

**Foundation of California State University,  
Monterey Bay**

**Annual Report**

**For the Years Ended  
June 30, 2023 and 2022**

**Foundation of California State University, Monterey Bay  
Annual Report  
For the Years Ended  
June 30, 2023 and 2022**

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## Independent Auditors' Report

Board of Directors  
Foundation of California State University, Monterey Bay  
Seaside, California

### Opinion

We have audited the accompanying statements of net position of Foundation of California State University, Monterey Bay (the Foundation), a component unit of California State University, Monterey Bay, as of June 30, 2023 and 2022, and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation of California State University, Monterey Bay as of June 30, 2023 and 2022, and the change in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Foundation of California State University, Monterey Bay'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 Foundation of California State University, Monterey Bay's ability to continue as a going concern for a reasonable period of time.

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

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Foundation of California State University, Monterey Bay basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 35 through 42 is presented for purposes of additional analysis as required by the California State University and is not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2023, on our consideration of Foundation of California State University, Monterey Bay's internal control

Board of Directors  
Foundation of California State University, Monterey Bay  
Seaside, California  
Page 4

over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation of California State University, Monterey Bay's internal control over financial reporting and compliance.

GLENN BURDETTE ATTEST CORPORATION

Glenn Burdette Attest Corporation  
San Luis Obispo, California

October 19, 2023

**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2023 and 2022**

The Foundation of California State University, Monterey Bay (Foundation) is an auxiliary in good standing of California State University, Monterey Bay (CSUMB or University). The Foundation is an IRC Section 501(c)(3) not-for-profit public benefit corporation and its primary objective is to support the University. The Foundation provides support for the advancement of education and fosters, encourages and promotes the scientific, literary, educational and charitable activities of the University. In addition, it administers scholarships and endowments and manages the endowment investments.

Foundation management believes that having this separate philanthropic organization will elevate the level of interest in University fundraising in the community, improve the University's ability to raise funds for scholarships and endowments, streamline the accounting process, and simplify investment tracking and reporting for all vested parties.

As management of the Foundation, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal years ended June 30, 2023 and 2022. We encourage readers to read the information presented here in conjunction with additional information that we have provided in the Foundation's financial statements, which follow this narrative. The Foundation's financial statements are presented here and are incorporated in the University's financial statements as a component unit.

***Financial Highlights***

- At June 30, 2023, the Foundation's total net position increased by 10.3 percent or \$3.5 million from \$34.5 million to \$38 million.
- Endowment investments increased 10% or \$3.2 million from \$31.9 million to \$35 million.
- Endowment distribution decreased \$139,000 or 12.6 percent from \$1.1 million to \$961,000.
- Contributions from Corporation decreased by 62.5 percent or \$424,000 from \$678,000 to \$254,000.
- Realized and unrealized gains/losses on investments, net, increased by \$6.6 million or 140.6 percent from a \$4.7 million loss to a \$1.9 million gain.
- Additions to permanent endowments increased \$164,000 or 21.3 percent from \$771,000 to \$935,000.

**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2023 and 2022**

***Overview of the Financial Statements***

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows (on pages 13 through 16) all provide information about the Foundation's activities and present a long-term view of its finances.

These statements are prepared using the accrual basis of accounting which recognizes expenses when incurred and revenue when earned rather than when payment is made or received and is widely used by most private sector companies. They also report the Foundation's net position and change in net position. You can think of the Foundation's net position – the difference between assets (plus deferred outflows of resources) and liabilities (plus deferred inflows of resources) – as one way to measure the Foundation's financial health, or fiscal position. Over time, increases or decreases in the Foundation's net position are one indicator of whether its financial health is improving or declining.

***Condensed Comparative Financial Information***

Net position in 2022/23 increased by \$3.5 million or 10.3 percent, primarily as a result of realized and unrealized gains on investments. In fiscal year 2021/22, net position decreased by 7.4 percent or \$2.7 million primarily for the same reason but in the opposite direction.

The accompanying audited financial statements as of and for the years ended June 30, 2023 and 2022 are reported in accordance with standards and requirements of the GASB as are the following schedules.



**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2023 and 2022**

**Table 1: Condensed Summary of Net Position as of June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>			
Current assets	\$ 2,565,452	\$ 2,333,149	\$ 1,905,933
Noncurrent assets:			
Endowment investments	35,043,025	31,872,054	34,630,784
Other noncurrent assets	452,175	368,970	762,772
Total Assets	<u>38,060,652</u>	<u>34,574,173</u>	<u>37,299,489</u>
<b><u>Liabilities</u></b>			
Current liabilities	47,840	98,204	85,384
Total Liabilities	<u>47,840</u>	<u>98,204</u>	<u>85,384</u>
<b><u>Net Position</u></b>			
Restricted for:			
Nonexpendable – endowments	17,737,320	16,658,679	15,762,611
Expendable	20,271,309	17,813,258	21,447,965
Unrestricted	4,183	4,032	3,529
Total Net Position	<u>\$38,012,812</u>	<u>\$34,475,969</u>	<u>\$ 37,214,105</u>

**Assets**

*Current assets* consist of Cash and cash equivalents, Receivables from Corporation and University, and Pledges receivable, net.

In 2022/23 Cash and cash equivalents experienced a minimal increase from \$2.2 million to \$2.3 million for a \$107,000 or 4.8 percent increase. The increase in 2021/22 was \$495,000 or 28.4 percent and was a result of a larger endowment distribution transfer to savings in June 2022 and the accumulation of prior years' payout transfers not being fully spent.

Corporation receivable in 2022/23 increased from \$49,000 to \$176,000 for an increase of \$127,000 or 259.8% mostly due to Corporation cash receipts in June intended for the Foundation. The increase in 2021/22 was \$37,000 or 333 percent and was a result of two large cash receipts that came in the last few days of June 2022.

**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2023 and 2022**

*Noncurrent assets* consist of Restricted cash and cash equivalents, Pledges receivable, net, and Endowment investments.

Restricted cash and cash equivalents consist of cash and money market balances associated with endowments. In 2022/23, restricted cash and cash equivalents increased to \$450,000 from \$333,000 for a \$117,000 or 35.2 percent increase due primarily to monies received into the endowment money market fund near year-end. In 2021/22, restricted cash and cash equivalents decreased to \$333,000 from \$689,000 for a \$356,000 or 51.7 percent change due to a private equity asset class distribution and a donor wire received in prior year that were both transferred to long-term investments in July 2021.

Endowment investments increased 10 percent or \$3.1 million from \$31.9 million to \$35 million. The majority of the change is due to capital gains along with investment growth with five new endowments. In 2021/22, endowment investments decreased by 8 percent or \$3 million from \$34 million to \$31 million due to the recession in 2022.

