

# University Corporation at Monterey Bay

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Audited Financial Statements  
and Supplementary Information

Years Ended June 30, 2025 and 2024



**University Corporation at Monterey Bay  
Annual Report  
For the Years Ended  
June 30, 2025 and 2024**

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## Independent Auditors' Report

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California

### Opinion

We have audited the accompanying statement of net position of University Corporation at Monterey Bay (the Corporation), a component unit of 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 Corporation'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 University Corporation at Monterey Bay as of June 30, 2025 and 2024 and the change in financial position and 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 the Corporation, 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 opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about University Corporation at 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 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 the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation'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 15 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 University Corporation at Monterey Bay's basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 59 through 70 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 September 18, 2025, on our consideration of the Corporation'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.

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California  
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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 the effectiveness of 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 Corporation's internal control over financial reporting and compliance.

*Glenn Burdette Attest Corporation*

Glenn Burdette Attest Corporation  
San Luis Obispo, California

September 19, 2025

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2025 and 2024**

The University Corporation at Monterey Bay (Corporation) is an auxiliary organization in good standing of California State University, Monterey Bay (CSUMB or University). The Corporation is an IRC Section 501(c)(3) nonprofit public benefit corporation and its primary objective is to support the University. The Corporation manages the University's post-award function for grants and contracts; commercial enterprise sales and services which include student and employee housing, dining, bookstore and vending operations; and provides accounting services to the University's other auxiliaries, the Foundation of California State University, Monterey Bay (Foundation) and the Otter Student Union (OSU).

As management of the Corporation, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Corporation 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 Corporation's financial statements, which follow this narrative. The Corporation's financial statements are presented here and are incorporated in the University's financial statements as a component unit.

***Introduction to the Financial Statements***

This annual report consists of a series of financial statements, prepared in accordance with principles issued by the Governmental Accounting Standards Board ("GASB"). The financial statements include the Statements of Net Position, Statements of Changes in Net Position and Statements of Cash Flow. These statements are supported by the Notes succeeding them, as well as this section. All provide information about the Corporation'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. They also report on the Corporation's net position as a whole and changes in it resulting from the current year's activity. You can think of the Corporation'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 Corporation's financial health, or fiscal position. Over time, increases or decreases in the Corporation's net position is an indicator of whether its financial position is improving or declining.

**University Corporation at Monterey Bay  
Management's Discussion and Analysis  
June 30, 2025 and 2024**

***Financial Highlights***

- At June 30, 2025, the Corporation's total net position increased by 4.9 percent or \$3.5 million to \$74.4 million from \$70.9 million.
- Sales and services of auxiliary enterprises increased \$1.8 million or 16.8 percent to \$12.2 million from \$10.4 million.
- Other operating income increased 33.6 percent or \$1.1 million from \$3.3 million to \$4.4 million.
- Scholarships increased to \$5.6 million from \$4.4 million for a 27.5 percent or \$1.2 million increase.
- Cost of real estate sold increased to \$4.0 million from \$2.5 million for a 58.2 percent or \$1.5 million increase.
- Other operating expenses increased 34.6 percent or \$2.8 million to \$10.8 million from \$8.0 million.
- University support, capital decreased to \$3.2 million from \$4.2 million for a 25.6 percent or \$1.0 million decrease.

***Condensed Financial Information***

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.



**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2025 and 2024**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
<b>Assets</b>			
Current assets	\$ 33,293,093	\$ 24,606,296	\$ 28,157,592
Noncurrent assets	186,848,923	197,554,832	195,446,141
Total Assets	<u>220,142,016</u>	<u>222,161,128</u>	<u>223,603,733</u>
<b>Liabilities</b>			
Current liabilities	31,799,929	35,956,135	30,541,411
Noncurrent liabilities	109,078,040	114,885,183	121,426,962
Total Liabilities	<u>140,877,969</u>	<u>150,841,318</u>	<u>151,968,373</u>
<b>Deferred Inflows of Resources:</b>			
Leases	4,879,059	417,298	1,389,299
<b>Net Position</b>			
Net investment in capital assets	35,530,883	29,556,059	26,529,983
Restricted for:			
Expendable	7,204,364	6,593,951	5,971,269
Unrestricted	31,649,741	34,752,502	37,744,808
Total Net Position	<u>\$ 74,384,988</u>	<u>\$ 70,902,512</u>	<u>\$ 70,246,060</u>

Total net position increased in 2024/25 by 4.9 percent or \$3.5 million from \$70.9 million to \$74.4 million. Operating income of \$1.6 million, Investment income and appreciation of \$4.8 million, and Other operating revenues of \$5.2 million offset by \$5.0 million in Other nonoperating expenses and University support, capital of \$3.2 million is the reason for this increase.

In 2023/24, total net position increased minimally by \$656 thousand or 0.9 percent. The Operating loss of \$100 thousand, University support, noncapital and capital of \$5.3 million offset by \$6.0 million in Other nonoperating revenues, net, is the reason for this change.

Net investment in capital assets represents capital assets, net of accumulated depreciation and amortization, and net of outstanding balances of related debt. Net investment in capital assets increased by \$6.0 million or 20.2 percent from \$29.6 million to \$35.5 million. The net addition of capital assets and retirements of \$10.6 million, annual debt payments of \$6.2 million, and amortization of bond premiums of \$396 thousand, offset by net accumulated depreciation of \$10.3 million account for the majority of the change.

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**Management's Discussion and Analysis**  
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In 2023/24, Net investment in capital assets increased from \$26.5 million to \$29.5 million for a 11.4 percent or \$3.0 million increase. The net addition of capital assets of \$8 million, annual debt payments of \$5.8 million, and amortization of bond premiums of \$396 thousand, offset by net accumulated depreciation and amortization of capital assets of \$11.2 million account for the change.

The Unrestricted net position category is an important measure of an organization's financial health because it comprises the part of net position that can be used to finance the day-to-day operations of the Corporation without constraints established by donor restrictions, debt covenants or other legal requirements. Unrestricted net position in 2024/25 decreased from \$34.8 million to \$31.6 million for a \$3.1 million or 8.9 percent decrease. Increases in contract services from the campus, furniture purchases for student housing, and a decrease in investment income are the reason for this change. In 2023/24, Unrestricted net position increased \$1.1 million or 2.8 percent from \$37.7 million to \$38.8 million. The change in nonoperating revenues and expenses offset by University support, capital is the reason for the change.

**Assets**

*Current assets*, or assets that can normally be converted to cash in less than one year, consist of Cash and cash equivalents, Short-term investments, Receivables, net, Pledges receivable, net, Leases receivable, Notes receivable, Prepaid expenses and other assets, and Real estate held for sale.

In 2024/25, Short-term investments increased to \$4.3 million from \$368 thousand for a \$3.9 million or 1,068.3 percent increase. This change is a result of the appointment of an Outsourced Chief Investment Officer (OCIO) brought in to manage the Corporation portfolio and a change in investment policy to accommodate short-term projects and/or immediate needs for cash. Short-term investments in 2023/24 decreased 1.5 percent or \$5 thousand, from \$373 thousand to \$368 thousand due to the sell off of a certain asset class to cash.

In 2024/25, Receivables, net increased by 41.8 percent or \$4.8 million to \$16.2 million from \$11.4 million. The majority of the increase is due to increases in the following: Grants and contracts receivable, which is predominantly federal and state awards expenditures billed to sponsors; University receivable which is mainly the June 2025 housing and meal plan receipts; Property manager receivable which is predominantly from Schoonover Park rents; and OSU receivable comprised of payroll reimbursements and the administrative services fee. Receivables, net in 2023/24 decreased to \$11.4 million from \$13.4 million for a 14.9 percent or \$2.0 million change due to steady distributions from the property manager and the reallocation of receipts to the other properties for operations.

Notes receivable increased in 2024/25 by \$10,430 or 100.0 percent as a result of a fully executed promissory note for a portion of operations costs due from the National Steinbeck Center at June 30, 2025. In 2023/24, there were no Notes receivable due to the Corporation.

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**Management's Discussion and Analysis**  
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*Noncurrent assets* consist of Pledges receivable, net of current, Leases receivable, net of current, Notes receivable, net of current, Long-term investments, Capital assets, net, and Other noncurrent assets.

Leases receivable, net of current increased in 2024/25 from \$419 thousand to \$4.5 million for an increase of 977.0 percent or \$4.1 million. A sublease agreement with an entity that provides trade school and higher education learning options, is the reason for the change. The previous agreement was terminated or modified for a time extension of the lease, as well as an increase in space. In 2023/24, Leases receivable, net of current decreased 61.8 percent or \$680 thousand to \$419 thousand from \$1.1 million due to the termination of the previous lease agreement with this entity at June 30, 2024.

In 2024/25, Notes receivable, net of current increased 100.0 percent or \$195 thousand due to a fully executed promissory note for a portion of operations costs due from the National Steinbeck Center at June 30, 2025. In 2023/24, there were no Notes receivable, net of current due to the Corporation.

Long-term investments decreased in 2024/25 by 27.7 percent or \$15.0 million from \$54.3 million to \$39.3 million. This change is a result of the appointment of an Outsourced Chief Investment Officer (OCIO) brought in to manage the Corporation portfolio and a change in investment policy to accommodate short-term projects and/or immediate needs for cash. In 2023/24, Long-term investments increased to \$54.3 million from \$48.7 million for a \$5.6 million or 11.4 percent change, attributable entirely to investment income of \$1.6 million and net unrealized and realized gains of \$4.0 million.

