

Foundation of California State University, Monterey Bay



Audited Financial Statements

Years Ended June 30, 2025 and 2024



**Foundation of California State University, Monterey Bay
Annual Report
For the Years Ended
June 30, 2025 and 2024**

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Independent Auditors' Report

To the Board of Directors
Foundation of California State University, Monterey Bay
San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statements of net position of Foundation of California State University, Monterey Bay (the Foundation), a component unit of the California State University, Monterey Bay, as of June 30, 2025 and 2024, and the related statements 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 net position of the Foundation, as of June 30, 2025 and 2024, the changes in its net position, 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 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 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'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 Responsibility 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 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 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 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 12 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 Government 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 an opinion on the financial statements that collectively comprise the Foundation's basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 36 through 49 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 issued our report dated December 1, 2025, on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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
December 1, 2025

Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2025 and 2024

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, 2025 and 2024. 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, 2025, the Foundation's total net position increased by 29 percent or \$14 million from \$46 million to \$60 million.
- Endowment investments increased 29 percent or \$12 million from \$43 million to \$55 million.
- Additions to permanent endowments increased \$5.2 million or 111 percent from \$4.6 to \$9.8 million.

Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2025 and 2024

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 14 through 17) 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 2024/25 increased \$14 million or 29 percent from \$46 million to \$60 million, primarily as a result of realized and unrealized gains on investments and additions to permanent endowments. Net position in 2023/24 increased by \$8 million or 21 percent from \$38 million to \$46 million due to the same reasons.

The accompanying audited financial statements as of and for the years ended June 30, 2025 and 2024 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, 2025 and 2024

Table 1: Condensed Summary of Net Position as of June 30, 2025, 2024, and 2023

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<u>Assets</u>			
Current assets	\$ 3,298,953	\$ 2,471,458	\$ 2,565,452
Noncurrent assets:			
Endowment investments	55,246,948	42,833,862	35,043,025
Other noncurrent assets	1,293,306	907,665	452,175
Total Assets	<u>59,839,207</u>	<u>46,212,985</u>	<u>38,060,652</u>
<u>Liabilities</u>			
Current liabilities	184,086	62,385	47,840
Total Liabilities	<u>184,086</u>	<u>62,385</u>	<u>47,840</u>
<u>Net Position</u>			
Restricted for:			
Nonexpendable – endowments	32,092,602	22,220,756	17,737,320
Expendable	27,313,312	23,929,844	20,271,309
Unrestricted	249,207	-	4,183
Total Net Position	<u>\$59,655,121</u>	<u>\$46,150,600</u>	<u>\$ 38,012,812</u>

Assets

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

In 2024/25, Cash and cash equivalents increased from \$2.1 million to \$3 million for a \$850,000 or 39.2 percent increase due mostly to reimbursements from the Corporation for a greenhouse project and a new operating revenue stream created by implementing an endowment management fee. In 2023/24, Cash and cash equivalents decreased from \$2.3 million to \$2.1 million for a \$190,000 or 8.1% decrease due to an increase in spending for the new capital campaign.

In 2024/25, Receivables from Corporation decreased \$118,000 or 63.2 percent from \$186,000 to \$68,000 due to fewer significant dollar transactions owed to Foundation at year-end. In 2023/24, Receivables from Corporation had only a slight increase of \$11,000 or 6.3% from \$175,000 to \$186,000.

Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2025 and 2024

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 2024/25, restricted cash and cash equivalents increased \$493,000 or 73.2 percent from \$674,000 to \$1,200,000 due primarily to more monies received into the endowment money market fund near year-end. For 2023/24, restricted cash and cash equivalents increased 49.8 percent or \$224,000 from \$450,000 to \$674,000 primarily due to the increase in the endowment distribution to scholarships in June.

In 2024/25, Pledges receivable decreased from \$233,000 to \$125,000 for a \$108,000 or 46.2% change due to expiring terms of pledges. Pledges receivable increased 11,940 percent or \$231,000 for 2023/24 from \$2,000 to \$233,000. The increase was due to three new scholarship pledges with four-year terms.

In 2024/25, Endowment investments increased 29 percent or \$12 million from \$43 million to \$55 million. The majority of the change is due to a \$9 million estate gift and consistent investment growth. In 2023/24, Endowment investments increased \$7.8 million or 22.2 percent from \$35 million to \$42.8 million. A new endowment for \$4.1 million and capital gains of \$3.3 million accounted for the majority of the change.

Current Liabilities consist of Accounts payable, Payable to Corporation, Due to University, and Other liabilities.

In 2024/25, Due to University increased 435 percent or \$112,000 from \$26,000 to \$138,000. The majority of the change is due to timing of receiving scholarship and other invoices near the end of the fiscal year. Due to University also grew in 2023/24 from \$12,000 to \$26,000 or 116 percent and \$14,000 for the same reason.