***Results of Operations***

In fiscal year 2022/23, the Foundation's net position increased by 10.3 percent or \$3.5 million as a result of \$935,000 in contributions to permanent endowments, Gifts and donations, noncapital of \$486,000, Contributions from Corporation of \$255,000, \$1.3 million in investment income with \$1.9 million in investment gains, and offset by a \$1.2 million operating loss.

**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2023 and 2022**

**Table 2: Condensed Summary of Changes in Net Position for  
Years Ended June 30, 2023, 2022, and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Operating Expenses</u></b>			
Scholarships	\$ 1,025,242	\$ 1,016,130	\$ 1,026,944
Other operating expenses	244,071	86,883	80,204
Total Operating Expenses	<u>1,269,313</u>	<u>1,103,013</u>	<u>1,107,148</u>
Operating Loss	<u>(1,269,313)</u>	<u>(1,103,013)</u>	<u>(1,107,148)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Endowment distribution	(961,274)	(1,100,332)	(846,563)
Contributions from Corporation	254,465	678,133	101,541
Realized and unrealized gains/(losses)	1,926,841	(4,741,300)	6,626,533
Other nonoperating revenues	2,650,981	2,757,307	2,297,008
Total Nonoperating Revenues (Expenses)	<u>3,871,013</u>	<u>(2,406,192)</u>	<u>8,178,519</u>
<b><u>Other Changes in Net Position</u></b>			
Additions to permanent endowments	<u>935,143</u>	<u>771,069</u>	<u>613,191</u>
Total Other Changes in Net Position	<u>935,143</u>	<u>771,069</u>	<u>613,191</u>
<b>Increase/(Decrease) in Net Position</b>	<b>3,536,843</b>	<b>(2,738,136)</b>	<b>7,684,562</b>
<b><u>Net Position</u></b>			
Net position — beginning of year	34,475,969	37,214,105	29,529,543
Net position — end of year	<u>\$ 38,012,812</u>	<u>\$ 34,475,969</u>	<u>\$ 37,214,105</u>

**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2023 and 2022**

*Operating expenses* consist of Scholarships, Taxes and assessments, Insurance, and Other operating expenses.

In 2022/23, Taxes and assessments increased 100% or \$61,000 due to a shift from previously recording these expenses as payments on behalf of the Foundation reflected on the University Corporation's books. It was decided it is better to have the Foundation's financial statements reflect all of its costs even if they are subsidized by the other Auxiliary. These tax payments are attributed to unrelated business income taxes owed on private credit investments.

In 2022/23, Other Operating expenses increased to \$244,000 from \$87,000 for a 180.9 percent or \$157,000 increase. This is attributed to management's decision to retain expenses in the Foundation's financial statements with subsidies from the University Corporation. This mainly affected Contract Services, Professional Services and Taxes and Assessments. In 2021/22, these Operating expenses were reported as part of the University Corporation's financial statements.

*Nonoperating revenues (expenses)* consist of Gifts and donations, noncapital, Endowment distribution, Interagency transfer for scholarships, Contributions from Corporation, Investment income, and Realized and unrealized gains and losses on investments, net.

In 2022/23, the Endowment distribution decreased to \$961,000 from \$1.1 million for a 12.6 percent or \$139,000 decrease. This can be attributed to steady average market values and a decrease in the Consumer Price Index (CPI) used in the distribution formula. The Endowment distribution in 2021/22 increased 30 percent or \$254,000 from \$847,000 to \$1.1 million. This change was attributed to the increase in the average market values of the endowments through December 2021 as well as an increase in the CPI.

In 2022/23, the Interagency transfers for scholarships decreased 15.5 percent or \$145,000 from \$935,000 to \$790,000. The explanation for the decrease is similar to the endowment distribution as the formula used for scholarships is the same as the endowment payout. In 2021/22, there was an increase of 40 percent or \$265,000 from \$670,000 to \$935,000. This change was attributed to the increase in the Consumer Price Index as used in the formula for the calculation.

In 2022/2023, the Contribution from Corporation decreased 62.5 percent or \$424,000 from \$678,000 to \$254,000. The decrease is a result of a \$500,000 pledge contribution in 2021/22 and a decrease in grant matching funds. In 2021/22, the Contributions from Corporation increased 567.8 percent or \$577,000 from \$101,000 to \$678,000. This increase was mostly attributed to a change in designated purpose of a \$500,000 pledge contribution.

Realized and unrealized gains/losses increased significantly in 2022/23 from a loss of \$4.7 million to a gain of \$1.9 million for a change of \$6.6 million or 140.6 percent. This is due to the economic market rising. In 2021/22, there was a significant decrease from a \$6.6 million gain to a \$4.7 million loss for a 171.6 percent or \$11.3 million change due to the beginning of a recession in 2022.

**Foundation of California State University, Monterey Bay**  
**Management's Discussion and Analysis**  
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***Other Changes in Net Position***

Additions to permanent endowments continued to increase in 2022/23 to \$935,000 from \$771,000 for a 21.3 percent or \$164,000 change due mostly to donations made to the RISE and Woolpert endowments. In 2021/22, there was an increase to \$771,000 from \$613,000 for a 25.7 percent or \$158,000 change due mostly to donations made to the College of Business Agribusiness endowment.

***Currently Known Facts, Decisions and Conditions***

The Foundation's management believes the following will impact future reporting periods:

**Market Conditions**

Endowment investments account for 92.0 percent of the Foundation's total assets. The Foundation manages its investments via its Investment Committee, which works in conjunction with the investment consultant, Verus Investments. It is important to remember that the majority of the Foundation's investments participate in a long-term investment strategy and that there is a smoothing effect of returns over time. Future investment earnings will continue to fluctuate and be affected by interest rate fluctuations and uncertain market conditions.

***Requests for Information***

This report is designed to provide an overview of the Foundation's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Controller  
University Corporation at Monterey Bay  
100 Campus Center  
Building 201, Suite 101B  
Seaside, CA 93955

**Foundation of California State University, Monterey Bay**

**Financial Statements**

**For the Years Ended June 30, 2023 and 2022**

**Foundation of California State University, Monterey Bay**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b><u>Current Assets:</u></b>		
Cash and cash equivalents	\$ 2,347,465	\$ 2,240,029
Receivables:		
Corporation	175,991	48,910
University	100	2,000
Pledges receivable, net	41,896	42,210
Total Current Assets	2,565,452	2,333,149
<b><u>Noncurrent Assets:</u></b>		
Restricted cash and cash equivalents	450,237	332,913
Pledges receivable, net	1,938	36,057
Endowment investments	35,043,025	31,872,054
Total Noncurrent Assets	35,495,200	32,241,024
Total Assets	38,060,652	34,574,173
<b>Liabilities</b>		
<b><u>Current Liabilities:</u></b>		
Accounts payable	1,000	-
Payable to Corporation	30,839	74,930
Due to University	12,500	20,774
Other liabilities	3,501	2,500
Total Current Liabilities	47,840	98,204
Total Liabilities	47,840	98,204
<b>Net Position</b>		
<b><u>Net Position:</u></b>		
Restricted for:		
Nonexpendable - endowments	17,737,320	16,658,679
Expendable:		
Pledges receivable	43,834	78,268
Scholarships	11,750,936	10,316,608
Other	8,476,539	7,418,383
Unrestricted	4,183	4,031
Total Net Position	\$ 38,012,812	\$ 34,475,969

