The University of Texas Law School Foundation

Consolidated Financial Statements
and Independent Auditors' Report
for the years ended August 31, 2025 and 2024

The University of Texas Law School Foundation

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Independent Auditors' Report

To the Board of Trustees of
The University of Texas Law School Foundation:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The University of Texas Law School Foundation, which comprise the consolidated statements of financial position as of August 31, 2025 and 2024, and the related consolidated statements of activities and of cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The University of Texas Law School Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Blazek & Vetterling

February 17, 2026

The University of Texas Law School Foundation

Consolidated Statements of Financial Position as of August 31, 2025 and 2024

	2025	2024
ASSETS		
Cash	$ 797,378	$ 227,691
Prepaid expenses	42,605	39,074
Non-endowed:		
Contributions receivable *(Note 3)*	6,828,941	2,533,142
Investments *(Notes 4 and 5)*	23,982,141	22,034,979
Beneficial interests in charitable remainder trusts *(Notes 5 and 6)*	1,422,915	1,403,606
Endowed:		
Contributions receivable *(Note 3)*	7,614,477	2,419,117
Investments *(Notes 4 and 5)*	302,971,199	271,687,638
Beneficial interests in charitable remainder trusts *(Notes 5 and 6)*	15,753,612	14,497,647
TOTAL ASSETS	$ 359,413,268	$ 314,842,894
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and other liabilities	$ 299,563	$ 63,151
Grant payable *(Note 11)*	6,900,000	
Distributions payable		1,027,956
Total liabilities	7,199,563	1,091,107
Commitments *(Note 5)*		
Net assets:		
Without donor restrictions	7,372,966	11,452,114
With donor restrictions *(Notes 7 and 8)*	344,840,739	302,299,673
Total net assets	352,213,705	313,751,787
TOTAL LIABILITIES AND NET ASSETS	$ 359,413,268	$ 314,842,894

See accompanying notes to consolidated financial statements.

The University of Texas Law School Foundation

Consolidated Statement of Activities for the year ended August 31, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 564,981	$ 27,861,046	$ 28,426,027
Investment return *(Note 4)*	1,454,119	32,207,659	33,661,778
Other revenue	280,000		280,000
Change in value of beneficial interests in charitable remainder trusts		1,275,274	1,275,274
Oil and gas royalties	206,210		206,210
Total revenue	2,505,310	61,343,979	63,849,289
Net assets released from restrictions:			
Support to The University of Texas School of Law	17,357,421	(17,357,421)	
Endowment management fee	1,445,492	(1,445,492)	
Total	21,308,223	42,541,066	63,849,289
EXPENSES:			
Program services:			
Support to The University of Texas School of Law	24,416,469		24,416,469
Other expenses	114,126		114,126
Total program services	24,530,595		24,530,595
Management and general:			
Salaries and related costs	402,948		402,948
Other	283,828		283,828
Total management and general	686,776		686,776
Fundraising:			
Other	170,000		170,000
Total expenses	25,387,371		25,387,371
CHANGES IN NET ASSETS	(4,079,148)	42,541,066	38,461,918
Net assets, beginning of year	11,452,114	302,299,673	313,751,787
Net assets, end of year	$ 7,372,966	$ 344,840,739	$ 352,213,705

See accompanying notes to consolidated financial statements.

The University of Texas Law School Foundation

Consolidated Statement of Activities for the year ended August 31, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions	$ 468,876	$ 12,119,249	$ 12,588,125
Investment return *(Note 4)*	2,217,981	38,824,219	41,042,200
Other revenue	295,845		295,845
Change in value of beneficial interests in charitable remainder trusts		(187,003)	(187,003)
Oil and gas royalties	88,451		88,451
Total revenue	3,071,153	50,756,465	53,827,618
Net assets released from restrictions:			
Support to The University of Texas School of Law	14,467,817	(14,467,817)	
Endowment management fee	906,734	(906,734)	
Foundation matching gifts	(15,874)	15,874	
Total	18,429,830	35,397,788	53,827,618
EXPENSES:			
Program services:			
Support to The University of Texas School of Law	14,677,818		14,677,818
Other expenses	58,587		58,587
Total program services	14,736,405		14,736,405
Management and general:			
Salaries and related costs	380,724		380,724
Other	534,792		534,792
Total management and general	915,516		915,516
Fundraising:			
Other	171,026		171,026
Total expenses	15,822,947		15,822,947
CHANGES IN NET ASSETS	2,606,883	35,397,788	38,004,671
Net assets, beginning of year	8,845,231	266,901,885	275,747,116
Net assets, end of year	$ 11,452,114	$ 302,299,673	$ 313,751,787

See accompanying notes to consolidated financial statements.