### **Liabilities**

*Current liabilities* or amounts owed or due within one year, consist of Accounts payable, Payable to University, Payable to Foundation, Payable to Otter Student Union, Payable to CSU, Accrued salaries and benefits payable, Unearned revenue, Lease liability, current, Subscription liability, current, Notes payable-current, and Other liabilities.

In 2024/25, Payable to University decreased to \$7.1 million from \$10.1 million for a \$3.0 million or 30.0 percent decrease. This is a result of fewer outstanding invoices from the campus at year end for contributions towards buildings and facilities services and timelier processing. Payable to University declined 8.2 percent or \$908 thousand to 10.1 million from \$11.0 million in 2023/24 due to timelier processing of the invoices.

**University Corporation at Monterey Bay  
Management's Discussion and Analysis  
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*Noncurrent liabilities* consist of Lease liability, net, Subscription liability, net, Notes payable, net, and Depository accounts.

Subscription liability, net of current increased 100.0 percent or \$64 thousand in 2024/25 as a result of the recording of four subscription arrangements. In 2023/24, Subscription liability, net of current decreased 100.0 percent or \$211 thousand due to the repayment of the remaining SBITA liability balance.

**Results of Operations**

In 2024/25, the Corporation's total net position increased by \$3.5 million to \$74.4 million from \$70.9 million for 4.9 percent or \$3.5 million change. This is mostly due to the increase in net investment in capital assets as a result of debt payments outpacing the net capital asset activity. The Corporation's total net position in 2023/24 experienced a minimal change of \$656 thousand or 0.9 percent from \$70.2 million to \$70.9 million. This increase is credited to a large pledge receivable and commitment from a local organization towards the University's hospitality program.

**University Corporation at 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>
<b>Operating Revenues</b>			
Housing	\$ 52,487,450	\$ 47,155,308	\$ 43,537,149
Grants and contracts	28,232,083	24,995,160	24,006,098
Sales and services of auxiliary enterprises	12,178,377	10,430,833	9,189,401
Other operating income	4,407,753	3,299,352	2,691,250
Total Operating Revenues	<u>97,305,663</u>	<u>85,880,653</u>	<u>79,423,898</u>
<b>Operating Expenses</b>			
Salaries and benefits	21,280,674	19,920,286	20,036,433
Contract services	27,242,206	24,863,528	20,922,302
Utilities	7,471,206	7,062,466	6,347,837
Supplies and services	1,440,206	1,376,109	1,560,604
Scholarships	5,552,130	4,356,185	3,612,340
Repairs and maintenance	6,251,021	5,440,609	6,509,837
Information Technology	945,510	866,567	904,292
Depreciation and amortization	10,735,906	11,532,667	11,408,590
Cost of real estate sold	3,998,685	2,527,796	219,662
Other operating expenses	10,811,567	8,034,570	7,097,017
Total Operating Expenses	<u>95,729,111</u>	<u>85,980,783</u>	<u>78,618,914</u>
<b>Operating Income/(Loss)</b>	<u>1,576,552</u>	<u>(100,130)</u>	<u>804,984</u>
<b>Nonoperating Revenues (Expenses)</b>			
University support, noncapital	(991,794)	(1,028,000)	(650,868)
Other nonoperating revenues, net	6,007,696	6,017,454	3,905,072
Total Nonoperating Revenues (Expenses)	<u>5,015,902</u>	<u>4,989,454</u>	<u>3,254,204</u>
<b>Other Changes in Net Position</b>			
University support, capital	(3,150,730)	(4,232,872)	(598,067)
Other changes in net position	40,752	-	-
Total Other Changes in Net Position	<u>(3,109,978)</u>	<u>(4,232,872)</u>	<u>(598,067)</u>
<b>Increase/(Decrease) in Net Position</b>	3,482,476	656,452	3,461,121
<b>Net Position</b>			
Net position — beginning of year	70,902,512	70,246,060	66,784,939
Net position — end of year	<u>\$ 74,384,988</u>	<u>\$ 70,902,512</u>	<u>\$ 70,246,060</u>

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
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In 2024/25, Total operating revenues increased to \$97.3 million from \$85.9 million for a 13.3 percent or \$11.4 million increase. Increases in Housing and Grants and Contracts revenues are responsible for most of this change. In 2023/24, Total operating revenues increased by \$6.5 million or 8.1 percent from \$79.4 million to \$85.9 million. Increases in Housing revenue and Sales and services of auxiliary enterprises, net, made up most of this change.

In 2024/25, Housing revenue increased from \$47.2 million to \$52.5 million for a \$5.3 million or 11.3 percent change. This increase is mostly due to 10 home sales, increased enrollment, and the changes made in housing options to accommodate this growth. Housing revenue increased in 2023/24 by \$3.7 million or 8.3 percent from \$43.5 million to \$47.2 million largely due to eight home sales.

Grants and contracts revenue increased in 2024/25 from \$25.0 million to \$28.2 million for a 13.0 percent or \$3.2 million change. In 2023/24, Grants and contracts increased 4.1 percent or \$1.0 million from \$24.0 million to \$25.0 million. For both years the increase was mostly due to the ongoing and new federal grants awarded to the Corporation.

Sales and services of auxiliary enterprises, net increased in 2024/25 to \$12.2 million from \$10.4 million for a 16.8 percent or \$1.7 million increase. The growth in enrollment and an increase in meal plan prices account for most of this change. Sales and services of auxiliary enterprises, net increased by 13.5 percent or \$1.2 million in 2023/24 from \$9.2 million to \$10.4 million. An increase in meal plan revenues and lease payments from the campus for academic space made up this change.

Total operating expenses increased by 11.3 percent or \$9.7 million from \$86.0 million to \$95.7 million. Increases in Salaries and benefits, Contract services, Scholarships, Cost of real estate sold and Other operating expenses make up this change. In 2023/24, Total operating expenses rose by 9.4 percent or \$7.4 million from \$78.6 million to \$86.0 million. This increase primarily relates to Contract services and Cost of real estate sold.

In 2024/25, Contract services increased to \$27.2 million from \$24.9 million for a 9.6 percent or \$2.3 million increase. Most of the change is due to the increase in dining services contractor payments, an increase in payments to the campus for facilities services, and consultants hired on grants to manage off-campus projects. Contract services increased to \$24.9 million from \$20.9 million for a \$4.0 million or 18.8 percent change in 2023/24. This increase was largely due to an increase in the cost of services provided by the University and the dining services contractor.

In 2024/25, Cost of real estate sold increased to \$4.0 million from \$2.5 million for a \$1.5 million or 58.2 percent increase. The sale of ten homes versus the eight sold in 2023/24 and the higher values of the homes sold is the reason for this change. In 2023/24, Cost of real estate sold increased by 1,050.8 percent or \$2.3 million from \$220 thousand to \$2.5 million due to the sale of eight homes versus one in 2022/23. The sales program was reevaluated and new standards were established to upgrade the homes for sale.

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Management's Discussion and Analysis  
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In 2024/25, Other operating expenses increased to \$10.8 million from \$8.0 million for a \$2.8 million or 34.6 percent increase, mostly due to furnishings purchased for the added bed spaces related to enrollment growth and an increase in participant costs for college tours. Other operating expenses in 2023/24 increased 13.2 percent or \$938 thousand from \$7.1 million to \$8.0 million as a result of an increase in the property insurance premium.

The Corporation's contributions in support of the University are shown as non-operating expense and other changes in net position in Table 2 (page 11). Table 3 below shows the noncapital and capital support for the last three fiscal years.

**Table 3: University Support**

	<b>2025</b>	<b>2024</b>	<b>2023</b>
University support, non-capital	\$ 991,794	\$ 1,028,000	\$ 650,868
University support, capital	3,150,730	4,232,872	598,067
Total University support	<u>\$ 4,142,524</u>	<u>\$ 5,260,872</u>	<u>\$ 1,248,935</u>

University support, non-capital, consists of contributions from the Corporation to the University in support of strategic initiatives identified by the University President and Cabinet and IT support services. University support, non-capital decreased minimally by 3.5 percent or \$36 thousand. In 2023/24, the contribution was increased in order to supplement athletic scholarships and recruitment.

University support, capital, is generally a one-time expense that is earmarked for a particular project or can involve the transfer of capital assets gifted to the Corporation for the benefit of the University. In 2024/25, Capital support to the University decreased to \$3.2 million from \$4.2 million for a 25.6 percent or \$1.0 million change due to fulfilling the support for the Student Recreation Center and slightly less support than prior year for the Taylor Engineering Building. Capital support to the University mostly increased in 2023/24 due to a \$2.0 million contribution made to the University for the Taylor Engineering Building and \$1.1 million to the Student Recreation Center.

***Significant Capital Asset and Long-Term Debt Activity***

**Capital Assets**

At June 30, 2025, the Corporation had \$222.2 million in capital assets of which \$215.2 million are depreciable capital assets. The Corporation's net capital assets totaled \$142.5 million at the end of the fiscal year. Depreciable capital assets consist of buildings, leasehold improvements,

**University Corporation at Monterey Bay**  
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**June 30, 2025 and 2024**

equipment, leased assets, leased software arrangements, and intangible assets. The Corporation had \$7.0 million in non-depreciable assets as of June 30, 2025. Non-depreciable capital assets consist of land and land improvements, construction in progress and the radio station's FCC license. More detailed information about the Corporation's Capital assets is in Note 7 to the financial statements.