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

**Foundation of California State University, Monterey Bay**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Operating Expenses:</b>		
Contract services	\$ 45,157	\$ -
Supplies and services	162	-
Scholarships	1,025,242	1,016,130
Professional services	24,523	-
Taxes and Assessments	60,999	-
Insurance	55,763	50,000
Other operating expenses	57,467	36,883
Total Operating Expenses	1,269,313	1,103,013
<b>Operating Loss</b>	<b>(1,269,313)</b>	<b>(1,103,013)</b>
<b>Nonoperating Revenues (Expenses):</b>		
Gifts and donations, noncapital	485,734	414,584
Endowment distribution	(961,274)	(1,100,332)
Interagency transfer for scholarships	789,559	934,700
Contributions from Corporation	254,465	678,133
Investment income	1,375,688	1,408,023
Realized and unrealized gains/(losses) on investments, net	1,926,841	(4,741,300)
Net Nonoperating Revenues	3,871,013	(2,406,192)
<b>Income (loss) before other changes to Net Position</b>	<b>2,601,700</b>	<b>(3,509,205)</b>
<b>Other Changes in Net Position:</b>		
Additions to permanent endowments	935,143	771,069
Net Other Changes in Net Position	935,143	771,069
<b>Increase/(Decrease) in Net Position</b>	<b>3,536,843</b>	<b>(2,738,136)</b>
<b>Net Position:</b>		
Net position - beginning of year	34,475,969	37,214,105
Net position - end of year	<b>\$ 38,012,812</b>	<b>\$ 34,475,969</b>

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



**Foundation of California State University, Monterey Bay**  
**Statements of Cash Flows**  
**Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash Flows from Operating Activities:</b>		
Payments to vendors	\$ (242,164)	\$ (136,384)
Payments/Receipts from Corporation, net	(44,091)	20,071
Payments to University	(1,032,523)	(976,115)
Payments/Receipts from Other	1,001	235
Net Cash Used in Operating Activities	(1,317,777)	(1,092,193)
<b>Cash Flows from Noncapital Financing Activities:</b>		
Gifts and donations	393,086	522,033
Additions to permanent endowments	935,143	771,069
Endowment distribution to Corporation	(961,274)	(1,100,332)
Interagency transfer for scholarships	789,559	934,700
Contributions from Corporation	254,465	678,133
Net Cash Provided by Noncapital Financing Activities	1,410,979	1,805,603
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	2,469	4,922,932
Purchase of investments	(1,246,599)	(6,905,502)
Investment income received	1,375,688	1,408,023
Net Cash Provided by (Used in) Investing Activities	131,558	(574,547)
Net Increase in Cash	224,760	138,863
<b>Cash and Cash Equivalents - Beginning of year</b>	2,572,942	2,434,079
<b>Cash and Cash Equivalents - End of year</b>	\$ 2,797,702	\$ 2,572,942
<b>Reconciliation of Cash and Cash Equivalents to Statements of Net Position:</b>		
Cash and cash equivalents	\$ 2,347,465	\$ 2,240,029
Restricted cash and cash equivalents	450,237	332,913
<b>Cash and Cash Equivalents - End of Year</b>	\$ 2,797,702	\$ 2,572,942

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

**Foundation of California State University, Monterey Bay**  
**Statements of Cash Flows (Continued)**  
**Years Ended June 30, 2023 and 2022**

	2023	2022
<b>Reconciliation of Operating Loss to Net Cash</b>		
<b>Used in Operating Activities:</b>		
Operating loss	\$ (1,269,313)	\$ (1,103,013)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Change in assets and liabilities:		
Receivables	1,900	(2,000)
Accounts payable	1,000	-
Payable to Corporation	(44,091)	20,071
Due to University	(8,274)	(7,486)
Other liabilities	1,001	235
<b>Net Cash Used in Operating Activities</b>	<b>\$ (1,317,777)</b>	<b>\$ (1,092,193)</b>
 <b>Supplemental Schedule of Noncash Financing and Investing Activities:</b>		
Increase/(Decrease) in fair value of investments	\$ 1,926,841	\$ (4,741,300)

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

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Reporting Entity***

The Foundation of California State University, Monterey Bay (Foundation), a nonprofit 501(c)(3) public benefit corporation, began operations in July 2010 to support the academic mission of the California State University, Monterey Bay (University). The Foundation is an auxiliary organization of the University and is presented in the University's financial statements as a component unit.

The Foundation is governed by the Board of Directors, which is comprised of community members, the University President, a faculty member, an alumni member, and a student member.

The activities administered by the Foundation include the following:

- Public relations and community outreach programs
- Endowment management
- Private giving
- Fund development
- Fund management
- Fundraising activities

***Basis of Presentation*** – The Financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, gifts, and similar items are recognized as soon as all eligibility requirements have been met.

***Other Accounting Policies***

***Cash and Cash Equivalents*** – Cash and cash equivalents include all highly liquid investments purchased with original maturities of three months or less. The Foundation considers all balances in demand deposit and money market accounts to be cash equivalents for the purposes of the Statements of Net Position and Statements of Cash Flows.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Investments*** – Investments are reported at fair value using quoted market prices and net book value at the financial statement date. Realized and unrealized gains and losses are included in the Statements of Revenues, Expenses and Changes in Net Position.

***Receivables*** – Receivables consist of monies due from the University Corporation at Monterey Bay (Corporation) and the University. An allowance for doubtful accounts is deemed unnecessary.

***Pledges Receivable*** – Pledges are unconditional promises to make future payments to the Foundation. Pledges receivable are recognized as gift revenue in the period pledged when all applicable eligibility requirements are met. Multi-year pledges are recorded at the discounted net present value of expected future cash flows shown net of the allowance for doubtful accounts of \$1,356 and \$2,422 at June 30, 2023 and 2022, respectively. Conditional pledges which depend on the occurrence of a specified future or uncertain event are recognized as gift revenue when the conditions are substantially met.