The University of Texas Law School Foundation

Consolidated Statements of Cash Flows for the years ended August 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ 38,461,918	$ 38,004,671
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Donated investments	(5,055,280)	(3,333,952)
Net realized and unrealized gain on investments	(29,934,947)	(37,417,530)
Change in beneficial interests in charitable remainder trusts	(1,275,274)	187,003
Contributions restricted for perpetual endowments	(15,570,914)	(4,916,504)
Changes in operating assets and liabilities:		
Prepaid expenses	(3,531)	6,849
Contributions receivable	(4,295,799)	(714,766)
Accounts payable and other liabilities	236,412	4,912
Grants payable	6,900,000	
Distributions payable	(1,027,956)	(283,716)
Net cash used by operating activities	(11,565,371)	(8,463,033)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(48,702,466)	(20,057,195)
Proceeds from sales of investments	49,992,840	24,905,268
Net change in money market mutual funds	469,130	(1,830,762)
Net cash provided by investing activities	1,759,504	3,017,311
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for perpetual endowments	10,375,554	4,818,520
NET CHANGE IN CASH	569,687	(627,202)
Cash, beginning of year	227,691	854,893
Cash, end of year	$ 797,378	$ 227,691

See accompanying notes to consolidated financial statements.

NOTE 1 – ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES

Organization – The University of Texas Law School Foundation (the Foundation) was chartered in 1952 exclusively for the benefit of The University of Texas to support to The University of Texas School of Law's (the Law School) legal education, legal research, financial assistance to deserving students, and the progress of the law.

UTLSF Holdings, LLC (the LLC), a wholly-owned subsidiary of the Foundation, was formed in 2016 for the purpose of managing and holding the ownership of real estate.

Basis of consolidation – These financial statements include the assets, liabilities, net assets, and activities of the Foundation and the LLC. All balances and transactions between the consolidated entities have been eliminated.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi), except for any net income from unrelated business activities. The LLC is a disregarded entity for federal income tax purposes.

Concentration of credit risk – Cash deposits exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are discounted to estimate the present value of future cash flows, if material. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. An allowance for uncollectible amounts is provided when management believes balances may not be collected in full based upon historical experience and analysis of individual balances.

Investments are reported at fair value. Realized gains and losses on securities sold are determined using the specific identification method. Purchases and sales of marketable securities are recorded on a trade-date basis. Unrealized gains and losses on securities arise from increases or decreases in fair value. Interest and dividends are recognized when earned.

Beneficial interests in charitable remainder trusts – The Foundation is a beneficiary of two irrevocable charitable remainder trusts reported at fair value.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be

maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when those earnings are appropriated in accordance with spending policies and are used for the stipulated purpose.

Foundation matching gifts – The Board of Trustees (the Board) has established a legacy giving challenge whereby planned gifts are matched to support a project or program stipulated by the donor. At the time of the match, the Board relinquishes its right to remove the designation established and net assets without donor restrictions are reclassified to *with donor restrictions* to match the donor's restriction.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Occupancy costs are allocated based on usage of related facilities.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets are invested for long-term appreciation and current income for the purpose of supporting the Law School. The Foundation has financial assets of $359.4 million at August 31, 2025 and $314.8 million at August 31, 2024, including non-liquid investments and beneficial interests in charitable remainder trusts of $43.5 million at August 31, 2025 and $41.9 million at August 31, 2024, which are subject to donor restrictions and prudent spending policies. The Foundation's general expenditures consist of distributions to the Law School for legal education, legal research, financial assistance to deserving students, and the progress of the law, as well as the conduct of services undertaken to support those activities. The Foundation makes financial assets available to fund general expenditures, as needed. At August 31, 2025, the Foundation has approved distributions from its endowment of approximately $9.9 million for 2026.

