

Use of Estimates for Certain UCOP-Managed Balances

Certain UCOP-managed systems for Investments, Pensions, OPEB, and Debt operate primarily at the UC systemwide level and are not designed to generate fully campus-specific balances. As a result, the detailed allocations underlying these categories are not always visible at the UCLA level. When campus-level information is incomplete, UCLA develops and applies reasonable estimation techniques to report amounts that are materially appropriate for standalone financial reporting. As improved data or methodologies become available in future periods, previously reported amounts may be adjusted to reflect the most accurate information obtainable. If improved methodologies result in a restatement, UCLA will update the prior-year amounts included in the current year's two-year comparative presentation; however, the previously published prior-year report itself may not be revised. Any adjustments presented here that result from changes in our methodology do not impact the audited UC systemwide statements.

Restatements

FY23 financials were restated to reflect updates to our methodology and our understanding of areas managed by UCOP on UCLA's behalf, including investments, pension, OPEB, and debt. The adjustments that changed the FY23 total net position, increasing it by $514M, are primarily due to the items below. These revisions apply to the UCLA standalone report only.

- UC transactions, which facilitated accurate consolidation at the systemwide level, resulted in an inaccurate standalone G/L for the campus. Corrections include:
    - A $399M increase to net position was recorded to adjust a bond liability entry.
    - A $285M decrease to net position was recorded to adjust the Total Return Investment Pool (TRIP) investment principal liquidation.
- Specific categories of Short-Term Investment Pool (STIP) funds are not recorded in UCLA's standalone G/L because they are managed and recorded by UC Systemwide on our behalf. To ensure UCLA's resources are presented on a materially accurate basis, additions include:
    - A $131M increase to net position was recorded to include General Endowment Pool (GEP) STIP funds.
    - A $254M increase to net position was recorded to include unused bond-proceeds STIP funds. At the UC Systemwide level, these STIP funds are commingled with those of other campuses, and there is no visibility into a standalone amount. Thus, the UCLA amount presented for FY23, as well as the amounts for other fiscal years, should be treated as estimates. As we refine the methodology, these numbers may be restated in future reports.

In addition, other restatements were made to reclassify line items on the balance sheet and P&L statements, which did not impact total net position. The adjustments are primarily due to, but not limited to, the misclassification of debt entries as net investment in capital assets rather than as unrestricted or restricted expendable net position, and the inclusion of UCRP supplemental pension benefits.

Tables 1.1a, 1.1b, and 1.1c: Effects of restatements in the UCLA financial statements for the year ended June 30, 2023.

Table 1.1a: Restated statement of net position at June 30, 2023 *(in thousands of dollars)*

Statement of net position	As previously reported	Adjustment	As restated
Short-term investments	$1,344,017	$39,857	$1,383,874
Investments	7,499,058	60,000	7,559,058
Other noncurrent assets	64,635	294,972	359,607
Other current liabilities	307,010	(119,657)	187,353
Total net position	(1,271,248)	514,486	(756,762)

Table 1.1b: Restated statement of revenues, expenses and changes in net position for the year ended June 30, 2023 *(in thousands of dollars)*

Statement of revenues, expenses and changes in net position	As previously reported	Adjustment	As restated
Medical Center, net	$3,679,338	$14,989	$3,694,327
Other employee benefits	1,305,363	75,657	1,381,020
Other operating expenses	1,657,407	(81)	1,657,326
Endowment, net	49,327	(10,052)	39,275
Transfers	36,655	40,234	76,889
Beginning of year	(1,408,809)	544,891	(863,918)

Table 1.1c: Restated statement of cash flows for the year ended June 30, 2023 *(in thousands of dollars)*