***Endowments*** – Endowments are managed in a unitized investment pool. Investment earnings and related expenses are allocated based upon each individual endowment's unit market value. Endowment investments include cash and money market funds. In January 2009, California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and therefore the Foundation has the ability to spend from endowments that are underwater. Under UPMIFA, there is elimination of the "historic dollar value" rule and the Foundation may spend from these endowments as it determines is prudent after considering donor intent, the purpose of the fund and relevant economic factors. Also, there is broader investment freedom as long as decisions are made with regard to the overall resources of the institution and its charitable purpose. In April 2011, the Foundation Board approved a 70/30 hybrid spending policy. 70% of the spending rate is determined by last year's spending adjusted for inflation as calculated by CPI (Consumer Price Index) as of December and the remaining 30% is determined by 4.5% of the average of the endowment's market value for the last twelve quarters. This spending policy was used to determine the payout rate for the 2023/24 academic year, resulting in \$962,000. For the 2022/23 academic year, the hybrid spending policy was used in the calculation and the resulting payout was \$1.1 million. Endowment reserves (accumulated net appreciation) on true endowments totaling \$7.2 million as of June 30, 2023, were included in restricted-expendable net position.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Net Position* – The Foundation’s net position is required to be classified for accounting and reporting purposes into the following net position categories:

*Net investment in capital assets* includes capital assets, net of accumulated depreciation and amortization, and deferred outflows of resources, less the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. The Foundation does not have any assets in this category.

*Restricted, nonexpendable* consists of net position subject to externally imposed restrictions that they must be retained in perpetuity. Net position in this category consists of permanent endowments held by the Foundation.

*Restricted, expendable* consists of net position subject to externally imposed restrictions that can be fulfilled by the actions of the Foundation pursuant to those restrictions or that expire by the passage of time.

*Unrestricted* consists of all other categories of net position. Unrestricted may be designated for use by management of the Foundation. These designations limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be used to support future operations in these areas.

The Foundation has adopted a policy of utilizing restricted–expendable funds, when available, prior to unrestricted funds.

*Classification of Current and Noncurrent Assets and Liabilities* – The Foundation considers assets to be current that can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within twelve months of the Statements of Net Position date. Liabilities that can reasonably be expected, as part of normal business operations, to be liquidated within twelve months of the Statements of Net Position date are considered to be current. All other assets and liabilities are considered to be noncurrent.

*Classification of Revenues and Expenses* – The Foundation considers operating revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position to be those revenues and expenses that result from exchange transactions or from other activities that are connected directly to the Foundation’s primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In accordance with GASB Statement No. 35, certain significant revenues relied upon and budgeted for fundamental operational support of the core mission of the Foundation are mandated to be recorded as Nonoperating revenues. Nonoperating revenues and expenses include the Foundation's net investment income, realized and unrealized gains/losses on investments, net, private gifts and donations for other than capital purposes, contributions from Corporation, interagency transfer for scholarships, and endowment distributions to the Corporation. Additions to permanent endowments are classified as Other changes in net position.

***Use of Estimates*** – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Reclassifications*** – Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

***Fair Value Measurements*** – As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, 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 Foundation uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

GASB Statement No. 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels:

***Level 1*** – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

***Level 2*** – Observable inputs, other than Level 1 prices, for the asset or liability, either directly or indirectly;

***Level 3*** – Unobservable inputs for the asset or liability.

For fiscal year ended June 30, 2023, the application of valuation techniques applied to the Foundation's financial statements has been consistent.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Income Taxes*** – The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Foundation’s tax-exempt purpose is subject to taxation as unrelated business income. No liability for income taxes has been recorded since the amount is not expected to be significant. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(iv) and has been classified as an organization that is not a private foundation under Section 509(a)(1).

The Foundation follows accounting standards generally accepted in the United States of America, which requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of June 30, 2023, management has considered its tax positions and believes that the Organization did not maintain any tax positions that did not meet the "more likely than not" threshold. The Organization does not expect any material changes through June 30, 2024. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2019, and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2018.

***Recent Pronouncements*** – In June 2017, GASB issued Statement No. 87, *Leases*. Statement No. 87 increases the usefulness of entities’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of Statement No. 87 are effective for fiscal years beginning after June 15, 2021. Implementation of this Statement did not have a material impact on the Organization’s financial statements.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In June 2018, GASB issued Statement No 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The provisions of Statement No. 89 are effective for fiscal years beginning after December 15, 2020. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In May 2019, GASB issued Statement No 91, *Conduit Debt Obligations*. Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The provisions of Statement No. 91 are effective for fiscal years beginning after December 15, 2021 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The provisions of Statement No. 92 are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of the interbank offered rate. The provisions of Statement No. 93 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.



**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, or later. The requirements of this Statement are effective immediately and the effective dates of the Statements affected have been updated in this footnote. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Since the Foundation has none of these types of arrangements, implementation of this Statement did not have a material impact on the Organization's financial statements.

In June 2020, GASB issued Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Statement No. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The provisions of Statement 97 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In November 2021, GASB issued Statement No 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In April 2022, GASB issued Statement No 99 *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by topic. Management has not yet determined the impact of this Statement on its financial statements.

In June 2022, GASB issued Statement No 100 *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In June 2022, GASB issued Statement No 101 *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Subsequent Events* – Events subsequent to June 30, 2023 have been evaluated through October 19, 2023, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

**NOTE 2. DEPOSITS**

The Foundation maintains cash for operating needs in checking, deposit and money market accounts, with Federal Deposit Insurance Corporation (FDIC) insured financial institutions.

At June 30, 2023 and 2022, the Foundation’s checking, deposit and money market accounts were insured by the FDIC up to \$250,000. At June 30, 2023 and 2022, the Foundation had \$2,116,773 and \$2,186,445 respectively, in uninsured cash deposits.

**NOTE 3. INVESTMENTS**

Investments comprised the following at June 30, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Mutual Funds:		
Equity Funds	\$ 20,051,671	\$ 17,579,903
Bond Funds	9,186,378	8,399,074
Alternative Funds:		
ASB Real Estate	1,281,293	1,488,380
Private Assets:		
Private Credit Funds	4,523,683	4,404,697
Total *	\$ 35,043,025	\$ 31,872,054

\* Total excludes Cash and Bank Sweep balance of \$434,530 and Money Market fund balance of \$336,856 at June 30, 2023 and 2022, respectively.

***Investment Fair Values***

The Foundation categorizes its fair values measurements within the fair value hierarchy established by generally accepted accounting principles. At June 30, 2023 and 2022, the Foundation’s mutual funds were valued using quoted market prices in active markets and are all classified within Level 1 of the fair value hierarchy. At June 30, 2023 and 2022, the Foundation’s alternative funds and private assets were valued by the administrator of the

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 3. INVESTMENTS (Continued)**

fund using net book value to value the investments and are classified within Level 3 of the fair value hierarchy. For the year ended June 30, 2023, the table below sets forth a summary of changes in the fair value of the Foundation's Level 3 investment:

Balance - beginning of year	\$ 5,893,077
Unrealized loss relating to instruments held at the reporting date	(273,901)
Capital Contributions	200,000
Distributions	(491,325)
Income/realized gains	515,942
Fees	<u>(38,817)</u>
Balance - end of year	<u>\$ 5,804,976</u>

***Investment Policies***

The Foundation's Board oversees the management of its investments and establishes the investment policy. The Board has delegated to its Investment Committee the implementation of the investment policy. The Investment Committee establishes investment guidelines and selects investment managers. The Foundation prohibits investments that jeopardize the safety of principal concept or non-profit status of the Foundation. The Foundation has developed and implemented a socially responsible investing policy.