Results of Operations

In fiscal year 2024/25, the Foundation's net position increased by 29 percent or \$14 million as a result of \$10 million in contributions to permanent endowments, Gifts and donations, noncapital income of \$500,000, Contributions from Corporation of \$360,000, \$1.6 million in investment income with \$3 million in investment gains, offset by a \$2M operating loss.

Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2025 and 2024

**Table 2: Condensed Summary of Changes in Net Position for
Years Ended June 30, 2025, 2024, and 2023**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Operating Revenues			
Endowment management revenues	\$ 353,026	\$ -	\$ -
Other operating revenues	2,000	-	-
Total Operating Revenues	<u>355,026</u>	<u>-</u>	<u>-</u>
<u>Operating Expenses</u>			
Scholarships	1,232,513	1,478,889	1,025,242
Other operating expenses	972,495	540,164	244,071
Total Operating Expenses	<u>2,205,008</u>	<u>2,019,053</u>	<u>1,269,313</u>
Operating Loss	<u>(1,849,982)</u>	<u>(2,019,053)</u>	<u>(1,269,313)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Endowment distribution	(1,233,782)	(1,255,593)	(961,274)
Contributions from Corporation	360,000	372,008	254,465
Realized and unrealized gains/(losses)	3,342,493	3,353,945	1,926,841
Other nonoperating revenues	3,067,447	3,034,547	2,650,981
Total Nonoperating Revenues (Expenses)	<u>5,536,158</u>	<u>5,504,907</u>	<u>3,871,013</u>
<u>Other Changes in Net Position</u>			
Additions to permanent endowments	9,818,345	4,651,934	935,143
Total Other Changes in Net Position	<u>9,818,345</u>	<u>4,651,934</u>	<u>935,143</u>
Increase/(Decrease) in Net Position	13,504,521	8,137,788	3,536,843
<u>Net Position</u>			
Net position — beginning of year	46,150,600	38,012,812	34,475,969
Net position — end of year	<u>\$ 59,655,121</u>	<u>\$ 46,150,600</u>	<u>\$ 38,012,812</u>

Foundation of California State University, Monterey Bay
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Operating revenues consist of Endowment management revenues and Other operating revenues.

In 2024/25, a new first-time 1% endowment management fee was adopted and charged to the vast majority of the endowment funds yielding \$353,000 of unrestricted operating revenues.

Operating expenses consist of Scholarships and Other operating expenses.

In 2024/25, Scholarships decreased 16.7 percent or \$246,000 from \$1.5 million to \$1.2 million. This decline is due to the prior year having some one-time carry-forward funds available for use, which did not reoccur in current year. In 2023/24, Scholarships increased 44.2 percent or \$453,000 from \$1 million to \$1.4 million. Seven new scholarship funds were added as well and four existing scholarship funds increased their distributions significantly.

In 2024/25, Other Operating expenses increased to \$972,000 from \$540,000 for an 80 percent or \$432,000 increase. This increase is largely attributed to the newly adopted and implemented 1% endowment management fee that was charged to the vast majority of the endowment funds. In 2023/24, Other Operating expenses increased from \$244,000 to \$540,000 for a 121.3 percent or \$296,000 increase. The increase was primarily fees from three new equity investment accounts and expenses for a new multi-year capital campaign.

Nonoperating revenues (expenses) consist of Gifts and donations, noncapital, Endowment distribution, Intra-agency transfer for scholarships, Contributions from Corporation, Realized and unrealized gains and losses on investments, net and Other nonoperating revenues.

In 2024/25, Gifts and donations, noncapital decreased to \$508,000 from \$643,000 for a 21 percent or \$135,000 change. In 2023/24, there was an increase in gifts and donations, noncapital from \$413,000 to \$643,000, for a \$230,000 or 55.7 increase. A significant donation from the Pebble Beach Company was the reason for the change in both years.

In 2024/25, Intra-agency transfers for scholarships, which are transfers to scholarships held by the Foundation, increased to \$994,000 from \$859,000, an increase of \$135,000 or 16 percent. This increase is due to seven new scholarship funds being created in 2024/25. In 2023/24, Intra-agency transfers for scholarships increased as well, from \$790,000 to \$859,000. The increase of 9 percent or \$70,000 was also attributed to eight new scholarship funds being created.

Foundation of California State University, Monterey Bay
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Other Changes in Net Position

Additions to permanent endowments increased in 2024/25 to \$9.8 million from \$4.6 million for a 111 percent or \$5.1 million change due mostly to additional estate gifts made to the Robert Darwin endowment. In 2023/24, Additions to permanent endowments increased from \$935,000 to \$4.6 million for a 392.1 percent or \$3.7 million primarily due to donations made to the Robert Darwin 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 92.3 percent of the Foundation's total assets. The Foundation manages its investments via its Investment Committee, which works in conjunction with the investment consultant. During 2024/25, a change in consultants was made from Verus to a new Outsourced Chief Investment Officer (OCIO) model with Marquette Associates. 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.