The Foundation's Board, in conjunction with the Outsourced Chief Investment Officer (OCIO), are responsible for reviewing asset allocations and risk profiles needed to reasonably support the liquidity and spending needs of the Foundation.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	2025	2024
Contributions receivable	$ 15,849,048	$ 5,434,372
Less allowance for uncollectible accounts	(369,899)	(163,635)
Discount to net present value at 3.46% to 5.30%	(1,035,731)	(318,478)
Total contributions receivable, net	$ 14,443,418	$ 4,952,259

Contributions receivable at August 31, 2025 are due to be collected as follows:

Receivable in one year	$ 5,515,676
Receivable in one to five years	9,212,033
Receivable in more than five years	1,121,339
Total contributions receivable	$ 15,849,048

NOTE 4 – INVESTMENTS

Investments consist of the following:

	2025	2024
Mutual funds	$ 193,663,626	$ 169,184,428
Hedge funds	71,670,831	60,982,191
Private equity	26,334,141	26,009,509
Venture capital	19,434,788	19,403,476
Real estate	7,130,147	7,130,147
Exchange-traded funds – real estate	5,235,689	7,528,748
Art	3,484,118	3,484,118
Total investments	$ 326,953,340	$ 293,722,617

Investment return includes earnings on cash and consists of the following:

	2025	2024
Interest and dividends	$ 4,313,382	$ 3,956,767
Net realized and unrealized gain	29,934,947	37,417,530
Rental income (loss), net	(33,512)	235,351
Investment fees	(553,039)	(567,448)
Total investment return	$ 33,661,778	$ 41,042,200

NOTE 5 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Investments in partnerships, which do not have a readily determinable fair value and are not traded on a public exchange, are measured at net asset value per share (or its equivalent) using the practical expedient and are not required to be assigned a level within the fair value hierarchy.

Assets measured at fair value at August 31, 2025 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Mutual funds:				
Equity:				
Large cap	$ 82,242,511			$ 82,242,511
International	49,252,536			49,252,536
Small cap	15,816,011			15,816,011
Fixed income	26,509,998			26,509,998
Balanced	17,725,105			17,725,105
Money market	2,117,465			2,117,465
Real estate		$ 7,130,147		7,130,147
Exchange-traded funds – real estate	5,235,689			5,235,689
Art		3,484,118		3,484,118
Beneficial interests in charitable remainder trusts			$ 17,176,527	17,176,527
Total assets in fair value hierarchy	$ 198,899,315	$ 10,614,265	$ 17,176,527	226,690,107
Investments in partnerships measured at net asset value as a practical expedient:				
Hedge funds				71,670,831
Private equity				26,334,141
Venture capital				19,434,788
Total assets measured at fair value				$ 344,129,867

Assets measured at fair value at August 31, 2024 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Investments:				
Mutual funds:				
Equity:				
Large blend	$ 74,861,292			$ 74,861,292
International	36,814,982			36,814,982
Small cap	13,645,592			13,645,592
Fixed income	24,335,197			24,335,197
Balanced	16,940,770			16,940,770
Money market	2,586,595			2,586,595
Real estate		$ 7,130,147		7,130,147
Exchange-traded funds – real estate	7,528,748			7,528,748
Art		3,484,118		3,484,118
Beneficial interests in charitable remainder trusts			$ 15,901,253	15,901,253
Total assets in fair value hierarchy	$ 176,713,176	$ 10,614,265	$ 15,901,253	203,228,694
Investments in partnerships measured at net asset value as a practical expedient:				
Hedge funds				60,982,191
Private equity				26,009,509
Venture capital				19,403,476
Total assets measured at fair value				$ 309,623,870

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value.
- *Real estate* and *art collection* are valued at estimated fair value as determined by management based upon periodic independent appraisals.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Beneficial interests in charitable remainder trusts* are valued as described in Note 6.
- *Hedge funds, private equity* and *venture capital funds* are valued using the net asset value (NAV) per share. Certain partnerships and hedge funds are valued at NAV (or its equivalent) as a practical expedient to determine fair value and are not required to be categorized by level in the fair value hierarchy. NAV is based on information provided to the Foundation by the general partners or fund manager of each fund. Management takes into consideration consultation with fund investment managers and audited financial information to determine the overall reasonableness of the recorded fair values.