**Debt**

At June 30, 2025, the Corporation had \$106.7 million in debt service, \$43.3 million in lease liabilities, and \$144 thousand in subscription liabilities, for a total of \$150.1 million in long-term debt. More detailed information can be found in Notes 8, 9 and 10 to the financial statements.

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

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

**Housing**

Housing rates are defined based on housing location and room type. Room type factors the number of students expected to reside in the living area as well as amenities such as private or shared bathroom, kitchen, and laundry amenities. Newer housing facilities may have higher rates regardless of location and room type due to higher debt service. In 2024/25, the Corporation was tasked with providing recommendations to resolve the housing shortage and has made short-term arrangements to address the immediate need. Long-term solutions including renovating Gavilan Hall are in process, as well as the possibility of adding new housing.

**Grants and Contracts**

Grant and contract revenue is expected to decline in the next fiscal year due to reduced federal funding opportunities and the termination of certain existing grants and programs under the current administration's policies.



**University Corporation at Monterey Bay  
Management's Discussion and Analysis  
June 30, 2025 and 2024**

***Currently Known Facts, Decisions and Conditions (Continued)***

**Donor Contributions**

The Corporation has existing pledges that are anticipated to be received within the next five years, however, as is true for all pledges, there is a risk for exposure to the Corporation if the pledges are uncollectible or the method of fulfilling the pledge is changed by the donor by electing to use donor advised funds.

**Construction Commitments**

The original commitment made in 2021/22 by the Corporation for the plumbing infrastructure and bathroom renovation project related to the eight student residence halls is partially completed and the work will be ongoing for the next calendar year. The construction is occurring in phases, two residence halls at a time, and mostly during the summer. Changes in construction contractors in 2023/24 and in project management added to the cost of the project. Four buildings have been completed and two buildings are a work-in-progress at June 30, 2025 and two more buildings are planned for renovation in the summer of 2026, for a total approximate project cost of \$35 million.

**Market Conditions**

Investments account for 19.8 percent of the Corporation's total assets. Of the \$43.6 million, 9.9 percent is Short-term investments and 90.1 percent is Long-term investments. The Corporation continues to manage its investments via its Investment Committee and in 2024/25 contracted an Outsourced Chief Investment Officer (OCIO) to help evaluate and rebalance investments within the Investment Policy Statement (IPS) guidelines. It is important to remember that the majority of the Corporation'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 Corporation'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

**University Corporation at Monterey Bay**  
**Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

**University Corporation at Monterey Bay**  
**Statements of Net Position**  
**June 30, 2025 and 2024**

<b>Assets</b>	<b>2025</b>	<b>2024</b>
<b><u>Current Assets:</u></b>		
Cash and cash equivalents	\$ 9,993,169	\$ 9,536,319
Short-term investments	4,297,520	367,837
Receivables:		
Grants and contracts, net	9,237,159	7,674,429
Property manager	1,275,753	362,427
University	2,198,776	782,676
Foundation	1,065	12,150
Otter Student Union	435,596	113,642
CSU	19,355	19,355
Housing, net	412,110	279,892
Other, net	2,646,699	2,200,119
Pledges receivable, net	819,774	457,081
Leases receivable	532,511	20,643
Notes receivable	10,430	-
Prepaid expenses and other assets	298,822	164,736
Real estate held for sale	1,114,354	2,614,990
Total Current Assets	<u>33,293,093</u>	<u>24,606,296</u>
<b><u>Noncurrent Assets:</u></b>		
Pledges receivable, net of current	282,356	606,666
Leases receivable, net of current	4,515,675	419,300
Notes receivable, net of current	194,542	-
Long-term investments	39,278,361	54,315,359
Capital assets, net	142,537,989	142,173,507
Other noncurrent assets	40,000	40,000
Total Noncurrent Assets	<u>186,848,923</u>	<u>197,554,832</u>
Total Assets	<u>220,142,016</u>	<u>222,161,128</u>

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

**University Corporation at Monterey Bay**  
**Statements of Net Position (Continued)**  
**June 30, 2025 and 2024**

<b>Liabilities</b>	<b>2025</b>	<b>2024</b>
<b><u>Current Liabilities:</u></b>		
Accounts payable	\$ 9,165,510	\$ 10,255,292
Payable to University	7,074,668	10,101,284
Payable to Foundation	68,585	186,491
Payable to Otter Student Union	137,489	96,325
Payable to CSU	512,442	525,150
Accrued salaries and benefits payable	1,666,623	1,681,341
Unearned revenue:		
Housing	41,879	70,985
Other	6,850,028	6,894,148
Lease liability, current	4,536,517	4,374,211
Subscription liability, current	68,454	41,424
Notes payable, current	1,605,000	1,525,000
Other liabilities	72,734	204,484
Total Current Liabilities	<u>31,799,929</u>	<u>35,956,135</u>
<b><u>Noncurrent Liabilities:</u></b>		
Lease liability, net	35,330,140	39,191,337
Subscription liability, net	64,355	-
Notes payable, net	73,339,460	75,340,811
Depository accounts	344,085	353,035
Total Noncurrent Liabilities	<u>109,078,040</u>	<u>114,885,183</u>
Total Liabilities	<u>140,877,969</u>	<u>150,841,318</u>
<b><u>Deferred Inflows of Resources:</u></b>		
Leases	<u>4,879,059</u>	<u>417,298</u>
Total deferred inflows of resources	<u>4,879,059</u>	<u>417,298</u>

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

**University Corporation at Monterey Bay**  
**Statements of Net Position (Continued)**  
**June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Net Position</b>		
<b><u>Net Position:</u></b>		
Net investment in capital assets	\$ 35,530,883	\$ 29,556,059
Restricted for:		
Expendable:		
Pledges receivable	1,103,318	1,063,747
Net gifts and donations	5,880,045	5,401,635
Net sponsored programs	66,042	38,119
Other	154,959	90,450
Unrestricted	<u>31,649,741</u>	<u>34,752,502</u>
 Total Net Position	 <u>\$ 74,384,988</u>	 <u>\$ 70,902,512</u>

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

**University Corporation at Monterey Bay**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues:</b>		
Housing	\$ 52,487,450	\$ 47,155,308
Grants and contracts:		
Federal	21,465,061	17,439,992
State	3,521,050	4,136,306
Local	88,853	142,414
Nongovernmental	3,157,119	3,276,448
Sales and services of auxiliary enterprises, net	12,178,377	10,430,833
Other operating revenues	4,407,753	3,299,352
Total Operating Revenues	<u>97,305,663</u>	<u>85,880,653</u>
<b>Operating Expenses:</b>		
Salaries and benefits	21,280,674	19,920,286
Contract services	25,341,763	22,954,380
Subawards	1,900,443	1,909,148
Utilities	7,471,206	7,062,466
Supplies and services	1,440,206	1,376,109
Travel	689,560	636,508
Scholarships	5,552,130	4,356,185
Professional services	300,049	215,466
Concessions	270,002	220,551
Repairs and maintenance	6,251,021	5,440,609
Rental expense	359,644	85,327
Equipment	1,461,806	404,832
Information technology	945,510	866,567
Insurance	3,253,073	3,105,266
Depreciation and amortization	10,735,906	11,532,667
Cost of real estate sold	3,998,685	2,527,796
Other operating costs	4,477,433	3,366,620
Total Operating Expenses	<u>95,729,111</u>	<u>85,980,783</u>
<b>Operating Income/(Loss)</b>	<u>1,576,552</u>	<u>(100,130)</u>

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

**University Corporation at Monterey Bay**  
**Statements of Revenues, Expenses and Changes in Net Position (Continued)**  
**Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>Nonoperating Revenues (Expenses):</b>		
Gifts and donations, noncapital	\$ 4,821,848	\$ 4,043,372
Investment income	2,323,099	1,640,003
Realized and unrealized gains on investments	2,442,004	4,038,143
University support, noncapital	(991,794)	(1,028,000)
Contributions to Foundation	(361,400)	(372,365)
Interest on capital-related debt	(3,564,975)	(3,755,290)
Loss on disposal of assets	(60,190)	7,562
Other nonoperating revenues, net	407,310	416,029
Total Nonoperating Revenues (Expenses)	<u>5,015,902</u>	<u>4,989,454</u>
<b>Income before other changes to Net Position</b>	<u>6,592,454</u>	<u>4,889,324</u>
<b>Other Changes in Net Position:</b>		
<b>Other Changes in Net Position:</b>		
University support, capital	(3,150,730)	(4,232,872)
Capital grants and gifts	40,752	-
Total Other Changes in Net Position	<u>(3,109,978)</u>	<u>(4,232,872)</u>
<b>Increase in Net Position</b>	3,482,476	656,452
<b>Net Position:</b>		
Net position - beginning of the year	<u>70,902,512</u>	<u>70,246,060</u>
Net position - end of year	<u>\$ 74,384,988</u>	<u>\$ 70,902,512</u>