Capital Campaign

The Ripple Effect is a 7-year, transformative, comprehensive campaign that celebrates the powerful role that community partnerships and philanthropy play in shaping our future. Currently, the projected budget is \$2 million to be spent over the next four years. Through this initiative we will enhance our student resources, expand academic programs and forge meaningful partnerships to support the workforce needs in our region. The working goal for the campaign is a transformative \$250 million.

**Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2025 and 2024**

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
8 Upper Ragsdale Drive
Monterey, CA 93940

Foundation of California State University, Monterey Bay

Financial Statements

For the Years Ended June 30, 2025 and 2024

Foundation of California State University, Monterey Bay
Statements of Net Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
<u>Current Assets:</u>		
Cash and cash equivalents	\$ 3,002,981	\$ 2,157,771
Receivables:		
Corporation	68,585	186,492
University	45,884	100
Pledges receivable, net	181,503	127,095
Total Current Assets	<u>3,298,953</u>	<u>2,471,458</u>
<u>Noncurrent Assets:</u>		
Restricted cash and cash equivalents	1,167,737	674,330
Pledges receivable, net	125,569	233,335
Endowment investments	55,246,948	42,833,862
Total Noncurrent Assets	<u>56,540,254</u>	<u>43,741,527</u>
Total Assets	<u>59,839,207</u>	<u>46,212,985</u>
Liabilities		
<u>Current Liabilities:</u>		
Accounts payable	41,712	20,986
Payable to Corporation	1,065	12,150
Due to University	137,808	25,748
Other liabilities	3,501	3,501
Total Current Liabilities	<u>184,086</u>	<u>62,385</u>
Total Liabilities	<u>184,086</u>	<u>62,385</u>
Net Position		
<u>Net Position:</u>		
Restricted for:		
Nonexpendable - endowments	32,092,602	22,270,756
Expendable:		
Pledges receivable	307,072	360,430
Scholarships	16,275,140	13,743,492
Other	10,731,100	9,775,922
Unrestricted	249,207	-
Total Net Position	<u>\$ 59,655,121</u>	<u>\$ 46,150,600</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Revenues:		
Endowment management revenues	\$ 353,026	\$ -
Other operating revenues	2,000	-
Total Operating Revenues	<u>355,026</u>	<u>-</u>
Operating Expenses:		
Contract services	359,328	232,428
Supplies and services	17,306	7,688
Scholarships	1,232,513	1,478,889
Professional services	41,460	26,735
Taxes and Assessments	44,656	19,215
Endowment administrative fees	353,026	-
Investment management fees	146,031	211,773
Insurance	7,678	6,580
Other operating expenses	3,010	35,745
Total Operating Expenses	<u>2,205,008</u>	<u>2,019,053</u>
Operating Loss	<u>(1,849,982)</u>	<u>(2,019,053)</u>
Nonoperating Revenues (Expenses):		
Gifts and donations, noncapital	508,171	642,805
Endowment distribution	(1,233,782)	(1,255,593)
Intra-agency transfer for scholarships	993,635	858,983
Contributions from Corporation	360,000	372,008
University Support, noncapital	(21,000)	-
Investment income	1,586,641	1,532,759
Realized and unrealized gains/(losses) on investments, net	3,342,493	3,353,945
Net Nonoperating Revenues (Expenses)	<u>5,536,158</u>	<u>5,504,907</u>
Income before other changes to Net Position	<u>3,686,176</u>	<u>3,485,854</u>
Other Changes in Net Position:		
Additions to permanent endowments	9,818,345	4,651,934
Net Other Changes in Net Position	<u>9,818,345</u>	<u>4,651,934</u>
Increase in Net Position	13,504,521	8,137,788
Net Position:		
Net position - beginning of year	<u>46,150,600</u>	<u>38,012,812</u>
Net position - end of year	<u>\$ 59,655,121</u>	<u>\$ 46,150,600</u>