Statement of cash flows	As previously reported	Adjustment	As restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Medical centers	$3,645,768	$14,989	$3,660,757
Payments to suppliers and utilities	(3,202,095)	81	(3,202,014)
Payments for other employee benefits	(993,854)	(75,657)	(1,069,511)
Other receipts	184,816	(19,936)	164,880
Transfers - Intercampus	196,915	34,777	231,692
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Other receipts	11,061	(10,052)	1,009
Transfers - Intercampus	(193,048)	10,052	(182,996)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Other receipts	3,362	6,875	10,237
Transfers - Intercampus	127,483	(4,227)	123,256

CASH FLOWS FROM INVESTING ACTIVITIES			
Net (purchases) / proceeds from sales and maturities of investments	(229,138)	(41,653)	(270,791)
Investment income, net of investment expenses	107,021	39,275	146,296
Cash and cash equivalents, beginning of year	1,480,089	85,333	1,565,422
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES			
Operating income (loss)	(1,636,356)	(60,587)	(1,696,943)
Other assets	(15,699)	8,656	(7,043)
Other liabilities	227,142	6,185	233,327

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The University of California (the University) was founded in 1868 as a public, state-supported institution. The California State Constitution provides that the University shall be a public trust administered by the corporation, “The Regents of the University of California,” which is vested with full powers of organization and government, subject only to such legislative control necessary to ensure the security of its funds and compliance with certain statutory and administrative requirements. The majority of the 26-member independent governing board (The Regents) are appointed by the governor and approved by the state Senate. Various University programs and capital outlay projects are funded through appropriations from the state’s annual Budget Act. The University’s financial statements are discretely presented in the state’s basic financial statements as a component unit.

Financial Reporting Entity

The Los Angeles campus of the University of California (UCLA) was founded in 1919 and is financially the largest campus in the 10-campus University of California system. The financial statements included in this annual report present the combined activities of the Los Angeles campus, including the UCLA Medical Center. The University of California system is subject to an annual audit of the consolidated financial statements, of which UCLA is a part. The financial statements for the Los Angeles campus are not individually audited.

The Associated Students of UCLA's (ASUCLA's) financial data for the fiscal years ended June 30, 2024, and 2023 is included in the financial statements in order to reflect total financial activity of the UCLA campus. ASUCLA conducts activities on the UCLA campus pursuant to the Statement of Understanding of ASUCLA’s Relationship with the University, dated June 28, 1974.

The UCLA Foundation is a nonprofit, public-benefit corporation organized for the purpose of accepting and administering the full range of private contributions for the campus. The Jonsson Cancer Center Foundation is a 501(c)3 organization established for the purpose of encouraging private gifts for the benefit of the Jonsson Comprehensive Cancer Center at UCLA. The economic resources received or held by the foundations are entirely for the benefit of the campus. Due to the nature and significance of their relationship with the University, including their ongoing financial support, the campus foundations are reported as discretely presented component units of the campus.

Significant Accounting Policies

The significant accounting policies of UCLA are as follows:

Cash

UCLA's cash is held and managed centrally by the University of California Office of the President (UCOP). Available cash in demand deposit accounts is minimized through daily sweeps into UC investment accounts. Amounts placed in the University's Short-Term Investment Pool (STIP) are reported as Short-Term Investments on the Balance Sheet/SNP and are classified as Cash Equivalents in the Cash Flow Statements. The Short-Term Investment balance in both statements reflects all UCLA funds held by UCOP on the campus's behalf, except in situations where funds are commingled with those of other campuses and UCLA does not have full visibility into its specific share. In those cases, a reasonable estimate is used to represent UCLA's portion of the balance.

Investments

Investments are measured and reported at fair value. Securities are generally valued at the last sale price on the last business day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued at the quoted bid price of a dealer who regularly trades in the security being valued. Investment in non-exchange traded debt and equity investments are valued using inputs provided by independent pricing services or by brokers/dealers who actively trade in these markets. Certain securities may be valued on a basis of the price provided by a single source.