The endowed portfolio is an investment pool in which a large number of individual endowments participate in order to benefit from diversification and economies of scale. The primary investment objective of the endowed investment portfolio is growth of principal sufficient to preserve purchasing power and to provide income to support current and future expenditures consistent with endowment restrictions. The long-term goal is that the total return on the portfolio, net of investment and administration fees, should equal the rate of inflation, plus the payout rate which is used to support current activities.

Investments authorized by the Investment Committee include high quality, readily marketable securities.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 3. INVESTMENTS (Continued)**

The equity portion of the investments may include both domestic and international equities, including foreign currency denominated, common and preferred stocks and actively managed and passive (index) strategies. Overall, the investments are measured against the Standard & Poor's 500, Russell 2500, MSCI Europe, Australasia, and Far East (EAFE), MSCI All County World Index (ACWI) ex US and MSCI Emerging Markets indices.

The fixed income portion of the investments may include both domestic and international securities, along with common bond substitutes. Investment guidelines establish set ranges for the percentage of the total bond portfolio that can be invested in U.S. government, investment grade, non-investment grade and foreign bonds. The fixed income portfolio is measured against the Barclays Capital Aggregate Bond and JP Morgan EMBI Global Total Return.

The Alternatives portion includes funds which seek to achieve a real rate of return in excess of U.S. inflation. These funds can be made up of a mixture of stocks, bonds and other assets such as commodities. The portfolio is measured against the NCREIF ODCE, HFRI Fund of Funds Index and the PIMCO Custom Benchmark (45% BC U.S. TIPS, 20% Bloomberg Commodity, 15% JPM ELMI + (Unhedged), 10% DJ U.S. Select REIT, 10% Bloomberg Gold Subindex).

***Investment Risk Factors***

There are many factors that can affect the value of investments. Some, such as custodial credit risk, concentration of credit risk, and foreign currency risk may affect both the equity and fixed income securities. Equity securities respond to such investment behavioral factors as economic conditions, individual company earnings, performance and market liquidity, while fixed income securities are sensitive to credit risks and changes in interest rates.

Equity securities held by the Foundation through mutual funds comprised \$20,051,671 or 57.2% of the total investments of the Foundation. Equities are subject to both unsystematic and systematic risk. Unsystematic risk is the risk of a price change due to the unique circumstances of a specific security or group of related securities. The Foundation addresses unsystematic risk by investing in widely diversified equity mutual funds. Equity securities are also subject to systematic risk or market risk. Systematic risk recognizes that equity securities, as an asset class, can change in value as a result of such factors as inflation, exchange rates, political instability, war, economic conditions and interest rates. This type of risk is not specific to a particular company or industry and cannot be substantially mitigated by diversification.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 3. INVESTMENTS (Continued)**

**Credit Risk**

Fixed income securities are subject to credit risk, which is the chance that a bond issue will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer’s ability to make these payments will cause security prices to decline.

The following schedule of credit risk profile of Foundation’s investments summarizes the fair value of the fixed income securities subject to credit risk. The Foundation maintains policies to manage credit risk which include requiring minimum credit ratings issued by nationally- recognized statistical rating organizations, including Standard and Poor’s or Moody’s Investor Services, for certain investments. For investments in securities rated below investment grade, the Foundation and its investment advisor monitor the investments and fund manager to determine if the portfolio is managed according to the stated guidelines. A security’s tier can be established either by an independent rating organization or by a determination of the investment adviser. Money market fund shares and U.S. government securities are automatically considered Tier 1 securities.

	<b>Fair Value</b>	<b>Rating</b>
Bond Mutual Funds:		
Met West Total Return Bond I	\$ 3,920,127	(1)
Dodge & Cox Income	4,262,658	(2)
JP Morgan Emerging ETF	1,003,593	(3)
Money Market Fund:		
Schwab Premier Bank	434,530	Not Rated
Total	\$ 9,620,908	

(1) Credit ratings range from AAA to below B with 91% at rating of BBB or above.

(2) Credit ratings range from AAA to B with 90% at a BBB rating or above.

(3) Credit ratings range from AA to below B with 53% at a BBB rating or above.

**Custodial Credit Risk**

Custodial risk is the risk that in the event of the failure of the custodian, the investments may not be returned. Substantially all of the Foundation’s investments are issued, registered or held in the name of the Foundation by custodian banks and brokers, as its agent. Other types of investments represent ownership interest that do not exist in physical or book entry form.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 3. INVESTMENTS (Continued)**

**Concentration of Credit Risk**

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers; thereby exposing the organization to greater risks resulting from adverse conditions or developments. The Foundation maintains investment policies that limit the holdings of any individual security (except those issued or guaranteed by the federal government) to 10% of invested funds. GASB requires disclosure of investments in any one individual issuer that represent 5% or more of total investments. The Foundation had no investments that exceeded this threshold at June 30, 2023 or 2022.

**Interest Rate Risk**

Interest rate risk is the risk that fixed income securities will decline because of rising interest rates. The Foundation measures interest rate risk using the weighted average maturity method.

The weighted average maturities of the Foundation’s fixed income securities and money market funds at June 30, 2023, were as follows:

	<b>Fair Value</b>	<b>Weighted Average</b>
Bond Mutual Funds:		
Met West Total Return Bond I	\$ 3,920,127	7.8
Dodge & Cox Income	4,262,658	10.3
JP Morgan Emerging ETF	1,003,593	12.2
Money Market Fund:		
Schwab Premier Bank	434,530	0.1
Total	\$ 9,620,908	

**Foreign Currency Risk**

Exposure from foreign currency risk results from investments in foreign currency denominated equity or fixed income investments. The Foundation maintains international equity investments by investing in international mutual funds that are broadly diversified over many developed and emerging markets. Exposure from foreign currency risk from these investments is permitted and it may be fully or partially hedged by the individual mutual fund managers but hedging is not permitted for speculation or to create leverage.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 3. INVESTMENTS (Continued)**

As of June 30, 2023, the exposure to foreign currency risk of the International Equity Funds was as follows:

<u>Currency</u>	<u>Fair Value</u>
Euro	\$ 1,515,075
Japanese Yen	941,604
British Pound	675,941
Swiss Franc	447,638
Canadian Dollar	426,933
Danish Krone	126,288
Swedish Krona	118,490
Korean Won	769,997
Brazilian Real	372,481
Mexican Peso	148,657
Taiwan Dollar	574,549
Indian Rupee	676,759
South African Rand	107,800
Australian Dollar	160,440
Chinese Yuan	1,015,893
Hong Kong Dollar	86,601
Other Currencies	931,500
Total International Funds Subject to Foreign Currency Risk	<u>\$ 9,096,646</u>

Other currencies are individually less than 1% of the Foundation's international equity funds.