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, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities:		
Payments to vendors	\$ (305,810)	\$ (972,918)
Payments/Receipts from Corporation, net	(200,676)	(18,689)
Payments to University	(1,269,579)	(1,012,901)
Payments/Receipts from Other	2,000	-
Net Cash Used in Operating Activities	<u>(1,774,065)</u>	<u>(2,004,508)</u>
Cash Flows from Noncapital Financing Activities:		
Gifts and donations	679,436	365,708
Additions to permanent endowments	9,818,345	4,601,934
Endowment distribution	(1,233,782)	(1,255,593)
Intra-agency transfer for scholarships	993,635	858,983
Contributions to University, noncapital	(21,000)	-
Contributions from Corporation	360,000	372,008
Net Cash Provided by Noncapital Financing Activities	<u>10,596,634</u>	<u>4,943,040</u>
Cash Flows from Investing Activities:		
Proceeds from sale of investments	33,490,032	5,515,387
Purchase of investments	(42,560,625)	(9,952,279)
Investment income received	1,586,641	1,532,759
Net Cash Provided by (Used in) Investing Activities	<u>(7,483,952)</u>	<u>(2,904,133)</u>
 Net Increase in Cash	 1,338,617	 34,399
Cash and Cash Equivalents - Beginning of year	<u>2,832,101</u>	<u>2,797,702</u>
Cash and Cash Equivalents - End of year	<u>\$ 4,170,718</u>	<u>\$ 2,832,101</u>
	2025	2024
Reconciliation of Cash and Cash Equivalents to Statements of Net Position:		
Cash and cash equivalents	\$ 3,002,981	\$ 2,157,771
Restricted cash and cash equivalents	<u>1,167,737</u>	<u>674,330</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 4,170,718</u>	 <u>\$ 2,832,101</u>

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, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Reconciliation of Cash and Cash Equivalents to Statements of Net Position:		
Cash and cash equivalents	\$ 3,002,981	\$ 2,157,771
Restricted cash and cash equivalents	<u>1,167,737</u>	<u>674,330</u>
 Cash and Cash Equivalents - End of Year	 <u><u>\$ 4,170,718</u></u>	 <u><u>\$ 2,832,101</u></u>
 Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	\$ (1,849,982)	\$ (2,019,053)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Change in assets and liabilities:		
Receivables	(45,784)	-
Accounts payable	20,726	19,986
Payable to Corporation	(11,085)	(18,689)
Due to University	<u>112,060</u>	<u>13,248</u>
Net Cash Used in Operating Activities	<u><u>\$ (1,774,065)</u></u>	<u><u>\$ (2,004,508)</u></u>
 Supplemental Schedule of Noncash Financing and Investing Activities:		
Increase in fair value of investments	\$ 3,342,493	\$ 3,353,945

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

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024

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 \$9,497 and \$11,147 at June 30, 2025 and 2024, 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 calculation in 2024/25 for scholarship awards in the next academic year of \$1,233,783. For the 2024/25 academic year, the payout was \$1,235,593. Endowment reserves (accumulated net appreciation) on true endowments totaling \$12 million as of June 30, 2025, were included in restricted-expendable net position.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2024 and 2023

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, 2025 and 2024

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, intra-agency 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, 2025, 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, 2025 and 2024

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, 2025, 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, 2026. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2022, and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2021.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Pronouncements

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. Implementation of this Statement did not have a material impact on the Organization's 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. Implementation of this Statement did not have a material impact on the Organization's 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. 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, 2025 and 2024

In December 2023, GASB issued Statement No 102 *Certain Risk Disclosures*. The objective of the Statement is to provide users of financial statements with essential information about risks related to vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In April 2024, GASB issued Statement No 103 *Financial Reporting Model Improvements*. The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In September 2024, GASB issued Statement No. 104, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The objective of this Statement is to classify capital assets to be presented by major class. This Statement requires capital assets to be disclosed separately. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its financial statements.

Subsequent Events – Events subsequent to June 30, 2025 have been evaluated through December 1, 2025, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024, the Foundation's checking, deposit and money market accounts were insured by the FDIC up to \$250,000. At June 30, 2025 and 2024, the Foundation had \$3,013,086 and \$2,333,601 respectively, in uninsured cash deposits.

NOTE 3. INVESTMENTS

Investments comprised the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Mutual Funds:		
Equity Funds	\$ 30,569,963	\$ 24,755,083
Bond Funds	10,658,009	11,150,895
Other Funds*	2,231,334	-
Alternative Funds:		
Private Real Assets Funds	6,581,691	2,479,742
Private Assets:		
Private Credit Funds	5,205,951	4,448,142
Total **	<u>\$ 55,246,948</u>	<u>\$ 42,833,862</u>

* Other Funds include an equity investment in a commingled fund vehicle

** Total excludes Money Market fund balance of \$525,365 and 628,255 at June 30, 2025 and 2024, respectively.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 3. INVESTMENTS (Continued)

Investment Fair Values

The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. At June 30, 2025 and 2024, the Foundation's mutual funds were valued using quoted market prices in active markets and are classified within Level 1 of the fair value hierarchy. Certain investments held in commingled fund vehicles, which are not traded on active markets but for which observable inputs other than quoted prices are available, are classified within Level 2 of the fair value hierarchy. The Foundation's alternative funds and private assets were valued by the administrator of the fund using net asset value to value the investments and are classified within Level 3 of the fair value hierarchy.

For the year ended June 30, 2025, the table below sets forth a summary of changes in the fair value of the Foundation's Level 3 investments:

Balance - beginning of year	\$ 6,925,244
Unrealized gain relating to instruments held at the reporting date	(246,055)
Capital Contributions	5,651,090
Distributions	(1,046,310)
Income/realized gains	597,939
Fees	(66,826)
Sales	(27,438)
Balance - end of year	<u><u>\$ 11,787,644</u></u>

*All shares of ASB were sold on the secondary market on 7/15/2025.