Investments also include private equities, private credit, absolute return funds, real estate, real asset, and certain corporate asset-backed securities. Private equities include venture capital partnerships, buyouts, real assets, and international funds. Fair values for interests in private equity, absolute return partnerships, and real estate partnerships are based on valuations provided by the general partners of the respective partnerships. The valuations are primarily based on the most recent net asset value (NAV) of the underlying investments. The NAV is reported by the external investment managers, including general partners, in accordance with their policies as described in their respective financial statements and offering memoranda. The most recent NAV is adjusted for capital calls, distributions, and significant known valuation changes, if any, of its related portfolio through June 30, 2024, and 2023.

Interests in certain direct investments in real estate and private credit are estimated based upon independent appraisals. Because the private equity, real estate, real assets, and absolute return partnerships, along with direct investments in real estate, are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would be used had a ready market for such investments existed. These investments are generally less liquid than other investments.

For other investments, the University considers various factors to estimate fair value, such as the timing of the transaction, the market in which the company operates, comparable transactions, company performance and projections, as well as discounted cash flow analysis. The selection of an appropriate technique may be affected by the availability and general reliability of relevant inputs. In some cases, one valuation technique may provide the best indication of fair value, while in other circumstances, multiple valuation techniques may be appropriate. Furthermore, the University may review the investment's underlying portfolio as well as engage external appraisers, depending on the nature of the investment.

The University exercises due diligence in assessing the external managers' use of and adherence to fair value principles. In conjunction with these procedures, estimated fair value is determined by consideration of a wide range of factors, including market conditions, redemption terms, and restrictions and risks inherent to the inputs of the external investment managers' valuation. In situations where the information provided by the external manager is deemed to not be representative of the fair value as of the measurement date, management evaluates specific features of the investment and utilizes supplemental fair value information provided by the external manager along with any relevant market data to measure the investment's fair value.

Investments in registered investment companies are valued based upon the reported NAV of those companies. Mortgage loans held as investments are valued on the basis of their future principal and interest payments and are discounted at prevailing interest rates for similar instruments. Insurance contracts are valued at contract value, plus reinvested interest, which approximates fair value.

Investments denominated in foreign currencies are translated into U.S. dollar equivalents using year-end spot foreign currency exchange rates. Purchases and sales of investments and their related income are translated at the rate of exchange on the respective transaction dates. Realized and unrealized gains and losses resulting from foreign currency changes are included in the University's Statements of Revenues, Expenses, and Changes in Net Position.

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

The foundations may invest all or a portion of their investments in University-managed investment pools. Certain securities in these investment pools are included in the University's security lending program. Accordingly, the foundations' investments in University-managed investment pools and their allocated share of the securities lending activities have been excluded from the University's financial statements and included in the Foundations' columns.

Derivative financial instruments

Derivative instruments are recorded at fair value. Futures contracts, foreign currency exchange contracts, stock rights and warrants, options, and swaptions are valued at the settlement price on the last day of the fiscal year, as quoted on a recognized exchange or by utilizing an industry-standard pricing service, when available. Financial institutions or independent advisors have estimated the fair value of the interest rate swaps and total return swaps using quoted market prices when available or discounted expected future net cash flows.

The University has entered into interest rate swap agreements to limit the exposure of its variable-rate debt to changes in market interest rates. Interest rate swap agreements involve the exchange with a counterparty of fixed- and variable-rate interest payments periodically over the life of the agreement without exchange of the underlying notional principal amounts. The net differential to be paid or received is recognized over the life of the agreements as an adjustment to interest expense. The University's counterparties are major financial institutions.

Derivatives are recorded at estimated fair value as either assets or liabilities in the Statements of Net Position. Certain derivatives are determined to be hedging derivatives and designated as either a fair value or cash flow hedge. Under hedge accounting, changes in the fair value of hedging derivatives are considered to be deferred inflows (for hedging derivatives with positive fair values) or deferred outflows (for hedging derivatives with negative fair values).

Changes in fair value of derivatives that are not hedging derivatives are recorded as net appreciation or depreciation of investments in the Statements of Revenues, Expenses, and Changes in Net Position.