**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 4. PLEDGES RECEIVABLE**

Pledges receivable at June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Academic scholarships	45,189	\$ 86,028
Less: Allowance for doubtful accounts	(1,355)	(2,422)
Less: Unamortized discount	-	(5,339)
Pledges receivable, net	<u>43,834</u>	<u>\$ 78,267</u>
Pledges due in:		
One year or less	43,191	\$ 43,517
One to five years	1,998	42,511
Total	<u>45,189</u>	<u>\$ 86,028</u>

**NOTE 5. OPERATING AGREEMENTS**

**CSU**

The Foundation entered into a new operating agreement with the Trustees of the CSU on July 1, 2015 with a term end date of June 30, 2025. It describes the terms and conditions under which the Foundation may operate as an auxiliary organization within the CSU. No amounts are paid to the Trustees of the CSU under this agreement.

**Corporation**

On July 1, 2010 the Foundation entered into an agreement with the Corporation for accounting and financial reporting services. This agreement will renew automatically in 12-month increments unless terminated by choice by either party. The Corporation currently does not charge the Foundation for services; however, it reserves the right to establish an annual fixed fee in future years.

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 6. RISK MANAGEMENT**

The Foundation of CSUMB manages its risk through the purchase of insurance through California State University Risk Management Authority (CSURMA)/Auxiliaries Organization Risk Management Alliance (AORMA), a joint powers public entity risk pool, for coverage of workers’ compensation, general liability, professional liability, property, and general organizational risk exposures. The Auxiliary Organization Risk Management Alliance (AORMA) Self Insured Retention (SIR) liability fund provides coverage for the first \$5,000,000 of each General Liability, Automobile Liability, Products and Completed Operations, Professional Liability including Directors & Officers Liability and Employment Practices Liability claim. Reinsurance insurance for AORMA’s \$5,000,000 layer is purchased from Great American Insurance (AM Best Rating: A, XV Rating; A+ XV) in the amount of \$4,500,000 each occurrence. AORMA also purchases \$5,000,000 excess of \$5,000,000 from Continental Indemnity (AM Best Rating: A, XV Rating), Upland (AM Best Rating: A-, VIII), and Sirius Bermuda (AM Best Rating: A+, XV) and \$5,000,000 excess of \$10,000,000 from Everest Re (AM Best Rating: A+, XV Rating).

AORMA’s “All Risk” property insurance program coverage is through the Alliant Property Insurance Program (APIP). This program, including Flood, Boiler and Machinery, Cyber Liability, & Pollution Liability coverage, provides replacement cost coverage for all buildings and contents, subject to a limit of liability per occurrence of \$1 billion. Members’ deductibles are \$5,000 for business personal property and business interruption / loss of rents.

The member deductible for real property is based on the Total Insurance Value (TIV) of the building as shown below:

TIV \$10,000,000 or less.....	\$5,000
TIV between \$10,000,001 and \$25,000,000 .....	\$10,000
TIV between \$25,000,001 and \$50,000,000 .....	\$25,000
TIV \$50,000,001 or more.....	\$50,000

For information regarding losses or claims paid, or for a description and amount of any claim pending, or any settlement made, or any litigation entered during the policy year, please contact the following:

Carl Warren & Company  
(Liability Program) Attn:  
Shari Huff  
PO Box 2411  
Tustin, CA 92781  
Tel: 818-265-6765

**Foundation of California State University, Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2023 and 2022**

**NOTE 7. RELATED PARTY TRANSACTIONS**

The Foundation is involved in transactions with the Corporation and the University. Amounts at June 30 and transactions for the years then ended are summarized below:

	<u>2023</u>	<u>2022</u>
<b>University:</b>		
Foundation receivable from the University	\$ 100	\$ 2,000
Foundation payable to the University	12,500	20,774
Payments for other than salaries of University personnel	4,216	-
Gifts, grants, or capital contributions to the University	999,371	976,116
<b>Corporation:</b>		
Foundation receivable from the Corporation	\$ 175,991	\$ 48,910
Foundation payable to the Corporation	30,839	74,930
Endowment distribution to Corporation	171,716	165,632
Net contributions from Corporation	254,465	678,132

## **Supplemental Information**

**Foundation of California State University, Monterey Bay**  
Schedule of Net Position  
June 30, 2023  
(for inclusion in the California State University Financial Statements)

**Assets:**

**Current assets:**

Cash and cash equivalents	\$	2,347,465
Short-term investments		-
Accounts receivable, net		176,091
Lease receivable, current portion		-
P3 receivable, current portion		-
Notes receivable, current portion		-
Pledges receivable, net		41,896
Prepaid expenses and other current assets		-
<b>Total current assets</b>		<b>2,565,452</b>

**Noncurrent assets:**

Restricted cash and cash equivalents		450,237
Accounts receivable, net		-
Lease receivable, net of current portion		-
P3 receivable, net of current portion		-
Notes receivable, net of current portion		-
Student loans receivable, net		-
Pledges receivable, net		1,938
Endowment investments		35,043,025
Other long-term investments		-
Capital assets, net		-
Other assets		-
<b>Total noncurrent assets</b>		<b>35,495,200</b>
<b>Total assets</b>		<b>38,060,652</b>

**Deferred outflows of resources:**

Unamortized loss on debt refunding		-
Net pension liability		-
Net OPEB liability		-
Leases		-
P3		-
Others		-
<b>Total deferred outflows of resources</b>		<b>-</b>

**Liabilities:**

**Current liabilities:**

Accounts payable		44,339
Accrued salaries and benefits		-
Accrued compensated absences, current portion		-
Unearned revenues		-
Lease liabilities, current portion		-
SBITA liabilities - current portion		-
P3 liabilities - current portion		-
Long-term debt obligations, current portion		-
Claims liability for losses and loss adjustment expenses, current portion		-
Depository accounts		-
Other liabilities		3,501
<b>Total current liabilities</b>		<b>47,840</b>

**Noncurrent liabilities:**

Accrued compensated absences, net of current portion		-
Unearned revenues		-
Grants refundable		-
Lease liabilities, net of current portion		-
SBITA liabilities, net of current portion		-
P3 liabilities, net of current portion		-
Long-term debt obligations, net of current portion		-
Claims liability for losses and loss adjustment expenses, net of current portion		-
Depository accounts		-
Net other postemployment benefits liability		-
Net pension liability		-
Other liabilities		-
<b>Total noncurrent liabilities</b>		<b>-</b>
<b>Total liabilities</b>		<b>47,840</b>

**Deferred inflows of resources:**

P3 service concession arrangements		-
Net pension liability		-
Net OPEB liability		-
Unamortized gain on debt refunding		-
Nonexchange transactions		-
Lease		-
P3		-
Others		-
<b>Total deferred inflows of resources</b>		<b>-</b>