** Some data is through 3/31/25 as 6/30/25 statements are not yet available.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 3. INVESTMENTS (Continued)

Investment Policies

The Foundation's Board oversees the management of its investments and establishes the Investment Policy Statement (IPS). The Board has delegated to its Investment Committee both the implementation of the IPS and the ongoing oversight of the Foundation's investment program.

The Investment Committee, operating under the Board's authority, is responsible for:

- Setting the Foundation's investment goals and objectives;
- Making asset allocation decisions within the parameters of the IPS;
- Monitoring and evaluating the performance of the Outsourced Chief Investment Officer (OCIO).

The Board and Investment Committee have delegated day-to-day investment responsibilities to the OCIO, who is responsible for:

- Manager selection and termination;
- Investment implementation across all asset classes;
- Strategic rebalancing within the IPS guidelines approved by the Board.

The Foundation prohibits any investments that would jeopardize the safety of principal or the non-profit status of the organization. In addition, the Foundation has adopted and implemented a Socially Responsible Investing (SRI) policy consistent with its mission and values.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 3. INVESTMENTS (Continued)

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.

The Public 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. Investments are measured against the strategic asset allocation composite, referred to as the Endowment Policy Index, as outlined in the Investment Policy Statement. For global public equities, the benchmarks include the MSCI ACWI IMI, FTSE U.S. Choice Index, and MSCI EAFE ESG Leaders Index.

The Cash and 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. Investments are measured against the strategic asset allocation composite, referred to as the Endowment Policy Index, as outlined in the Investment Policy Statement. The fixed income portfolio is measured against the Bloomberg U.S. Aggregate Index and 90 Day U.S. Treasury Bill.

The Real Assets portion includes funds designed to achieve a real rate of return in excess of U.S. inflation. These funds primarily consist of real estate and infrastructure investments. Investments are measured against the strategic asset allocation composite, referred to as the Endowment Policy Index, as outlined in the Investment Policy Statement. The portfolio is measured against the NCREIF ODCE Index and the Consumer Price Index.

The Alternatives portion of the portfolio includes funds focused on private equity and private credit strategies. These investments are expected to outperform their public market counterparts over the long term, reflecting the illiquidity and structural characteristics of private assets. Investments are measured against the strategic asset allocation composite, referred to as the Endowment Policy Index, as outlined in the Investment Policy

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 3. INVESTMENTS (Continued)

Statement. The Alternatives portfolio is measured against a public equity benchmark (e.g., MSCI ACWI IMI).

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.

Public equity securities held by the Foundation through mutual funds and commingled funds comprised \$32,801,313 or 59.4% 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 set of investment vehicles. 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.

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's OCIO is responsible for monitoring 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 Foundation's OCIO. Money market fund shares and U.S. government securities are automatically considered Tier 1 securities.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

NOTE 3. INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Rating</u>
Bond Mutual Funds:		
Baird Core Plus Bond Inst	\$ 10,658,009	(1)
Money Market Fund:		
Schwab Government Money Fund	525,365	Not Rated
Total	<u>\$ 11,183,374</u>	

(1) Credit ratings range from AAA to below Not Rated with 97% 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 AAA to B with 95% 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, 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, 2025 and 2024

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 follows investment policies designed to maintain appropriate diversification, and 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, 2025 or 2024.

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, 2025, were as follows:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Bond Mutual Funds:		
Baird Core Plus Bond Inst	\$ 10,658,009	7.8
Money Market Fund:		
Schwab Government Money Fund	525,365	0.1
Total	<u>\$ 11,183,374</u>	

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 and commingled vehicles 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 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, 2025 and 2024

NOTE 3. INVESTMENTS (Continued)

As of June 30, 2025, the exposure to foreign currency risk of the International Equity Funds was as follows:

<u>Country</u>	<u>Fair Value</u>
Canada	\$ 308,970
Austria	45,171
Belgium	72,920
Denmark	195,755
Finland	102,646
France	695,057
Germany	630,206
Ireland	67,682
Italy	267,796
Luxembourg	45,136
Netherlands	362,370
Norway	71,530
Portugal	20,340
Spain	238,504
Sweden	322,592
Switzerland	663,665
United Kingdom	1,039,344
Australia	563,802
Hong Kong	122,360
Japan	1,972,599
New Zealand	31,777
Singapore	215,425
Brazil	476,925
Mexico	1,414
Greece	8,387
Hungary	10,146
China	415,843
India	1,089,279
Indonesia	152,252
Malaysia	92
Taiwan	323,540
Other	511,052
Total International Funds Subject to Foreign Currency Risk	<u>\$ 11,044,578</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, 2025 and 2024