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

**University Corporation at Monterey Bay**  
**Statements of Cash Flow**  
**Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from housing	\$ 51,403,850	\$ 48,957,857
Receipts from sales of houses	4,494,851	2,527,796
Receipts from grants and contracts	26,669,353	24,668,816
Receipts from sales and services of auxiliary enterprises	6,774,194	10,406,455
Payments to suppliers	(54,981,496)	(31,638,015)
Payments to employees	(19,551,135)	(15,582,664)
Payments to/Receipts from University, net	(7,687,693)	(19,134,786)
Payments to/Receipts from Foundation, net	(106,821)	29,190
Payments to/Receipts from OSU, net	(280,790)	89,912
Payments to/Receipts from CSU, net	(12,708)	(20,688)
Payments for house purchases	(2,498,180)	(1,408,614)
Other receipts	312,223	3,450,942
Other payments	(265,836)	(2,381,687)
Net Cash Provided by Operating Activities	<u>4,269,812</u>	<u>19,964,514</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Gifts and donations	4,862,823	3,463,644
University support	(991,794)	(1,028,000)
Foundation support	(361,400)	(372,365)
Other receipts	407,310	416,029
Net Cash Provided by Noncapital Financing Activities	<u>3,916,939</u>	<u>2,479,308</u>
<b>Cash Flows from Capital Related Financing Activities:</b>		
Capital grants and gifts	40,752	-
University support - capital	(7,758,973)	(4,355,703)
Acquisition of capital assets	(11,191,615)	(8,469,853)
Proceeds of sale on capital assets	4,467,724	7,562
Principal payments on lease liabilities and note payable	(5,528,857)	(6,066,326)
Interest paid on lease liabilities and note payable	(3,564,975)	(3,960,741)
Payments of notes receivable	(204,972)	-
Proceeds of note payable issuance	-	33,100
Net Cash Used in Capital Related Financing Activities	<u>(23,740,916)</u>	<u>(22,811,961)</u>

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



**University Corporation at Monterey Bay**  
**Statement of Cash Flow (Continued)**  
**Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	\$ 69,596,612	\$ 4,503,402
Purchase of investments	(55,908,696)	(6,030,647)
Investment income received	2,323,099	1,640,003
Net Cash Provided by Investing Activities	<u>16,011,015</u>	<u>112,758</u>
 Net Increase/(Decrease) in Cash	 456,850	 (255,381)
 <b>Cash and Cash Equivalents - Beginning of Year</b>	 <u>9,536,319</u>	 <u>9,791,700</u>
 <b>Cash and Cash Equivalents - End of Year</b>	 <u>\$ 9,993,169</u>	 <u>\$ 9,536,319</u>
 <b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>		
Operating (loss)	\$ 1,576,552	\$ (100,130)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	10,735,906	11,532,667
Change in operating assets and liabilities:		
Receivables, net	(4,781,823)	2,103,384
Prepaid expenses and other assets	(134,086)	68,010
Real estate held for sale	1,500,636	1,119,182
Accounts payable	(1,089,782)	5,987,185
Payable to University	(3,026,616)	(702,641)
Payable to Foundation	(117,906)	10,501
Payable to Otter Student Union	41,164	(78,584)
Payable to CSU	(12,708)	(20,688)
Accrued salaries and benefits payable	(14,718)	(29,226)
Unearned revenue	(266,107)	31,512
Other liabilities	<u>(140,700)</u>	<u>43,342</u>
 <b>Net Cash Provided by Operating Activities</b>	 <u>\$ 4,269,812</u>	 <u>\$ 19,964,514</u>

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

**University Corporation at Monterey Bay**  
**Statement of Cash Flow (Continued)**  
**Years Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>Supplemental Schedule of Noncash Financing and Investing Activities:</b>		
Contributions of investments	\$ (2,792)	\$ 59,629
Increase in fair value of investments	2,442,004	4,038,143
Amortization of premium on long-term debt	396,351	396,352

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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

***Description of Reporting Entity*** – The University Corporation at Monterey Bay (Corporation) is a nonprofit 501(c)(3) public benefit corporation organized in July 1994 to support the academic mission of the California State University Monterey Bay (University). The Corporation is an auxiliary organization of the University and is presented in the University's financial statements as a component unit.

The Corporation is governed by a Board of Directors (Board), which is comprised of the University President (Corporation President), the Provost (Corporation Secretary/Treasurer), the Vice President for Administration and Finance, the Vice President for University Development, the Vice President for Students Affairs, a faculty member, a staff member, a student, and one community member.

The activities administered by the Corporation include the following:

- Housing for students and employees living off-campus and Residential Life programs for students living on campus.
- Support for faculty research, grants, and contracts.
- Private giving, public relations and community outreach programs.
- Business enterprises, including retail and food services, radio station (KAZU 90.3 FM), real and personal property leasing/acquisition/and sale, and other projects with revenue-producing potential.

***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 Corporation 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.

**University Corporation at 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 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 include amounts due from the following: federal, state and local government and private grants; the property manager; the University; Foundation; Otter Student Union; the CSU; Housing, net; employees for payroll and travel advances; radio station underwriters; and amounts due for commissions. The receivables are shown net of the allowance for doubtful accounts of \$1,334,133 and \$1,459,725 at June 30, 2025 and 2024, respectively. The Corporation uses the allowance method to account for uncollectible accounts receivable. The allowance for doubtful accounts is based on prior experience and management's analysis of possible bad debts.

***Pledges Receivable*** – Pledges are unconditional promises to make future payments to the Corporation. 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 \$34,087 and \$32,899 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.

***Leases Receivable*** – The Corporation accounts for leases in accordance with GASB Statement No. 87, *Leases*, which establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This Statement enhances the relevance and consistency of information relating to leasing activities. The Corporation is acting as lessor on two long-term leases. A lease for antenna space from a telecommunications entity and a second from an educational organization for space at CSUMB @ North Salinas. Leases receivable are on the Statements of Net Position as assets and recognized as deferred inflows of resources. See Note 8 for more detailed information.

***Notes Receivable*** – Notes receivable arise mainly from note agreements or secured promissory notes with a borrower. The Corporation established a note receivable for outstanding balances of \$205,823, due from the National Steinbeck Center at the time the Salinas City Center was sold. The principal and interest are payable monthly over 15 years on the first day of each month until the maturity date.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

***Real Estate Held for Sale*** – Includes houses repurchased and awaiting resale. The houses are stated at cost, which is not in excess of net realizable value. Capital improvements made to prepare the units for sale are stated at cost. The underlying land is subject to a long-term lease with the Board of Trustees of the CSU.

***Capital Assets*** – Capital assets consisting of land and land improvements, buildings, leasehold improvements, construction in progress, equipment, intangible assets including computer software and leased assets (or Right of Use assets), are recorded at cost (or estimated historical cost) at the date of acquisition, or fair value at the date of donation in the case of gifts. Assets with a value of less than \$5,000 are not capitalized. Renovations made to University-owned facilities which are not under leasehold are considered an expense of the Corporation. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend its useful life, are expensed to operations. Related depreciation and amortization expense are shown in the Statements of Revenues, Expenses and Changes in Net Position. Depreciation for equipment and computer software is calculated using the straight-line method using the half-year convention over the estimated useful life of the asset. The Corporation has also adopted GASB Statement 96, *Subscription-Based Information Technology Arrangements (SBITAS)*, as a result, leases previously classified as software subscriptions are now included in the Statements of Net Position.

Buildings and leasehold improvements under leases are amortized using the straight-line method over the shorter life of the applicable lease or the economic life of the asset.

Estimated useful lives are generally as follows:

Buildings	30 years
Leasehold improvements	10 – 30 years
Equipment	3 – 10 years
Computer software	5 years

Capital assets acquired through federal and state grants and contracts where the government retains a reversionary interest are not capitalized, or depreciated, until title passes to the Corporation. Non-depreciable intangible assets are comprised of the Federal Communications Commission (FCC) license held by the radio station KAZU 90.3 FM. The FCC license is inexhaustible and is therefore not amortized.

***Compensated Absences*** – Compensated absences accrued are included in accrued salaries and benefits. The Corporation accrues annual leave for employees at rates based upon length of service and job classification.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

***Unearned Revenue*** – Unearned revenue primarily includes revenue billed or collected in advance of when it is earned on grants and contracts and collected in advance of when it is earned on student fees for housing and dining services, deposits on camps and events, and underwriting spots paid in advance. Unearned revenue that will not be earned within one year is classified as Noncurrent.

***Lease liability*** – In accordance with GASB Statement 87, *Leases*, lease liabilities are lease agreements where the Corporation is acting as the lessee. These are included in the Statements of Net Position and include Systemwide Revenue Bonds. See Note 8 for more detailed information.

***Net Position*** – The Corporation’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, less the outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

***Restricted, nonexpendable*** consists of net position subject to externally imposed restrictions that they must be retained in perpetuity. The Corporation does not have any assets in this category.

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

***Unrestricted*** consists of all other categories of net position. Unrestricted net position may be designated for use by management of the Corporation or have bond indenture requirements associated with its use. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas.

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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

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

***Classification of Revenues and Expenses*** – The Corporation 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 Corporation’s primary functions. Exchange transactions include charges for services rendered and the acquisition of goods and services. Revenues from home sales are recognized as homes are sold, title passes, and escrow closes. Rental housing revenues are recognized as amounts are earned and coincide with the rental agreement. In accordance with GASB Statement No. 35, certain significant revenues relied upon and budgeted for fundamental operational support of the core mission of the Corporation are mandated to be recorded as nonoperating revenues. Nonoperating revenues and expenses include the Corporation’s net investment income and interest expense on capital related debt. Capital grants and gifts and extraordinary and nonrecurring events are classified as other changes in net position.