There were no purchases or sales of investments categorized as Level 3 during 2025 and 2024.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

STRATEGY	2025 FAIR VALUE	2024 FAIR VALUE	UNFUNDED COMMITMENTS	REMAINING LIFE FOR LOCK-OUT PERIOD	REDEMPTION TERMS
Hedge – Invests in and sells long and short securities and instruments with the goal of maximizing long-term return while emphasizing preservation of capital.	$71,670,831	$60,982,191	$1,685,586	None.	Quarterly or annual liquidity with 45-days' to 90-days' notice. The general partner is not required to liquidate or encumber assets to satisfy redemption requests and may defer requests.
Private equity – Invests in a diversified portfolio of partnerships that invest in less liquid and/or longer duration private and public securities, real estate and real estate-related assets, equity and equity-related securities of management buyout transactions, debt and equity financing, leveraged buyouts, venture capital, and technology.	$26,334,141	$26,009,509	$27,545,972	Funds dissolve between 2026 and 2034 subject to extension or early termination. May be further extended by the general partners subject to approval by the limited partners.	Distributions are made solely at the discretion of the general partners. The Foundation has no ability for redemption, except in limited cases.
Venture capital – Invests globally in multiple asset classes and in both publicly traded and privately placed securities, properties, and other assets, either directly or through investment funds, including private equity funds, private realty funds, natural resources funds, and hedge funds to maximize annual returns, net of all costs over rolling 10-year periods.	$19,434,788	$19,403,476	$1,543,600	None.	Quarterly liquidity with 180-days' notice. The general partner may suspend or limit withdrawals.
Total	$117,439,760	$106,395,176	$30,775,158		

NOTE 6 – BENEFICIAL INTERESTS IN CHARITABLE REMAINDER TRUSTS

The charitable remainder trusts hold investments primarily in cash and cash equivalents, common stock, fixed-income funds, and mineral interests. The larger of the two trusts will establish an endowed chair for the Law School. The smaller trust will establish a scholarship fund to assist students with financial need at the Law School. These trusts provide for the payment of distributions to designated beneficiaries over the trust terms (the designated beneficiaries' lifetimes).

The present value attributable to the future interest of the Foundation was treated as a perpetually-restricted contribution in the period that each trust was established, and the amounts are reflected in donor-restricted endowments. The change in present value attributable to the future interest is recorded as an increase or decrease in net assets with donor restrictions. The present value is assumed to be the current value of the assets in the trust. There are certain real estate and mineral interests where only book value is provided by the trustee. Therefore, balances presented may be different between the fair value and book value of those assets; however, management does not believe any differences would be material to the consolidated financial statements.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	2025	2024
Subject to expenditure for specified purpose:		
Business Law program	$ 6,714,000	$ 2,077,500
Scholarships	4,626,701	2,428,035
Faculty development and excellence	2,687,097	3,686,097
Centers and clinics	1,842,896	3,162,031
Pipeline program initiative	755,990	840,628
Atheneaum project	638,911	348,911
Strauss Center cybersecurity program	22,500	30,000
Other	1,213,356	1,122,069
Total subject to expenditure for specified purpose	18,501,451	13,695,271
Donor-restricted endowments subject to spending policy and appropriation:		
Scholarships	176,097,405	150,622,590
Chairs	63,437,415	58,766,547
Faculty development and excellence	30,426,402	28,320,687
Centers and clinics	19,934,522	18,113,040
Professorships	13,097,531	12,195,843
Library	6,799,244	6,332,829
Advocacy	6,610,204	6,149,651
Research professorships	2,464,247	2,294,314
Dean's discretionary fund	1,977,588	1,841,745
Lectureships	1,655,107	1,541,909
Fellowships	504,710	469,911
Other	3,334,913	1,955,336
Total endowments subject to spending policy and appropriation	326,339,288	288,604,402
Total net assets with donor restrictions	$ 344,840,739	$ 302,299,673

NOTE 8 – ENDOWMENTS

The endowment includes more than 789 individual funds that were established to support a variety of purposes. The Foundation is subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA), which has been enacted by the State of Texas. The Foundation has interpreted TUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the perpetual endowment and accumulated investment return subject to appropriation as *net assets with donor restrictions*. In accordance with TUPMIFA, the Foundation considers the duration and preservation of the funds and other resources of the Law School in making a determination to appropriate accumulated donor-restricted funds.