NOTE 4. PLEDGES RECEIVABLE

Pledges receivable at June 30 were as follows:

	<u>2025</u>	<u>2024</u>
Academic scholarships	\$ 345,000	\$ 419,025
Less: Allowance for doubtful accounts	(9,497)	(11,147)
Less: Unamortized discount	(28,431)	(47,448)
Pledges receivable, net	<u>\$ 307,072</u>	<u>\$ 360,430</u>
Pledges due in:		
One year or less	\$ 191,000	\$ 131,025
One to five years	154,000	288,000
Total	<u>\$ 345,000</u>	<u>\$ 419,025</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, 2025 and 2024

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 general liability, professional liability, 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, Products and Completed Operations, Professional Liability including Directors and Officers Liability. 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 \$4,000,000 each occurrence. AORMA also purchases \$5,000,000 excess of \$5,000,000 from Continental Indemnity (AM Best Rating: A, XV Rating), CSURMA Self-Pooled, 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).

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: Beth Tavares
PO Box 2411
Tustin, CA 92781
Tel: 667-622-4215

The Foundation Insurance coverages meet the requirement of the CSURMA and, as such, present no significant inadequacies in coverage. The California State University Board of Trustees has been named as an additional insured as respects the activities of the Auxiliary Organization. CSURMA/AORMA provides self-insured risk with purchase of excess insurance. The Foundation maintains general liability insurance coverage for individual claims up to \$20,000,000 per occurrence. Errors and omission claims under \$25,000 are self-insured. There have been no settlements in the past three years that have exceeded insurance limits. There are no self-insurance claims liabilities recorded in the accompanying financial statements because any amounts at June 30, 2025 are expected to be minimal. Likewise, no amounts have been paid to CSURMA/AORMA by June 30, 2025, related to the Foundation's estimated future funding for claims liability.

Foundation of California State University, Monterey Bay
Notes to Financial Statements
June 30, 2025 and 2024

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>2025</u>	<u>2024</u>
University:		
Foundation receivable from the University	\$ 45,884	\$ 100
Foundation payable to the University	137,808	25,748
Payments for salaries of University personnel working on contracts, grants, and other programs	31,503	113,436
Payments for other than salaries of University personnel	10,638	53,183
Gifts, grants, or capital contributions to the University	1,185,838	1,447,789
Corporation:		
Foundation receivable from the Corporation	\$ 68,585	\$ 186,491
Foundation payable to the Corporation	1,065	12,150
Endowment distribution to Corporation	240,149	396,610
Net contributions from Corporation	360,000	372,008

Foundation of California State University, Monterey Bay

**Supplementary Schedules for Inclusion in the Financial
Statements of the California State University**

June 30, 2025

Schedule of Net Position
June 30, 2025
(for inclusion in the California State University Financial Statements)

Assets:

Current assets:

Cash and cash equivalents	3,002,981
Short-term investments	—
Accounts receivable, net	114,469
Lease receivable, current portion	—
P3 receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	181,503
Prepaid expenses and other current assets	—
Total current assets	<u>3,298,953</u>

Noncurrent assets:

Restricted cash and cash equivalents	1,167,737
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	125,569
Endowment investments	55,246,947
Other long-term investments	—
Capital assets, net	—
Other assets	—
Total noncurrent assets	<u>56,540,253</u>
Total assets	<u>59,839,206</u>

Deferred outflows of resources:

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

Liabilities:

Current liabilities:

Accounts payable	180,585
Accrued salaries and benefits	—
Accrued compensated absences, current portion	—
Unearned revenues	—
Lease liabilities, current portion	—
SBITA liabilities - current portion	—
P3 liabilities - current portion	—

Schedule of Net Position
June 30, 2025
(for inclusion in the California State University Financial Statements)

Long-term debt obligations, current portion	—
Claims liability for losses and loss adjustment expenses, current portion	—
Depository accounts	—
Other liabilities	3,501
Total current liabilities	<u>184,086</u>
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	—
Depository accounts	—
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
Total noncurrent liabilities	<u>—</u>
Total liabilities	<u>184,086</u>
Deferred inflows of resources:	
P3 service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Lease	—
P3	—
Others	—
Total deferred inflows of resources	<u>—</u>
Net position:	
Net investment in capital assets	—
Restricted for:	
Nonexpendable – endowments	32,092,602
Expendable:	
Scholarships and fellowships	16,275,140
Research	—
Loans	—
Capital projects	—
Debt service	—
Others	11,038,171
Unrestricted	249,207

Schedule of Net Position
June 30, 2025
(for inclusion in the California State University Financial Statements)

Total net position	<u><u>59,655,120</u></u>
---------------------------	--------------------------

Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2025
(for inclusion in the California State University Financial Statements)

Revenues:

Operating revenues:

Student tuition and fees, gross	—
Scholarship allowances	—

Grants and contracts, noncapital:

Federal	—
State	—
Local	—
Nongovernmental	—
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	—
Scholarship allowances	—
Other operating revenues	355,026

Total operating revenues	355,026
---------------------------------	---------

Expenses:

Operating expenses:

Instruction	—
Research	—
Public service	16,956
Academic support	118,576
Student services	—
Institutional support	836,963
Operation and maintenance of plant	—
Student grants and scholarships	1,232,513
Auxiliary enterprise expenses	—
Depreciation and amortization	—

Total operating expenses	2,205,008
---------------------------------	-----------

Operating income (loss)	(1,849,982)
--------------------------------	-------------

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	1,861,806
Investment income (loss), net	—
Endowment income (loss), net	4,929,134
Interest expense	—
Other nonoperating revenues (expenses)	(1,254,782)

Net nonoperating revenues (expenses)	5,536,158
---	-----------

Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2025
(for inclusion in the California State University Financial Statements)

Income (loss) before other revenues (expenses)	<u>3,686,176</u>
State appropriations, capital	—
Grants and gifts, capital	—
Additions (reductions) to permanent endowments	<u>9,818,344</u>
Increase (decrease) in net position	<u>13,504,520</u>
Net position:	
Net position at beginning of year, as previously reported	46,150,600
Restatements	—
Net position at beginning of year, as restated	<u>46,150,600</u>
Net position at end of year	<u><u>59,655,120</u></u>

Foundation of California State University, Monterey Bay
Other Information
June 30, 2025

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	1,167,737
All other restricted cash and cash equivalents	
Noncurrent restricted cash and cash equivalents	1,167,737
Current cash and cash equivalents	3,002,981
Total	\$ 4,170,718

2.1 Composition of investments:

Investment Type	Current	Noncurrent	Total
Money market funds		525,365	525,365
Repurchase agreements			-
Certificates of deposit			-
U.S. agency securities			-
U.S. treasury securities			-
Municipal bonds			-
Corporate bonds			-
Asset backed securities			-
Mortgage backed securities			-
Commercial paper			-
Supranational			-
Mutual funds		40,702,590	40,702,590
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)		5,205,951	5,205,951
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)		6,581,691	6,581,691
Commodities			-
Derivatives			-
Other alternative investment types		2,231,350	2,231,350
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			-
			-
			-
			-
			-
Total Other investments	-	-	-
Total investments	—	55,246,947	55,246,947
Less endowment investments	-	(55,246,947)	(55,246,947)
Total investments, net of endowments	\$ -	-	-

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	\$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Supranational	-				
Mutual funds	41,227,972		41,227,972		

Foundation of California State University, Monterey Bay
Other Information
June 30, 2025

Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	5,205,951			5,205,951	
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	6,581,691			6,581,691	
Commodities	-				
Derivatives	-				
Other alternative investment types	2,231,350			2,231,350	
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-	-	-	-	
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	
State of California Surplus Money Investment Fund (SMIF)	-	-	-	-	
Other investments:					
	-				
	-				
	-				
	-				
Total other investments:	-	-	-	-	
Total investments	\$ 55,246,964	41,227,972	—	14,018,992	—

2.3 Investments held by the University under contractual agreements:

	Current	Noncurrent	Total
Investments held by the University under contractual agreements e.g. - CSU Consolidated Investment Pool (formerly SWIFT):			\$ -

3.1 Capital Assets, excluding ROU assets:

Composition of capital assets, excluding ROU assets:

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2024 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2025
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	\$ -	-			-				-
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:									
	-	-			-				-
	-	-			-				-
	-	-			-				-
	-	-			-				-
	-	-			-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-			-				-
Improvements, other than buildings	-	-			-				-
Infrastructure	-	-			-				-
Leasehold improvements	-	-			-				-
Personal property:									
Equipment	-	-			-				-
Library books and materials	-	-			-				-

Foundation of California State University, Monterey Bay
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Intangible assets:									
Software and websites	-				-				-
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Buildings and building improvements	-				-				-
Improvements, other than buildings	-				-				-
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:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets, net excluding ROU assets	\$ -	-	-	-	-	-	-	-	-

Capital Assets, Right of Use

	Balance June 30, 2024	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - Lease ROU, net:									
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	—				—				—
Total non-depreciable/non-amortizable lease assets	-	—	—	—	—	—	—	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—

Foundation of California State University, Monterey Bay
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Total depreciable/amortizable lease assets	—	—	—	—	—	—	—	—	—
Less accumulated depreciation/amortization:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total accumulated depreciation/amortization	—	—	—	—	—	—	—	—	—
Total capital assets - lease ROU, net	—	—	—	—	—	—	—	—	—

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - SBITA ROU, net									
Depreciable/Amortizable SBITA assets:									
Software	—				—				—
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	—				—				—
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	-	-	-	-	-	-	-	-	-