Accounts receivable, net

Accounts receivable, net of allowance for uncollectible amounts, include reimbursements due from state and federal sponsors of externally funded research, patient billings, accrued income on investments, and other receivables. Other receivables include local government and private grants and contracts, educational activities, and amounts due from lessees, students, employees, and faculty.

Pledges receivable, net

Unconditional pledges of private gifts to UCLA or the foundations, net of allowance for uncollectible amounts, are recorded as pledges receivable and revenue in the year promised at the net present value of expected cash flows. Conditional pledges, including all pledges of endowments and intentions to pledge, are recognized as receivables and revenues when the specified conditions are met.

Notes and mortgages receivable, net

Loans to students, net of allowance for uncollectible amounts, are provided from federal student loan programs and from other University sources. Home mortgage loans, primarily to faculty, are funded from the University's STIP and from other University sources. Mortgage loans funded by STIP are classified as investments, and loans provided by other sources are classified as mortgages receivable in the Statement of Net Position.

Inventories

Inventories for the campus, consisting primarily of supplies and merchandise for resale, are valued at cost, typically determined under the weighted average method, which is not in excess of estimated net realizable value. Inventories for the medical center consist primarily of pharmaceuticals and medical supplies which are stated on a first-in, first-out basis at the lower of cost or market.

Capital assets, net

Land, infrastructure, buildings and improvements, intangible assets, equipment, libraries, collections, and special collections are recorded at cost at the date of acquisition, or estimated acquisition value at the date of donation in the case of gifts. Estimates of acquisition value involve assumptions and estimation methods that are uncertain and, therefore, the estimates could differ from actual value. Intangible assets include easements, land rights, trademarks, patents, right-to-use lease assets, right-to-use subscription-based information technology arrangement (SBITA) assets, and other similar arrangements. Leases and SBITAs are recorded at the estimated present value of future payments, net of amounts paid in advance, and capitalizable implementation costs. Significant additions, replacements, major repairs and renovations to infrastructure and buildings are generally capitalized if the cost equals or exceeds $35,000 and if they have a useful life of more than one year. Minor renovations are considered operating expenses. Equipment with a cost equal to or in excess of $5,000 and a useful life of more than one year is capitalized. Incremental costs, including salaries and employee benefits, directly related to the acquisition, development, and installation of major software projects are included in the cost of the capital assets. All costs of land, library collections, and special collections are capitalized.

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Assets under leases and SBITAs are amortized over the shorter of the lease or subscription term or the estimated useful life of the asset. Leasehold improvements are amortized using the straight-line method over the shorter of the life of the applicable lease or the useful life of the asset.

Estimated useful lives are shown in **Table 2.1:**

Table 2.1: Estimated Useful Lives

Description	Years
Infrastructure	25
Buildings and improvements	15-33
Equipment	20-Feb
Computer software	7-Mar
Intangible assets	2-indefinite
Library books and collections	15

Capital assets acquired through federal grants and contracts where the federal government retains a reversionary interest are also capitalized and depreciated.

Inexhaustible capital assets, such as land or special collections that are protected, preserved, and held for public exhibition, education or research, including art, museum, scientific and rare book collections, are not depreciated.

UCLA's capital asset activity for the years ended June 30 is shown in **Table 2.2:**

Table 2.2: UCLA's Capital Asset Activity *(in thousands of dollars)*

	2023	ADDITIONS / TRANSFERS	DISPOSALS	2024
ORIGINAL COST				
Land	$354,246	$147,572		$501,818
Infrastructure	25,429	5,221		30,650
Buildings and improvements	10,099,482	293,596		10,393,078
Equipment, software and intangibles	1,810,440	202,430	$(71,095)	1,941,775
Leases	865,690	65,856	(51,017)	880,529
Subscription-based IT arrangements	71,136	38,092	(25,930)	83,298
Libraries and collections	953,395	36,641	(24,530)	965,506
Special collections	143,538	1,484		145,022
Construction in progress	382,859	722,205	(2,292)	1,102,772
Capital assets, at original cost	**$14,706,215**	**$1,513,097**	**$(174,864)**	**$16,044,448**