**Foundation of California State University, Monterey Bay**  
Schedule of Net Position  
June 30, 2023  
(for inclusion in the California State University Financial Statements)

<b>Net position:</b>	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	17,737,320
Expendable:	
Scholarships and fellowships	11,750,936
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	8,520,373
Unrestricted	4,183
<b>Total net position</b>	<b>\$ 38,012,812</b>

**Foundation of California State University, Monterey Bay**  
Schedule of Revenues, Expenses, and Changes in Net Position  
Year ended June 30, 2023  
(for inclusion in the California State University Financial Statements)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	\$	-
Scholarship allowances (enter as negative)		-

**Grants and contracts, noncapital:**

Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		-
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances (enter as negative)		-
Other operating revenues		-

<b>Total operating revenues</b>		<b>-</b>
---------------------------------	--	----------

**Expenses:**

**Operating expenses:**

Instruction		-
Research		-
Public service		1,713
Academic support		9,350
Student services		2,528
Institutional support		213,346
Operation and maintenance of plant		-
Student grants and scholarships		1,042,376
Auxiliary enterprise expenses		-
Depreciation and amortization		-

<b>Total operating expenses</b>		<b>1,269,313</b>
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<b>Operating income (loss)</b>		<b>(1,269,313)</b>
--------------------------------	--	--------------------

**Nonoperating revenues (expenses):**

State appropriations, noncapital		-
Federal financial aid grants, noncapital		-
State financial aid grants, noncapital		-
Local financial aid grants, noncapital		-
Nongovernmental and other financial aid grants, noncapital		-
Other federal nonoperating grants, noncapital		-
Gifts, noncapital		568,484
Investment income (loss), net		-
Endowment income (loss), net		3,302,529
Interest expense		-
Other nonoperating revenues (expenses)		-

<b>Net nonoperating revenues (expenses)</b>		<b>3,871,013</b>
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<b>Income (loss) before other revenues (expenses)</b>		<b>2,601,700</b>
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State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		935,143
<b>Increase (decrease) in net position</b>		<b>3,536,843</b>

**Net position:**

Net position at beginning of year, as previously reported		34,475,969
Restatements		-

<b>Net position at beginning of year, as restated</b>		<b>34,475,969</b>
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<b>Net position at end of year</b>	<b>\$</b>	<b>38,012,812</b>
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Foundation of California State University, Monterey Bay  
**Other Information**  
**June 30, 2023**  
(for inclusion in the California State University Financial Statements)

<b>Non-depreciable/Non-amortizable capital assets</b>									
Land and land improvement				\$	-	-	-	-	-
Works of art and historical treasures					-	-	-	-	-
Construction work in progress (CWIP)					-	-	-	-	-
Intangible assets					-	-	-	-	-
Rights and easements					-	-	-	-	-
Patents, copyrights and trademarks					-	-	-	-	-
Intangible assets in progress (PWIP)					-	-	-	-	-
Licenses and permits					-	-	-	-	-
Other intangible assets					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
<b>Total Other intangible asset</b>					-	-	-	-	-
<b>Total intangible assets</b>					-	-	-	-	-
<b>Total non-depreciable/non-amortizable capital asset</b>					\$	-	-	-	-
<b>Depreciable/Amortizable capital assets</b>									
Buildings and building improvement					-	-	-	-	-
Improvements, other than building					-	-	-	-	-
Infrastructure					-	-	-	-	-
Leasehold improvements					-	-	-	-	-
Personal property:					-	-	-	-	-
Equipment					-	-	-	-	-
Library books and materials					-	-	-	-	-
Intangible assets					-	-	-	-	-
Software and websites					-	-	-	-	-
Rights and easements					-	-	-	-	-
Patents, copyrights and trademarks					-	-	-	-	-
Licenses and permits					-	-	-	-	-
Other intangible assets					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
<b>Total Other intangible assets</b>					-	-	-	-	-
<b>Total intangible assets</b>					-	-	-	-	-
<b>Total depreciable/amortizable capital assets</b>					-	-	-	-	-
<b>Total capital assets</b>					\$	-	-	-	-
<b>Less accumulated depreciation/amortization:</b>									
Buildings and building improvement					\$	-	-	-	-
Improvements, other than building					-	-	-	-	-
Infrastructure					-	-	-	-	-
Leasehold improvements					-	-	-	-	-
Personal property:					-	-	-	-	-
Equipment					-	-	-	-	-
Library books and materials					-	-	-	-	-
Intangible assets					-	-	-	-	-
Software and websites					-	-	-	-	-
Rights and easements					-	-	-	-	-
Patents, copyrights and trademarks					-	-	-	-	-
Licenses and permits					-	-	-	-	-
Other intangible assets					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
<b>Total Other intangible assets</b>					-	-	-	-	-
<b>Total intangible assets</b>					-	-	-	-	-
<b>Total accumulated depreciation/amortization</b>					-	-	-	-	-
<b>Total capital assets, net excluding ROU assets</b>					\$	-	-	-	-

**Capital Assets, Right of Use**

<b>Composition of capital assets - Lease ROU, net:</b>									
	Balance June 30, 2022	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
<b>Non-depreciable/Non-amortizable lease assets</b>									
Land and land improvement									
<b>Total non-depreciable/non-amortizable lease asset</b>									
<b>Depreciable/Amortizable lease assets:</b>									
Land and land improvement									
Buildings and building improvement									
Improvements, other than building									
Infrastructure									
Personal property:									
Equipment									
<b>Total depreciable/amortizable lease asset</b>									
<b>Less accumulated depreciation/amortization:</b>									
Land and land improvement									
Buildings and building improvement									
Improvements, other than building									
Infrastructure									
Personal property:									
Equipment									
<b>Total accumulated depreciation/amortization</b>									
<b>Total capital assets - lease ROU, net</b>									

Foundation of California State University, Monterey Bay  
Other Information  
June 30, 2023  
(for inclusion in the California State University Financial Statements)

Composition of capital assets - SBITA ROU, net	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
<b>Depreciable/Amortizable SBITA assets:</b>									
Software					-				-
<b>Total depreciable/amortizable SBITA asset:</b>	-	-	-	-	-	-	-	-	-
<b>Less accumulated depreciation/amortization</b>									
Software					-				-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets - SBITA ROU, net</b>	-	-	-	-	-	-	-	-	-

Composition of capital assets - P3 ROU, net:	Balance June 30, 2022	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2022 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2023
<b>Non-depreciable/Non-amortizable P3 assets:</b>									
Land and land improvement					-				-
<b>Total non-depreciable/non-amortizable P3 asset:</b>	-	-	-	-	-	-	-	-	-
<b>Depreciable/Amortizable P3 assets:</b>									
Land and land improvement					-				-
Buildings and building improvement					-				-
Improvements, other than building					-				-
Infrastructure					-				-
Personal property:									
Equipment					-				-
<b>Total depreciable/amortizable P3 assets</b>	-	-	-	-	-	-	-	-	-
<b>Less accumulated depreciation/amortization</b>									
Land and land improvement					-				-
Buildings and building improvement					-				-
Improvements, other than building					-				-
Infrastructure					-				-
Personal property:									
Equipment					-				-
<b>Total accumulated depreciation/amortization</b>	-	-	-	-	-	-	-	-	-
<b>Total capital assets - P3 ROU, net</b>	-	-	-	-	-	-	-	-	\$ -