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
Composition of capital assets - P3 ROU, net:									
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	—				—				—
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	—				—				—
Buildings and building improvements	—				—				—
Improvements, other than buildings	—				—				—
Infrastructure	—				—				—
Personal property:									
Equipment	—				—				—
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	—	—	—	—	—	—	—	—	—

Foundation of California State University, Monterey Bay
Other Information
June 30, 2025

Total capital assets, net including ROU assets

-

3.2 Detail of depreciation and amortization expense:

Depreciation and amortization expense related to capital assets	\$ -
Amortization expense - Leases ROU	-
Amortization expense - SBITA ROU	-
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
Total depreciation and amortization	\$ -

4 Long-term liabilities:

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Balance June 30, 2024 (Restated)	Additions	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
1. Accrued compensated absences	\$ -	-	-	-	-	-	-	-
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842):								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations (pre ASC 842)	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
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	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-

5. Lease, SBITA, P3 liabilities:

	Balance June 30, 2024	Prior Period Adjustments/Recla ssifications	Additions	Remeasurements	Reductions	Balance June 30, 2025	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ -	-	-	-	-	-	-	-
Total long-term liabilities						\$ -	\$ -	-

5 Future minimum payments schedule - leases, SBITA, P3:

6 Future minimum payments schedule - Long-term debt obligations:

7 Transactions with related entities:

8 Restatements

Foundation of California State University, Monterey Bay
Other Information
June 30, 2025

Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each restatement:

Note: Additional account details can be found in the Table of Object Codes and
CSU Fund Definitions

	Restatement #1	Debit/(Credit)
Error Correction		80

Restatement #2

80.00

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	—	—	—	—	—	—	—	-
Research	—	—	—	—	—	—	—	-
Public service	—	—	—	—	—	16,956	—	16,956
Academic support	—	—	—	—	—	118,576	—	118,576
Student services	—	—	—	—	—	—	—	-
Institutional support	—	—	—	—	—	836,963	—	836,963
Operation and maintenance of plant	—	—	—	—	—	—	—	-
Student grants and scholarships	—	—	—	—	1,232,513	—	—	1,232,513
Auxiliary enterprise expenses	—	—	—	—	—	—	—	-
Depreciation and amortization	—	—	—	—	—	—	—	-
Total operating expenses	\$ -	-	-	-	1,232,513	972,495	-	2,205,008.00

No pension plan reported

10 Deferred outflows/inflows of resources:

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 revenues
Gain/loss on sale leaseback
Loan origination fees and costs
Change in fair value of hedging derivative instrument
Irrevocable split-interest agreements

Total deferred outflows - others	—
Total deferred outflows of resources	\$ -

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements

Foundation of California State University, Monterey Bay
Other Information
June 30, 2025

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

Total deferred inflows - others	<u>-</u>
Total deferred inflows of resources	<u><u>\$ -</u></u>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues	
Other nonoperating (expenses)	<u>(1,254,782)</u>
Total other nonoperating revenues (expenses)	<u><u>(1,254,782)</u></u>



**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***

To the Board of Directors of
Foundation of California State University, Monterey Bay
San Luis Obispo, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of (the Foundation), which comprise the statements of net position as of June 30, 2025, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, 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 's internal control. Accordingly, we do not express an opinion on the effectiveness of 's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 that we consider to be a material weakness.

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

Report on Compliance and Other Matters

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

Foundation's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Foundation's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Foundation's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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



Glenn Burdette Attest Corporation
San Luis Obispo, California

December 1, 2025

**Foundation of California State University,
Monterey Bay
Schedule of Findings and Responses
Year Ended June 30, 2025**

**Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance With
Government Auditing Standards**

Finding 2025-001: Misstatement of Investment Activity (Material Weakness)

Condition:

Late in the year-end close accounting process, the Foundation received information as part of a Schwab endowment portfolio migration process that was incomplete, but was used for recording fiscal year activity. Subsequently and as part of their regular and ongoing reconciliation process, the Foundation recognized correcting accounting adjustments to properly restate investment balances for the year ended June 30, 2025, which resulted in the financial statements being reissued.

Criteria:

Generally accepted accounting principles require governments to report investments at fair value as of the Statement of Net Position date.

Cause:

Although the Foundation properly reconciles investment activity at year-end, procedures were not in place to timely verify that all investment activity was being accounted for and reported in the proper period.

Effect:

A correction of \$4.8 million was made to reduce investments as of June 30, 2025 and the realized/unrealized gains (losses) on investments for the year then ended. This also resulted in a restatement and reissuance of the June 30, 2025, financial statements.

Recommendation:

We recommend that the Foundation complete investment accounting reconciliations to identify and investigate accounting matters on a timely basis.

Views of Responsible Officials:

Management agrees with the finding and has increased staff and internal processes to ensure timely accounting and investment activity reconciliations are completed.