***Grant and Contract Revenue*** – Grant and contract revenue is received by the Corporation from governmental and private sources. Revenues associated with the direct costs of sponsored programs are recognized as the related expenditures are incurred. Recovery of facilities and administrative cost of federal and state sponsored programs is at cost reimbursement rates negotiated with the specific agency.

Facilities and administrative cost recovery for the years ended June 30, 2025 and 2024 is presented below:

	<b>2025</b>	<b>2024</b>
Federally sponsored programs	\$ 1,737,598	\$ 1,435,403
All other sponsors	662,676	682,294
Total	<u>\$ 2,400,274</u>	<u>\$ 2,117,697</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

***Contributions to California State University, Monterey Bay*** – The Corporation periodically makes contributions to the University at the discretion of the Board of the Corporation.

***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 Corporation 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 years ended June 30, 2025 and 2024, the application of valuation techniques applied to the Corporation's financial statements has been consistent.



**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

***Income Taxes*** – The Corporation 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 Corporation's tax-exempt purpose is subject to taxation as unrelated business income. No liability for income taxes has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole. In addition, the Corporation qualifies for the charitable 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 Corporation 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.

***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 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.

Implementation of this Statement did not have a material impact on the Organization's financial statements.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

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 provisions of Statement 100 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. Implementation of this Statement did not have a material impact on the Organization's financial statements.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. Concentrations or constraints may limit the ability to acquire resources or control spending. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. 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 this 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 a government's 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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

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

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 September 19, 2025, which is the date the financial statements were available to be issued. Management identified the following subsequent events requiring disclosure.

In May 2025, the Corporation proceeded to negotiate a Purchase Agreement with The Hartnell College Foundation for the purchase of the Salinas City Center. On July 31, 2025, the deed of trust was recorded with the County of Monterey for the sale which was \$4M, of which \$650,000 is being carried by the Corporation as a promissory note receivable.

The California State University informed the auxiliary they wanted to lower bond interest rates and refund existing Systemwide Revenue Bonds, specifically the 2015-A series, in order to decrease its annual debt service. In addition, a refurbishment project at Gavilan Hall to convert existing offices into dorm rooms, is being considered for SRB funding in the first quarter of 2025/26.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 2. DEPOSITS**

The Corporation 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 Corporation's checking, deposit and money market accounts were insured by the FDIC up to \$250,000 per financial institutional. For the years ended June 30, 2025 and 2024, the Corporation had uninsured cash deposits of \$4,112,408 and \$5,127,843, respectively.

**NOTE 3. INVESTMENTS**

Investments comprised the following at June 30:

	<b>2025</b>	<b>2024</b>
	<b><u>Noncurrent</u></b>	<b><u>Noncurrent</u></b>
Mutual Funds:		
Equity Funds	\$ 12,454,450	\$ 29,205,720
Other Equity Funds*	528,476	-
Bond Funds	23,218,981	25,109,639
Other Bond Funds*	3,076,454	-
Total **	<b><u>\$ 39,278,361</u></b>	<b><u>\$ 54,315,359</u></b>

\* Other Funds include investments in commingled fund vehicles (Shenkman MAC Fixed Income & Acadian International Small Cap)

\*\* Total at June 30, 2025 and 2024 excludes Money Market fund balances of \$4,297,520 and \$1,984 respectively.

***Investment Fair Values***

The Corporation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. At June 30, 2025, the Corporation's investments valued using quoted market prices in active markets 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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 3. INVESTMENTS (Continued)**

***Investment Policies***

The Corporation'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 Corporation's investment program.

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

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

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. Investments are measured against the strategic asset allocation composite, referred to as both the Long-Term Portfolio Policy Index and the Operating Portfolio 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 Long-Term Portfolio Policy Index and the Operating Portfolio Policy Index as outlined in the Investment Policy Statement. The fixed income portfolio is measured against the Bloomberg U.S. Aggregate Index and cash against the 90 Day U.S. Treasury Bill.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 3. INVESTMENTS (Continued)**

***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 Corporation through mutual and commingled funds comprised \$12,982,926 or 33.1 percent of the total investments of the Corporation at June 30, 2025. 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 Corporation addresses unsystematic risk by investing in widely diversified equity mutual funds and commingled 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.

**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 profiles of Corporation investments summarizes the fair value of the fixed income securities subject to credit risk. The Corporation 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 Corporation's OCIO is responsible for monitoring the investments and fund manager to determine if the portfolio is managed according to the stated guidelines. Although money market fund shares are unrated, they are primarily invested in Tier 1 securities. A security's tier can be established either by an independent rating organization or by a determination of the Corporation's OCIO.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 3. INVESTMENTS (Continued)**

The credit ratings of the Corporation's fixed income securities held in investments and money market funds at June 30, 2025, were as follows:

	<u>Fair Value</u>	<u>Rating</u>
Bond Mutual Funds:		
Baird Core Plus Bond Inst	\$ 15,075,185	(1)
Shenkman MAC Opportunistic Fixed Income	3,076,454	(2)
PIMCO Short-Term Fund	8,143,796	(3)
Money Market Fund:		
Schwab Government Money Fund	4,297,520	Not Rated
Total	<u>\$ 30,592,955</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 below Not Rated with 11.97% at rating of BBB or above.  
(3) Credit ratings range from AAA to B with 90% 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 Corporation's investments are issued, registered or held in the name of the Corporation by custodian banks, as its agent. Other types of investments represent ownership interest that do not exist in physical or book entry form.

**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. GASB requires disclosure of investments in any one individual issuer that represent 5% or more of total investments. The Corporation had no investments that exceeded this threshold at June 30, 2025.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 3. INVESTMENTS (Continued)**

**Interest Rate Risk**

Interest rate risk is the risk that fixed income securities will decline because of rising interest rates. The Corporation measures interest rate risk using the weighted average maturity method. The weighted average maturities of the Corporation's fixed income securities and money market funds at June 30, 2025, were as follows:

	<u>Fair Value</u>	<u>Average Maturity</u>
Bond Mutual Funds:		
Baird Core Plus Bond Inst	\$ 15,075,185	7.80
Shenkman MAC Opportunistic Fixed Income	3,076,454	1.65
PIMCO Short-Term Fund	8,143,796	0.46
Money Market Fund:		
Schwab Government Money Fund	4,297,520	0.1
Total	<u>\$ 30,592,955</u>	

**Foreign Currency Risk**

Exposure from foreign currency risk results from investments in foreign currency denominated equity or fixed income investments. The Corporation maintains international equity investments by investing in international mutual funds and commingled 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 fund managers but hedging is not permitted for speculation or to create leverage.



**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 3. INVESTMENTS (Continued)**

The Corporation's exposure to foreign currency risk at June 30, 2025 was as follows:

<u><b>Country</b></u>	<u><b>Fair Value</b></u>
Canada	174,764
Austria	12,523
Belgium	23,703
Denmark	63,098
Finland	39,054
France	277,767
Germany	224,000
Ireland	29,252
Italy	88,968
Luxembourg	14,158
Netherlands	119,070
Norway	26,157
Portugal	5,974
Spain	84,619
Sweden	100,646
Switzerland	255,996
United Kingdom	412,782
Australia	219,064
Hong Kong	50,737
Japan	616,014
Singapore	70,420
Brazil	158,754
Mexico	6,894
Greece	2,286
Hungary	2,963
China	135,557
India	386,167
Indonesia	46,146
Korea	30,043
Taiwan	153,393
Other	179,735
Total International Funds Subject to Foreign Currency Risk	<u>\$ 4,010,703</u>

Other currencies excluding the US Dollar are individually less than 1% of the Corporation's international equity funds.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 4. RECEIVABLES**

Receivables and the allowances for doubtful accounts at June 30 were as follows:

	<b><u>2025</u></b>	<b><u>2024</u></b>
A/R – University	\$ 2,198,776	\$ 782,676
A/R – Foundation	1,065	12,150
A/R – Otter Student Union	435,596	113,642
A/R – CSU	19,355	19,355
A/R – Grants & Contracts	9,378,106	7,674,429
A/R – Property Manager	1,275,753	362,427
A/R – Housing Rents	412,660	279,892
A/R – Other	3,667,660	3,382,390
A/R – Commissions	19,428	130,476
A/R – Underwriting for KAZU	152,247	146,978
Allowance for doubtful accounts	<u>(1,334,133)</u>	<u>(1,459,725)</u>
Receivables, net	<u>\$ 16,226,513</u>	<u>\$ 11,444,690</u>

**NOTE 5. PLEDGES RECEIVABLE**

Pledges receivable at June 30 were as follows:

	<b><u>2025</u></b>	<b><u>2024</u></b>
Campus programs support	\$ 999,230	\$ 1,205,730
University-specific facilities	200,000	-
Subtotal	<u>1,199,230</u>	<u>1,205,730</u>
Less: Allowance for doubtful accounts	(34,087)	(32,899)
Less: Unamortized discount	<u>(63,013)</u>	<u>(109,084)</u>
Pledges receivable, net	<u>\$ 1,102,130</u>	<u>\$ 1,063,747</u>
Pledges due in:		
One year or less	\$ 845,128	\$ 471,218
One to five years	354,102	734,512
Total	<u>\$ 1,199,230</u>	<u>\$ 1,205,730</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 6. REAL ESTATE HELD FOR SALE**

Real estate held for sale is stated at cost, which is not in excess of net realizable value. As of June 30, 2025 there were three homes in inventory totaling \$1,114,354.