Total capital assets, net including ROU assets

\$ -

3.2 Detail of depreciation and amortization expense: N/A

Depreciation and amortization expense - capital assets, excluding ROU assets	\$ -
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Other	-
<b>Total depreciation and amortization</b>	<u>\$ -</u>

4 Long-term liabilities: N/A

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Balance June 30, 2022 (Restated)	Additions	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>								
<b>2. Claims liability for losses and loss adjustment expense</b>	-							
<b>3. Capital lease obligations (pre-ASC 842):</b>								
Gross balance	-							
Unamortized net premium/(discount)	-							
<b>Total capital lease obligations (pre ASC 842)</b>	-	-	-	-	-	-	-	-
<b>4. Long-term debt obligations:</b>								
4.1 Auxiliary revenue bonds (non-SRB related)	-							
4.2 Commercial paper	-							
4.3 Notes payable (SRB related)	-							
4.4 Finance purchase of capital assets	-							
4.5 Others:								
	-							
	-							
	-							
	-							
	-							
Total others	-	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-							
<b>Total long-term debt obligation</b>	\$ -	-	-	-	-	\$ -	-	-

Foundation of California State University, Monterey Bay  
Other Information  
June 30, 2023  
(for inclusion in the California State University Financial Statements)

5. Lease, SBITA, P3 liabilities: N/A

	Balance June 30, 2022	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2023	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liability:	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
<b>Sub-total P3 liabilities</b>	-	-	-	-	-	-	-	-
<b>Total Lease, SBITA, P3 liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	-	-	-	-	-	-
<b>Total long-term liabilities</b>						<b>\$ -</b>	-	-

5 Future minimum payments schedule - leases, SBITA, P3: N/A

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>												
2024	-	-	-	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total minimum payment:</b>	<b>\$ -</b>	-	-	-	-	-	-	-	-	-	-	-
Less: amounts representing interest												-
<b>Present value of future minimum payment</b>												-
<b>Total Leases, SBITA, P3 liabilities</b>												-
Less: current portion												-
<b>Leases, SBITA, P3 liabilities, net of current portion</b>												<b>\$ -</b>

6 Future minimum payments schedule - Long-term debt obligations: N/A

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest	Principal	Interest	Principal and Interest
<b>Year ending June 30:</b>									
2024	-	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-
2027	-	-	-	-	-	-	-	-	-
2028	-	-	-	-	-	-	-	-	-
2029 - 2033	-	-	-	-	-	-	-	-	-
2034 - 2038	-	-	-	-	-	-	-	-	-
2039 - 2043	-	-	-	-	-	-	-	-	-
2044 - 2048	-	-	-	-	-	-	-	-	-
2049 - 2053	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-
<b>Total minimum payment:</b>	<b>\$ -</b>	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
<b>Present value of future minimum payment</b>									-
Unamortized net premium/(discount)									-
<b>Total long-term debt obligations</b>									-
Less: current portion									-
<b>Long-term debt obligations, net of current portion</b>									<b>\$ -</b>

7 Transactions with related entities

Payments to University for salaries of University personnel working on contracts, grants, and other programs	
Payments to University for other than salaries of University personnel	4,216
Payments received from University for services, space, and program	
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	999,371
Accounts payable to University	(12,500)
Other amounts payable to University	
Accounts receivable from University	100
Other amounts receivable from University	

8 Restatements: N/A

Restatement #1	Enter transaction description	Debit/(Credit)
		\$ -
Restatement #2	Enter transaction description	
		\$ -

9 Natural classifications of operating expenses

\$ -

Foundation of California State University, Monterey Bay  
**Other Information**  
**June 30, 2023**  
(for inclusion in the California State University Financial Statements)

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instructor	\$ -	-	-	-	-	-	-	-
Research	-	-	-	-	-	-	-	-
Public service	-	-	-	-	-	1,713	-	1,713
Academic support	-	-	-	-	-	9,350	-	9,350
Student services	-	-	-	-	-	2,528	-	2,528
Institutional support	-	-	-	-	-	213,346	-	213,346
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarship	-	-	-	-	1,042,376	-	-	1,042,376
Auxiliary enterprise expense	-	-	-	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
<b>Total operating expenses</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,042,376</b>	<b>226,937</b>	<b>-</b>	<b>\$ 1,269,313</b>

No pension plan reported

N/A

**10 Deferred outflows/inflows of resources:** N/A

**1. Deferred Outflows of Resources**

Deferred outflows - unamortized loss on refunding(s)  
Deferred outflows - net pension liability  
Deferred outflows - net OPEB liability  
Deferred outflows - leases  
Deferred outflows - P3  
Deferred outflows - others:  
Sales/intra-entity transfers of future revenue  
Gain/loss on sale leaseback  
Loan origination fees and cost  
Change in fair value of hedging derivative instrument  
Irrevocable split-interest agreement

Total deferred outflows - others

-

**Total deferred outflows of resources**

\$ -

**2. Deferred Inflows of Resources**

Deferred inflows - P3 service concession arrangement  
Deferred inflows - net pension liability  
Deferred inflows - net OPEB liability  
Deferred inflows - unamortized gain on debt refunding(s)  
Deferred inflows - nonexchange transaction  
Deferred inflows - leases  
Deferred inflows - P3  
Deferred inflows - others:  
Sales/intra-entity transfers of future revenue  
Gain/loss on sale leaseback  
Loan origination fees and cost  
Change in fair value of hedging derivative instrument  
Irrevocable split-interest agreement

Total deferred inflows - others

-

**Total deferred inflows of resources**

\$ -

**11 Other nonoperating revenues (expenses):** N/A

Other nonoperating revenue:  
Other nonoperating (expenses):

**Total other nonoperating revenues (expenses)**

\$ -



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

Board of Directors  
Foundation of California State University, Monterey Bay  
Seaside, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statement of net position and related statements of revenues, expenses and changes in net position and cash flows of Foundation of California State University, Monterey Bay (the Foundation), a component unit of California State University, Monterey Bay, as of and for the year ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise Foundation's basic financial statements, and have issued our report thereon dated October 19, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

Board of Directors  
Foundation of California State University, Monterey Bay  
Seaside, California  
Page 2

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "GLENN BURDETTE ATTEST CORPORATION". The letters are in all caps and have a slightly irregular, cursive-like appearance.

Glenn Burdette Attest Corporation  
San Luis Obispo, California

October 19, 2023