	2023	DEPRECIATION AND AMORTIZATION	DISPOSALS	2024
ACCUMULATED DEPRECIATION AND AMORTIZATION				
Infrastructure	$10,187	$770		$10,957
Buildings and improvements	4,600,222	310,123		4,910,345
Equipment, software and intangibles	1,293,274	136,646	$(55,984)	1,373,936
Leases	262,650	75,832	(19,430)	319,052
Subscription-based IT arrangements	32,780	27,903	(25,930)	34,753
Libraries and collections	685,568	32,301	(21,951)	695,918
Accumulated depreciation and amortization	**6,884,681**	**$583,575**	**$(123,295)**	**7,344,961**
Capital assets, net	**$7,821,534**			**$8,699,487**

Unearned revenue

Unearned revenue primarily includes amounts received from grant and contract sponsors that have not been earned under the terms of the agreement and other revenue billed in advance of the event, such as student tuition and fees for housing and dining services.

Federal refundable loans

Certain loans to students are administered by UCLA with funding primarily supported by the federal government. UCLA's Statements of Net Position include both the notes receivable and the related federal refundable loan liability representing federal capital contributions owed.

Bond premium

The bond premium received in the issuance of long-term debt is amortized as a reduction to interest expense over the term of the related long-term debt.

Self-insurance programs

The University is self-insured or insured through Fiat Lux for medical malpractice, workers' compensation, employee health care, and general liability claims. These risks are subject to various claim and aggregate limits, with excess liability coverage provided by independent insurers. Liabilities are recorded when it is probable a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate for claims that have been incurred, but not reported. The estimated liabilities are based upon an independent actuarial determination of the present value of the anticipated future payments.

Obligations under life income agreements

Obligations under life income agreements represent trusts with living income beneficiaries where UCLA has a residual interest. The investments associated with these agreements are recorded at fair value. The discounted present value of the income beneficiary interest is reported as a liability in the Statements of Net Position. Gifts subject to such agreements administered by UCLA are recorded as deferred inflows of resources, net of the income beneficiary share, at the date of the gift. At the termination of the agreement, UCLA's residual interest is recorded as gift revenue in the Statements of Revenues, Expenses, and Changes in Net Position.

Pollution remediation obligations

Upon an obligating event, UCLA estimates the components of any expected pollution remediation costs and recoveries from third parties. The costs, estimated using the expected cash flow technique, are accrued as a liability. Pollution remediation liabilities generally involve groundwater, soil, and sediment contamination at certain sites where state and other regulatory agencies have indicated that UCLA is among the responsible parties. The liabilities are reviewed annually and may increase or decrease the cost of recovery from third parties, if any, as a result of additional information that refines the estimates, or from payments made from revenue sources that support the activity. There were no expected recoveries at June 30, 2024, and 2023, reducing the pollution remediation liability.

Asset retirement obligations

Upon an obligating event, UCLA records the costs of any expected tangible capital asset retirement obligations using the best estimate of the current value of outlays expected to be incurred. The liabilities are reviewed annually and may change as a result of additional information that refines the estimates. Actual asset retirement obligation costs may vary from these estimates as a result of changes in assumptions such as asset retirement dates, regulatory requirements, technology and costs of labor, materials and equipment. The estimated remaining useful lives of these assets range from 1 to 26 years.

Deferred outflows of resources and deferred inflows of resources

Deferred outflows of resources and deferred inflows of resources represent a consumption and acquisition of net position that apply to a future period, respectively. UCLA classifies gains on refunding of debt, increases in the fair value of hedging derivatives, and certain lease payments to be received as deferred inflows of resources. UCLA's deferred inflows of resources related to changes in irrevocable split-interest agreements are included in the financial statements of the University. UCLA classifies losses on refunding of debt, decreases in the fair value of hedging derivatives, and certain asset retirement obligations as deferred outflows of resources. The difference between the net position acquired and consideration provided for acquisitions are reported as deferred outflow of resources and are recognized over the expected remaining service life of capital assets acquired, when acquisitions are largely based on the expected use of those capital assets. Gains or losses on refunding of debt are amortized as a component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter. Asset retirement obligations are recognized over the remaining useful life of the related asset. Revenues from split interest agreements are recognized when the resources become available to spend. Lease revenues are recognized over the lease term.