As of June 30, 2024, repurchased homes in inventory consisted of seven homes with a value totaling \$2,614,990.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 7. CAPITAL ASSETS**

Capital asset activity consisted of the following for the years ended June 30:

	<b>2025</b>			
	<b>Beginning Balance</b>	<b>Additions/ Reclassifications</b>	<b>Reductions/ Transfers</b>	<b>Ending Balance</b>
<b>Nondepreciable Capital Assets:</b>				
Land and land improvements	\$ 2,000,734	\$ -	\$ -	\$ 2,000,734
Construction in progress	6,532,963	9,839,901	(11,550,961)	4,821,903
Intangible assets	148,349	-	-	148,349
Total Nondepreciable Capital Assets	<u>8,682,046</u>	<u>9,839,901</u>	<u>(11,550,961)</u>	<u>6,970,986</u>
<b>Depreciable Capital Assets:</b>				
Buildings	86,425,890	-	-	86,425,890
Leasehold improvements	55,253,827	-	11,550,961	66,804,788
Equipment	5,866,447	306,519	(544,988)	5,627,978
Leased land and land improvements	14,629	-	-	14,629
Leased buildings	54,133,109	824,538	-	54,957,647
Leased infrastructure	483,864	-	-	483,864
Leased equipment	365,537	-	-	365,537
Intangible assets	196,631	-	-	196,631
Leased SBITA-software arrangements	222,993	220,657	(89,769.00)	353,881
Total Depreciable Capital Assets	<u>202,962,927</u>	<u>1,351,714</u>	<u>10,916,204</u>	<u>215,230,845</u>
Total Capital Assets	<u>211,644,973</u>	<u>11,191,615</u>	<u>(634,757)</u>	<u>222,201,831</u>
<b>Less Accumulated Depreciation and Amortization:</b>				
Buildings	25,654,626	3,006,335	-	28,660,961
Leasehold improvements	24,464,104	2,427,261	-	26,891,365
Equipment	4,871,690	305,830	(453,762)	4,723,758
Leased assets	14,123,328	4,864,058	-	18,987,386
Intangible assets	196,631	-	-	196,631
Leased SBITA-software arrangements	161,087	132,423	(89,769)	203,741
Total Accumulated Depreciation	<u>69,471,466</u>	<u>10,735,907</u>	<u>(543,531)</u>	<u>79,663,842</u>
Total Capital Assets, Net	<u>\$ 142,173,507</u>	<u>\$ 455,708</u>	<u>\$ (91,226)</u>	<u>\$ 142,537,989</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 7. CAPITAL ASSETS (Continued)**

	2024			
	<b>Beginning Balance</b>	<b>Additions/ Reclassifications</b>	<b>Reductions/ Transfers</b>	<b>Ending Balance</b>
<b>Nondepreciable Capital Assets:</b>				
Land and land improvements	\$ 2,000,734	\$ -	\$ -	\$ 2,000,734
Construction in progress	2,788,581	7,979,724	(4,235,342)	6,532,963
Intangible assets	148,349	-	-	148,349
Total Nondepreciable Capital Assets	<u>4,937,664</u>	<u>7,979,724</u>	<u>(4,235,342)</u>	<u>8,682,046</u>
<b>Depreciable Capital Assets:</b>				
Buildings	86,425,890	-	-	86,425,890
Leasehold improvements	51,018,485	-	4,235,342	55,253,827
Equipment	5,485,042	490,128	(108,723)	5,866,447
Leased land and land improvements	14,629	-	-	14,629
Leased buildings	54,530,119	-	(397,010)	54,133,109
Leased infrastructure	483,864	-	-	483,864
Leased equipment	365,537	-	-	365,537
Intangible assets	196,631	-	-	196,631
Leased SBITA-software arrangements	222,993	-	-	222,993
Total Depreciable Capital Assets	<u>198,743,190</u>	<u>490,128</u>	<u>3,729,609</u>	<u>202,962,927</u>
Total Capital Assets	<u>203,680,854</u>	<u>8,469,852</u>	<u>(505,733)</u>	<u>211,644,973</u>
<b>Less Accumulated Depreciation and Amortization:</b>				
Buildings	22,461,026	3,193,600	-	25,654,626
Leasehold improvements	21,397,098	3,067,006	-	24,464,104
Equipment	4,647,584	332,829	(108,723)	4,871,690
Leased assets	9,529,218	4,858,689	(264,579)	14,123,328
Intangible assets	196,631	-	-	196,631
Leased SBITA-software arrangements	80,544	80,543	-	161,087
Total Accumulated Depreciation	<u>58,312,101</u>	<u>11,532,667</u>	<u>(373,302)</u>	<u>69,471,466</u>
Total Capital Assets, Net	<u>\$ 145,368,753</u>	<u>\$ (3,062,815)</u>	<u>\$ (132,431)</u>	<u>\$ 142,173,507</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8. LEASES**

*As Lessee*

**CSU Facilities**

The Corporation entered into a lease with the Board of Trustees of the CSU on September 13, 1995 with an original end date of June 1, 2024, however, a new operating agreement was finalized on November 20, 2024 extending the end date to May 31, 2034. The new operating agreement describes the primary functions the auxiliary is to manage and administer, as well as the frequency of periodic review to ensure the auxiliary is in compliance with the objectives stated in CCR tit. 5, §42401. Campus facilities will be identified with individual lease agreements to be executed by the University and the Corporation for the various functions identified in the agreement as essential and integral to the educational mission of the University.

The Trustees of the CSU lease these facilities in consideration for the Corporation's agreement to sustain any financial losses associated with managing and operating these facilities without seeking reparation or compensation from the University campus. No amounts are paid to the Board of Trustees of the CSU under this lease.

**OSU Facilities**

In 2024/25, the Corporation entered into a new lease with the Otter Student Union (OSU) for space. This exclusive use space is intended to house the commercial services operations of the Corporation, specifically the bookstore and dining services. The new agreement modified the amount of square footage allocated to the Corporation, the annual cost of the space, as well as adding the option to renew every two years through 2029/30. Lease liability payments made to the OSU for the years ended June 30, 2025 and 2024 were \$149,216 and \$137,121, respectively. An additional amount was paid in 2023/24 for additional storage space of \$4,988.

**Laundry Equipment**

The Corporation entered into a lease agreement on June 6, 2022 with WASH Multifamily Laundry Systems, to install and maintain washers and dryers for the residents in the student housing areas. This agreement had an initial term of seven years commencing on August 1, 2022 and ending on July 31, 2029. Rental payments to WASH Multifamily Laundry Systems were \$62,821 and \$70,842 for the years ended June 30, 2025 and 2024, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8. LEASES (Continued)**

**KAZU Tower Facilities**

In December 2019, KAZU entered into a new tower facilities lease with HH Tower. The initial term of the lease covers the period from January 1, 2020 to December 31, 2024 and can be extended twice through December 31, 2034. Rental payments are subject to annual consumer price index adjustments not to exceed 4.0 percent from the previous minimum monthly rent. Payments remitted to HH Tower were \$57,854 and \$56,583 for the years ended June 30, 2025 and 2024, respectively. Of these amounts, \$46,182 and \$45,027 were for tower lease payments for the years ended June 30, 2025 and 2024, respectively, and the balance of the payments were for utility expenses.

**KAZU Radio Transmitter**

In June 2017, KAZU entered into an agreement with Lloyd Jones with the intent to lease antenna space for a radio transmitter. The initial term of the lease covers the period from July 1, 2017 to July 1, 2021, with an option to renew for two additional three-year terms. The final term of the lease was verbally renewed in 2023/24 for the period July 1, 2023 to July 1, 2026. Only one payment of \$1,500 was made in 2024/25 due to the passing of the lessor which caused delays with invoicing. In 2023/24, a total of \$3,000 in payments was made and included the cost of electricity to operate the equipment.

**CSUMB @ North Salinas**

On January 21, 2016, the Corporation entered into an agreement with 100 East Alvin Drive, LLC for the lease of classroom buildings, administrative offices and the associated common area. The lease agreement was subsequently amended on three occasions, the last being on February 10, 2020. The last amendment extended the lease term to July 31, 2032. Lease and common area maintenance payments were \$790,448 and \$776,767 for the years ended June 30, 2025 and 2024, respectively.

At June 30, 2025, the future maturities of lease liabilities under GASB 87-Leases were as follows:

	<b>Principal Only</b>	<b>Interest Only</b>	<b>Principal and Interest</b>
<b><u>For the Years Ending June 30,</u></b>			
2026	\$ 859,333	\$ 140,107	\$ 999,440
2027	892,356	118,894	1,011,250
2028	929,571	96,734	1,026,305
2029	968,047	73,639	1,041,686
2030	952,434	50,433	1,002,867
2031 - 2035	1,860,326	42,482	1,902,808
Total future maturities	<u>\$ 6,462,067</u>	<u>\$ 522,289</u>	<u>\$ 6,984,356</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8. LEASES (Continued)**

**Leases - Systemwide Revenue Bonds**

In October 2002, the Corporation entered into a ground and facilities lease agreement with the State of California, acting through the Board of Trustees of the CSU, for the purpose of providing housing services and related ancillary services to the University through the renovation of the residence hall known as Student Housing Building 211. The term of the lease commenced on October 15, 2002 with the first lease payment on May 1, 2004. The term ends on November 1, 2033.