An endowment fund is *underwater* if the fair value of the fund's investments falls below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent spending policies. There were no such deficiencies at August 31, 2025 or 2024.

Changes in endowment net assets, excluding term endowments, are as follows:

	WITH DONOR RESTRICTIONS		
	AVAILABLE FOR APPROPRIATION	REQUIRED TO BE MAINTAINED IN PERPETUITY	TOTAL
Endowment net assets, August 31, 2023	$ 67,174,985	$ 187,761,283	$ 254,936,268
Contributions		4,916,504	4,916,504
Change in beneficial interests	101,072	(288,075)	(187,003)
Return on investments	38,927,729	(103,510)	38,824,219
Appropriations	(9,885,586)		(9,885,586)
Endowment net assets, August 31, 2024	96,318,200	192,286,202	288,604,402
Contributions		15,570,914	15,570,914
Change in beneficial interests	19,309	1,255,965	1,275,274
Return on investments	32,207,659		32,207,659
Change in donor restrictions	(4,256)	4,256	
Appropriations	(11,318,961)		(11,318,961)
Endowment net assets, August 31, 2025	$ 117,221,951	$ 209,117,337	$ 326,339,288

Investment Objectives

The Foundation's investment objective is to preserve its purchasing power, while providing a continuing and stable funding source to support the current and future mission of the Law School. To accomplish this objective, the Foundation seeks to generate a total return that will exceed not only its operating expenses, but also all expenses associated with managing the fund and the eroding effects of inflation. It is the intention that all total return (interest income, dividends, realized gains, and unrealized gains), above and beyond the amount approved for expenditure or distribution, will be reinvested. Investments will be managed on a total return basis, consistent with the applicable standard of conduct set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Foundation employs an outsourced investment office to provide expertise in the management of the investment portfolio. The Foundation's Investment Committee provides oversight and monitors the investment and financial objectives of the Foundation.

Spending Policies

The Foundation has a policy of appropriating for distribution each year a percentage of its endowment funds' average fair value over the 12 quarters ending December 31 of the preceding fiscal year. For the years ended August 31, 2025 and 2024, the distribution from endowments was 4.0%. The Foundation also has a policy to annually evaluate distributions from endowments where the fair value is less than 100% of the corpus, and make distributions from these endowments on a case by case basis. In establishing these policies, the Foundation considered the long-term expected return on its endowment assets and the long-term nature of an endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to grow at a rate greater than inflation.

NOTE 9 – EMPLOYEE RETIREMENT PLAN

The Foundation sponsors a safe harbor 401(k) retirement plan (the Plan) for certain employees over the age of 21 who have completed 1,000 hours of service. Eligible participants may elect to contribute a percentage of their compensation within the limits established by the Internal Revenue Code. The Foundation makes a contribution equal to 15% of the employee's salary each Plan year, which is 100% vested to the employee. The Foundation may also make additional discretionary contributions to eligible participants. The Foundation contributed $49,431 and $46,658 to the Plan during the years ended August 31, 2025 and 2024, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Foundation has a memorandum of understanding with the Law School to provide space, utilities, equipment, and assistance with development activities. During 2025 and 2024, the Foundation paid the Law School $60,000 and $80,000, respectively, under this memorandum for each year, respectively. Additionally, the Foundation reimburses the Law School for expenses incurred on its behalf relating to development activities. During 2025 and 2024, the Foundation paid the Law School $165,000 and $170,000, respectively, for such expenses.

NOTE 11 – GRANTS PAYABLE

In August 2025, the Foundation entered into an agreement to donate property, valued at $6.9 million, owned by the Foundation to The University of Texas at Austin. This property will be used to build affordable housing for students attending the Law School. The deed to the property will be transferred when the current tenant vacates the space, which is expected to occur in fiscal year 2026.

NOTE 12 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 17, 2026, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.