Changes in the net pension and net retiree health liabilities not included in expenses are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension and retiree health liabilities are reported as deferred outflows of resources.

Net position

Net position is required to be classified for accounting and reporting purposes into the following categories:

> ***Net investment in capital assets.*** This category includes all of UCLA's capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets.
>
> ***Restricted.*** UCLA and the foundations classify the net position resulting from transactions with purpose or time restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.
>
>> ***Nonexpendable.*** The net position subject to externally imposed restrictions, which must be retained in perpetuity by UCLA or the foundations, is classified as restricted nonexpendable. This includes UCLA's and the foundations' permanent endowment funds.
>>
>> Also included in restricted nonexpendable net position are minority interests, which include the net position of legally separate organizations attributable to other participants.
>>
>> ***Expendable.*** The net position whose use by UCLA or the foundations is subject to externally imposed restrictions that can be fulfilled by actions of UCLA or the foundations pursuant to those restrictions or that expire by the passage of time is classified as restricted expendable.

Unrestricted. The net position that is not subject to externally imposed restrictions governing its use is classified as unrestricted. UCLA's unrestricted net position may be designated for specific purposes by management or The Regents. The foundations' unrestricted net position may be designated for specific purposes by their Boards of Trustees. Substantially all of UCLA's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs or for other purposes.

Restricted or unrestricted resources are spent based upon a variety of factors, including funding restrictions, consideration of prior and future revenue sources, the type of expense incurred, UCLA's budgetary policies surrounding the various revenue sources or whether the expense is a recurring cost. Unrestricted net position is negative due primarily to liabilities for pension and retiree health benefits exceeding UCLA's assets available to pay such obligations.

Revenues and expenses

Operating revenues of UCLA include receipts from student tuition and fees, grants and contracts for specific operating activities, sales and services from medical centers, educational activities, and auxiliary enterprises. Expenses incurred in conducting the programs and services of UCLA are presented in the Statements of Revenues, Expenses, and Changes in Net Position as operating activities.

Certain significant revenues relied upon and budgeted for fundamental operational support of the primary mission of UCLA are mandated by GASB to be recorded as nonoperating revenues, including state educational appropriations, certain federal grants for student financial aid, private gifts, and investment income, since GASB does not consider them to be related to the principal operating activities of UCLA.

Nonoperating revenues and expenses also include state educational appropriations, state hospital fee grants, Build America Bond federal interest subsidies, net appreciation (depreciation) in the fair value of investments, interest expense, and the gain (loss) on the disposal of capital assets.

The foundations are established to financially support UCLA. Private gifts to the foundations are recognized as operating revenues since, in contrast to UCLA, such contributions are fundamental to the primary mission of the foundations. Foundation grants to UCLA are recognized as operating expenses by the foundations. Private gift or capital gift revenues associated with the foundation grants to UCLA are recorded by UCLA as gifts when the foundations transfer the gifts to UCLA.

State capital appropriations, capital gifts and grants, and gifts for permanent endowment purposes are classified as other changes in net position.

Student tuition and fees

Substantially all student tuition and fees provide for the current operations of UCLA. A small portion of the student fees, reported as capital gifts and grants, is required for debt service associated with student unions and recreational centers.

UCLA recognizes scholarship allowances as the difference between the stated charge for tuition and fees, housing and dining charges, recreational center and other fees, and the amount that is paid by the student and third parties on behalf of the student. Payments of financial aid made directly to students are classified as scholarship and fellowship expenses.