Subsequently, in September 2011, the lease was amended for the purpose of modifying the Base Rental Payment Schedule, in connection with the refunding of certain Systemwide Revenue Bonds (SRB). No other terms of this lease were modified. In September 2012, a second amendment was issued to modify the Base Rental Payment Schedule associated with the August 2012 refunding of certain SRBs. There were no other changes to the terms of the lease.

In January 2003, the Corporation entered into a second ground and facilities lease agreement with the State of California, acting through the Board of Trustees of the CSU, for the purpose of providing housing services and related ancillary services to the University through the construction of the residence halls known as North Quad. The term of the lease commenced on January 7, 2003 with the first lease payment on May 1, 2005. The term ends on November 1, 2034.

In October 2005, the Corporation entered into a third ground and facilities lease agreement with the State of California, acting through the Board of Trustees of the CSU for the purpose of providing repayment for the bond proceeds used for the advance refunding of the Corporation's previously outstanding Series 1998, 1999, and 2001 bonds. The term of the lease commenced on October 13, 2005, with the first lease payment on May 1, 2006. The term ends on November 1, 2030.

Subsequently, in August 2015, the Trustees of the California State University issued Systemwide Revenue Bonds (SRB) Series 2015A, a portion of which was used to refund certain outstanding SRB Series 2005C, which was previously issued to defease and refund the Corporation's auxiliary organization bonds series 1998, 1999, and 2001. The net result of this issuance was an amended Base Rental Payment Schedule, in connection with the refunding of certain SRBs. No other terms of this lease were modified.

In September 2020, the Trustees of the California State University issued Systemwide Revenue Bonds (SRB) Series 2020D (Taxable), a portion of which was used to refund certain SRB Series 2011A and all of 2012A. The net result of this issuance was an amended Base Rental Payment Schedule, in connection with the refunding of certain SRBs. No other terms of this lease were modified.



**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8. LEASES (Continued)**

In 2021/22, with the implementation of GASB Statement 87, *Leases*, these SRB's, were converted into lease liabilities and Right of Use assets on the Corporation's financial statements. At the same time, the University, as lessor, converted these SRB's into leases receivable from the Corporation.

At June 30, 2025, the future minimum lease liability payments related to Systemwide Revenue Bonds were as follows:

	<u>Principal Only</u>	<u>Interest Only</u>	<u>Principal and Interest</u>
<b><u>For the Years Ending June 30,</u></b>			
2026	\$ 3,677,184	\$ 646,254	\$ 4,323,438
2027	3,771,158	558,070	4,329,228
2028	3,854,828	476,228	4,331,056
2029	3,935,384	392,669	4,328,053
2030	4,017,856	307,234	4,325,090
2031 - 2035	14,148,180	565,377	14,713,557
Total future maturities	<u>\$ 33,404,590</u>	<u>\$ 2,945,832</u>	<u>\$ 36,350,422</u>

***As Lessor***

The Corporation leases building exterior space at Ryan Ranch to Verizon for its communication facility. This agreement is in the second five-year lease term and expires on March 31, 2028 with the option to renew for an additional two 5-year terms. Rental income of \$23,872 and \$23,177 was received for the years ended June 30, 2025 and 2024, respectively.

On July 1, 2024, the Corporation entered into a new sublease agreement with Legacy Education for the property located at 1450 North Main Street or the CSUMB @ North Salinas classroom site. The term of the sublease is set to expire on July 31, 2032 and the payment schedule is aligned with the lease liability the Corporation entered into with 100 East Alvin Drive, LLC for this same property. As a result, deferred inflows and lease receivable increased by \$4,488,396 and \$4,628,885, respectively as of June 30, 2025. In addition, a monthly 8% administrative fee and utilities are included in the monthly lease payment. Receipts of \$848,368 were received for the year ended June 30, 2025. Under the 2023/24 sublease agreement, the Corporation received \$405,663 for the year ended June 30, 2024.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8. LEASES (Continued)**

**Homeowner Land Subleases**

The Corporation sells housing units and subleases the underlying land to the homeowners under long-term operating leases. In FY 2024/2025, revisions were made to update the program documents at the request of CSUMB Management. Changes implemented applicable to the rates of increase and timing of rate adjustments are outlined within the First Amendment to Ground Lease, and more particularly the amended Base Rent Calculation Rider Exhibit attached thereto.

The revisions to the Base Rent Calculation Rider identify base rents due by homeowners at the time of purchase and sublease. Particularly, (a) base rent is set based on a 3% of the Land Value as of the time of purchase and sublease, (b) each year thereafter the Land Value shall increase by 3%, and (c) base rent will adjust every five years following the date of purchase, based upon the Land Value as of the date of the adjustment.

The term of these subleases extends to the year 2097.

The sublease agreements also provide for deferred rent payments to be made if the sublease is assigned or terminated before expiration. In addition, the homeowners are required to pay fixed monthly amounts of additional rent to assist in the cost recovery of common area maintenance provided for the project. Due to the varying amounts for the 67 sublease agreements and assuming 100% occupancy, future minimum sublease rents are estimated based on budgeted rents for the year ending June 30, 2025, as follows:

<b><u>For the Years Ending June 30,</u></b>	
2026	\$ 153,730
2027	157,312
2028	159,211
2029	162,621
2030	170,153
Therafter through 2097	32,076,986
	<u>\$ 32,880,013</u>

Included in Housing revenue is \$117,097 and \$100,129 related to these land rents for the years ended June 30, 2025 and 2024, respectively.

**Month-to-Month Rentals**

In addition to the above homeowner rents received, the Corporation also rents, on a month to month basis, 736 housing units in Schoonover. The annual rental income collected for

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 8. LEASES (Continued)**

Schoonover Park for the years ended June 30, 2025 and 2024 was \$11,765,892 and \$12,249,410, respectively.

**Child Development Center Sublease**

The Child Development Center (CDC) was managed by Early Development Services (EDS) for the years ended June 30, 2025 and 2024. EDS provides a fully licensed, comprehensive, and quality childcare program at the CDC in return for use of the facility and play yard area with no rental fee. The Corporation also pays the costs associated with disposal collection, water, utilities, custodial services, and grounds and building maintenance and repair. The agreement with EDS was extended through June 30, 2026.

**National Steinbeck Center**

In September 2015, the National Steinbeck Center (NSC) entered into a lease agreement with the Corporation for the use of office space to include a common area and multi-purpose room for its ongoing operations. The base rent to be paid by NSC is one dollar annually. As additional rent, the lessee is responsible for paying a proportionate share (46.90 percent) of operating costs throughout the year. The amounts received as additional rent were \$151,529 and \$178,091 for the years ended June 30, 2025 and 2024, respectively. On July 31, 2025, the sale of the Salinas City Center was finalized with Hartnell College Foundation, which includes the area occupied by the NSC.

**NOTE 9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The Corporation implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* in fiscal year 2022/23. This Statement provides accounting and financial reporting guidance for SBITA assets and liabilities. In 2024/25 the Corporation recorded SBITAs with an initial subscription liability and asset amount of \$220,656. There are no residual value guarantees in the arrangement provisions.

At June 30, 2025, future maturities of lease liabilities under GASB 96-SBITAs were as follows:

<b><u>For the Years Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2026	\$ 68,454	\$ 6,342	\$ 74,796
2027	32,054	3,165	35,219
2028	32,301	1,618	33,919
Total future maturities	<u>\$ 132,809</u>	<u>\$ 11,125</u>	<u>\$ 143,934</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 10. LONG-TERM LIABILITIES**

Long-term liabilities consisted of the following activities for the years ended June 30:

	2025				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt obligations:					
Notes payable related to SRB's	\$ 67,555,000	\$ -	\$ (1,525,000)	\$ 66,030,000	\$ 1,605,000
Unamortized bond premium	9,310,812	-	(396,351)	8,914,461	-
Total long-term debt obligations	76,865,812	-	(1,921,351)	74,944,461	1,605,000
Total long-term liabilities	\$ 76,865,812	\$ -	\$ (1,921,351)	\$ 74,944,461	\$ 1,605,000
	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt obligations:					
Notes payable related to SRB's	\$ 68,760,000	\$ -	\$ (1,205,000)	\$ 67,555,000	\$ 1,525,000
Unamortized bond premium	9,707,163	-	(396,351)	9,310,812	-
Total long-term debt obligations	78,467,163	-	(1,601,351)	76,865,812	1,525,000
Total long-term liabilities	\$ 78,467,163	\$ -	\$ (1,601,351)	\$ 76,865,812	\$ 1,525,000

**Notes Payable**

On August 31, 2016, the Trustees of CSU issued \$68,915,000 of Series A Tax-Exempt Commercial Paper notes to provide short-term financing for the Promontory Student Housing Acquisition project. Promontory was a privately-owned student housing complex on 8.27-acres of land adjacent to the California State University, Monterey Bay campus comprised of three four-story buildings totaling approximately 274,000 gross square feet, with a total of 174 apartment units, each having from one to four bedrooms. The commercial paper notes were used as interim financing until bond financing was available. In March 2017, the Trustees of CSU issued SRB Series 2017A and the proceeds were used to pay off the outstanding commercial paper notes. The CSU SRB Series 2017A bears interest at rates graduating from 3.00 percent to 5.00 percent and are due in semiannual principal and interest payments beginning in November 2017 through May 2047. The bonds were purchased at a premium of \$9,489,122 with an underwriter's discount of \$164,426, and a cost of issuance expense of \$69,693. The premium is being amortized over the life of the loan using the straight-line method and cost of issuance and underwriter's discount were expensed to interest expense. For the years ended June 30, 2025 and 2024, the amount of bond premium amortization is \$319,859.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 10. LONG-TERM LIABILITIES (Continued)**

On February 3, 2021 the California State University through the CSU Institute issued \$11,766,000 in tax-exempt commercial paper as interim financing to fund the construction costs for the Corporation's Capital Improvement Project (CIP) which includes capital improvements and repairs to several facilities, including student housing, faculty and staff housing, and dining, for purposes of upgrading to building code and life safety requirements.