Scholarship allowances are netted against student tuition and fees in the Statements of Revenues, Expenses, and Changes in Net Position for the years ended June 30.

State appropriations

The state of California provides appropriations to the University on an annual basis. State educational appropriations are recognized as nonoperating revenue; however, the related expenses for educational, retirement, or other specific operating purposes are reported as operating expenses. State appropriations for capital projects are recorded as revenue under other changes in net position when the related expenditures are incurred. Special state appropriations for research related to AIDS, tobacco, and breast cancer are reported as state grants and contracts operating revenue.

Grant and contract revenue

UCLA receives grant and contract revenue from governmental and private sources. UCLA recognizes revenue associated with the direct costs of sponsored programs as the related expenditures are incurred. Recovery of facilities and administrative costs of federally sponsored programs is at cost reimbursement rates negotiated with UCLA’s federal cognizant agency, the U.S. Department of Health and Human Services. For the year ended June 30, 2024, the facilities and administrative cost recovery totaled $296 million, which consisted of $196 million from federally sponsored programs and $100 million from other sponsors. For the year ended June 30, 2023, the facilities and administrative cost recovery totaled $270 million, which consisted of $180 million from federally sponsored programs and $90 million from other sponsors.

Medical center revenue

Medical center revenue is reported at the estimated net realizable amounts from patients and third-party payors, including Medicare, Medi-Cal, and others, for services rendered, as well as estimated retroactive adjustments under reimbursement agreements with third-party payors. Laws and regulations governing Medicare and Medi-Cal are complex and subject to interpretation. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. It is reasonably possible that estimated amounts accrued could change significantly based upon settlements, or as additional information becomes available.

Net pension liability

UCLA records a net pension liability for its defined benefit plans. The net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. The fiduciary net position and changes in net position of the defined benefit plans have been measured consistent with the accounting policies used by the plans. The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Pension expense is recognized for benefits earned during the period, interest on the unfunded liability, and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Retiree health benefits and liability

UCLA's net retiree health benefits liability is measured as the total retiree health benefits liability, less the amount of the UCRHBT's fiduciary net position. The fiduciary net position and changes in net position of UCRHBT have been measured consistent with the accounting policies used by the trust. The total retiree health benefits liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the health benefit trust's fiscal year end. Projected benefit payments are discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available.

Expense for retiree health benefits is recognized for benefits earned during the period, interest on the unfunded liability, and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows and are recognized over the average expected remaining service period for employees eligible for retiree health benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

Campus and medical center contributions toward retiree health costs made to UCRHBT are shown as operating activities in the Statements of Cash Flows. Cash flows resulting from retiree health contributions from retirees are shown as noncapital financing activities in the Statements of Cash Flows.

Compensated absences

UCLA accrues annual leave, including employer-related costs, for employees at rates based upon length of service and job classification, and compensatory time based upon job classification and hours worked.

Endowment spending

Under provisions of California law, the Uniform Prudent Management of Institutional Funds Act allows for investment income, as well as a portion of realized and unrealized gains, to be expended for the operational requirements of UCLA programs.

Tax exemption

The University is recognized as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC), except for tax on unrelated business income under IRC Section 511. The University is also exempt from federal income tax under IRC Section 115(a) as a state institution. In addition, the University is exempt from state income taxes imposed under the California Revenue and Taxation Code. The UCLA Foundation, the Jonsson Cancer Center Foundation, and Associated Students UCLA also qualified for tax exemption under Section 501(c)(3).

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Although management believes the estimates and assumptions are reasonable, they are based upon information available at the time the estimate or judgment is made and actual amounts could differ from those estimates.

New Accounting Pronouncements

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022* (GASB 99). The Statement addresses issues that have been identified during implementation and application of certain GASB Statements. Upon the issuance of GASB 99, the University adopted the requirements related to extension of the use of London Interbank Offered Rate (LIBOR), accounting for Supplemental

Nutrition Assistance Program (SNAP) distributions, disclosures of non-monetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB 34, as amended, and terminology updates related to GASB 53 and GASB 63. The requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) were adopted by the University in 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB 53 were adopted by the University in 2024.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62* (GASB 100), effective for the University's fiscal year beginning July 1, 2023. The Statement requires disclosures of descriptive information about accounting changes and error corrections and addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information. During 2024, the University's ownership of a blended component unit decreased such that the component unit no longer qualified to be blended, but was now to be accounted for under the equity method of accounting. Accordingly, under GASB 100, this constituted a change in the financial reporting entity and the University reported a change in the beginning balance of net position for 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences* (GASB 101), effective for the University's fiscal year beginning July 1, 2024. The Statement replaces Statement No. 16, Accounting for Compensated Absences, to align recognition and measurement guidance for all types of compensated absences under a unified model. GASB 101 requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The Statement also establishes guidance for measuring a liability for leave that has not been used. As of June 30, 2024, the University reported compensated absences liability of $1.4 billion. Under GASB 101, the University's compensated absences liability is expected to increase. The University is evaluating the full effect that GASB 101 will have on its financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures* (GASB 102), effective for the University's fiscal year beginning July 1, 2024. GASB 102 requires the University to assess whether a concentration or constraint makes the University vulnerable to the risk of a substantial impact and whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The University is evaluating the effect these requirements will have on its financial statements.

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements (GASB 103), effective for the University's fiscal year beginning July 1, 2025. GASB 103 changes some of the reporting requirements issued in Statements No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments and Statement* No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*. GASB 103 adds a section for noncapital subsidies in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). This means state appropriations will move from nonoperating revenue to the new noncapital subsidies section, with a required subtotal described as "Operating income (loss) and noncapital subsidies." Other provisions of GASB 103 (1) clarify guidance for management's discussion and analysis, (2) define operating and nonoperating revenues and expenses, (3) move items in the other changes in net position into the other nonoperating revenues and expenses section, and (4) replace extraordinary items and special items into a new "unusual or infrequent items" category. The University is evaluating the full effect that GASB 103 will have on its financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets* (GASB 104), effective for the University's fiscal year beginning July 1, 2025. GASB 104 requires certain types of capital assets to be disclosed separately. The Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if the University has decided to pursue the sale of the capital asset and it is probable that the sale will be finalized within one year of the financial statement date. The University is evaluating the full effect that GASB 104 will have on its financial statements.

OPERATING EXPENSES BY FUNCTION

The financial data and operating expenses presented in this table are unaudited and include estimates prepared for the UCLA annual financial report.

The operating expenses in this table differ from the numbers published by the University of California for UCLA due to adjustments required to properly state UCLA's standalone financial reporting, including pension, retiree health benefits, and other employee benefits. Because these items are managed at a system-wide level, UCLA has prorated these amounts to reflect campus-level activity.

For the audited version of the University's consolidated financial statements, please refer to the University of California Annual Financial Report at: https://www.ucop.edu/uc-controller/financial-reports/annual-financial-reports.html.

Operating expenses, by functional classification, for the years ended June 30, 2024, and 2023, are shown in **Table 3.1:**

Table 3.1: Operating Expenses by Function *(in thousands of dollars)*

Description	2024	2023
Instruction	$3,787,900	$3,579,658
Research	1,213,416	1,111,166
Public service	269,935	250,683
Academic support	1,425,145	1,354,757
Student services	247,331	225,123
Institutional support	396,826	354,113
Operation and maintenance of plant	147,561	143,286
Student financial aid	181,789	162,249
Medical center	3,476,030	3,290,710
Auxiliary enterprises	507,046	502,557
Depreciation and amortization	574,600	548,813
Other	4,659	72,191
Total	**$12,232,238**	**$11,595,306**

SUPPLEMENTARY INFORMATION

The required supplementary information can be obtained from the 2023-24 annual report of the University of California Retirement System, which can be obtained at: http://reportingtransparency.universityofcalifornia.edu.