In July 2021, the Trustees of the CSU completed the sale of SRB Series 2021A, of which \$14,325,000 of the proceeds were used to pay off the outstanding tax-exempt commercial paper/bond anticipation notes used as interim financing. After the initial capitalized interest period to May 1, 2023, the bonds are due in semiannual principal and interest payments beginning in November 2024 with final maturity in November 2052. The SRB Series 2021A bonds were purchased at a premium of \$2,390,420 with an underwriter's discount of \$39,347, a cost of issuance expenses of \$12,180, and capitalized interest of \$1,072,986. The premium is being amortized over the life of the loan using the straight-line method; cost of issuance and underwriter's discount were expensed to interest expense. For the years ended June 30, 2025 and 2024, the amount of bond premium amortization is \$76,493.

At June 30, 2025, the future minimum payments for Notes payable to the CSU were as follows:

<b><u>For the Years Ending June 30,</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2026	\$ 1,605,000	\$ 3,034,525	\$ 4,639,525
2027	1,690,000	2,952,150	4,642,150
2028	1,770,000	2,865,650	4,635,650
2029	1,870,000	2,774,650	4,644,650
2030	1,960,000	2,678,900	4,638,900
2031 - 2035	11,420,000	11,780,875	23,200,875
2036 - 2040	14,555,000	8,645,125	23,200,125
2041 - 2045	18,355,000	4,845,075	23,200,075
2046 - 2050	10,620,000	949,800	11,569,800
2051 - 2054	2,185,000	99,675	2,284,675
Total	<u>\$ 66,030,000</u>	<u>\$ 40,626,425</u>	<u>\$ 106,656,425</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 11. NET POSITION**

As shown in the Statements of Net Position, portions of net position are restricted. See Note 1 for information concerning those restrictions. The remainder of net position is unrestricted.

On January 12, 2006, the Corporation's Board adopted a resolution authorizing the creation of designated reserve accounts that coincide with the reserves required by the Corporation's Reserve Policy.

At June 30, the balances of the reserve accounts that are included in net investment in capital assets and unrestricted net position were:

	<b>2025</b>	<b>2024</b>
Current operations reserve	\$ 29,447,117	\$ 29,447,117
Audit disallowance reserve	417,297	417,297
Capital replacement reserve	23,771,395	12,646,917
Future operations reserve	8,000,000	8,000,000
CEHI reserve	100,000	100,000
Total	<u>\$ 61,735,809</u>	<u>\$ 50,611,331</u>

**NOTE 12. PENSION PLAN**

The Corporation participates in a defined contribution multi-employer pension plan for employees and contributed 10% of an eligible employee's salary to the Plan for the year ended June 30, 2025. Eligible employees are defined as all regular full-time and regular part-time employees who have reached 21 years of age and completed six months of service. There is immediate vesting upon eligibility. Contributions were invested in the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), at the option of the covered employee. Corporation contributions for the years ended June 30, 2025 and 2024 were \$978,756 and \$946,434, respectively. As of June 30, 2025, there was \$42,154 in unremitted pension contributions. Employee contributions for the years ended June 30, 2025 and 2024 were \$597,757 and \$646,361, respectively.

In 2014/15, the Corporation added a 457 Vacation Conversion Plan. The Plan is administered by Public Agency Retirement Services (PARS). Eligible employees can defer a portion of their unused vacation into the Plan and contributions are then invested in investment options through John Hancock Retirement Services. Eligible employees

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 12. PENSION PLAN (Continued)**

are defined as all regular full-time and regular part-time employees having completed four years of service who have in excess of 160 vacation hours and have taken 40 vacation hours over the previous twelve months. Employee contributions for the years ended June 30, 2025 and 2024 were \$19,873 and \$34,141, respectively.

**NOTE 13. COMMITMENTS AND CONTINGENCIES**

**Sponsored Programs Contingency**

The Corporation manages all sponsored programs for the University including federal, state, and local government programs as well as private and other assisted programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the program agencies cannot be determined, although the Corporation does not expect such amounts, if any, to be material.

**University Commitment**

In 2024/25, the Corporation Board increased its support towards the construction of the Taylor Engineering Building with an additional \$1 million for a total contribution of \$5 million.

**Construction Commitment**

The Residential Halls plumbing project is being completed in phases. Buildings are being upgraded two to three at a time and as of June 30, 2025, four buildings were completed. Construction on two more buildings began in 2024/25 and are in Construction Work in Progress as of June 30, 2025. The Corporation has committed an additional \$9.0 million to the project bringing the total commitment to \$35.3 million with completion dates in 2025/26. In addition, the refurbishment of Gavilan Hall to convert existing offices into dorm rooms at an estimated cost of \$18.0 million, is being considered for SRB funding.

**NOTE 14. RISK MANAGEMENT**

The Corporation 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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 14. RISK MANAGEMENT (Continued)**

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).

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

The AORMA Workers' Compensation self-insurance fund provides coverage as required by California law. The AORMA Workers' Compensation program is self-insured for the first \$750,000 of each occurrence. Excess insurance is purchased from Safety National Casualty Corporation to provide statutory limits excess of the \$750,000 self-insured limit for Workers' Compensation, and to \$5,000,000 per occurrence for Employers' Liability.

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



**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 14. RISK MANAGEMENT (Continued)**

The University Corporation 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 Corporation 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. The Corporation also maintains excess property insurance coverage to limits of \$1,000,000,000. The Corporation maintains workers' compensation insurance for individual claims up to the State's statutory limits. 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 Corporation's estimated future funding for claims liability.

**NOTE 15. PROPERTY MANAGEMENT**

Effective June 30, 2024, the Corporation chose to exercise their right under section 1.01 of the existing Property Management Agreement and transitioned to month-to-month with a third-party property manager to provide property management functions of student and employee housing and common areas. The property management functions include the operation, direction, management, and supervision of Schoonover Park, Frederick Park, and Homeowners' properties.

The Corporation pays a management fee to the property manager of 2.25% of the gross receipts for Schoonover Park and a flat fee of \$12,500 for Frederick Park each month. The change in fees for Frederick Park was a result of managements' decision to move the revenue collection of student housing fees to the University in order to simplify the student experience, therefore reducing their monthly fee. In addition, \$2,500 per month is paid for the management of the homeowners' properties. The property manager is eligible to earn an incentive fee payable each year at the conclusion of the fiscal year. The total incentive fee payable shall not exceed .75% of gross receipts for that fiscal year. Corporation management will evaluate the property manager's performance based on written criteria.

The amounts paid to the property manager for the years ended June 30, 2025 and 2024, were \$494,383 and \$639,646 and were included in rental housing operations expense. In connection with the agreement, the Corporation receives, on a monthly basis, the excess of revenues over expenses, adjusted for any anticipated cash flow needs, from the property manager. As of June 30, 2025, and 2024, the accounts receivable from the property manager amounted to \$1,275,753 and \$362,427, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 16. CONTRACTED SERVICES REVENUE**

Compass Group USA, Inc, by and through its Chartwells Division (Chartwells), became the dining contractor effective July 1, 2021. The agreement with Chartwells will remain in force until June 30, 2031 unless sooner terminated by either party in writing, sixty (60 days) prior to the proposed termination date. The Corporation will provide all utilities, office space and equipment, along with other maintenance related services throughout the term of the contract. Chartwells will provide voluntary and mandatory meal plans, catering, and conference meals with agreed upon rates prior to the academic year. In addition, the dining contractor will fund an investment not to exceed of \$5,984,604 designated to capital improvements of dining venues. Commission payments for the years ended June 30, 2025 and 2024 were \$710,329 and \$497,138, respectively.

In June 2017, the Corporation entered into an agreement with Follett Higher Education Group, Inc. to operate the University Bookstore. The initial term of the agreement commenced on June 22, 2017 and terminates on June 30, 2027. Commission payments based on gross sales will be paid on the last day of the month for business transacted during the previous month. Commission payments for the years ended June 30, 2025 and 2024 were \$165,891 and \$155,234, respectively.

On August 1, 2021, the Corporation became a party to the Multi-Campus Sponsorship Agreement with the Coca-Cola Company for a period of 10 years or end date of July 31, 2031. This exclusive rights agreement includes full service vending across University and Corporation spaces, advertising and signage, specifically at the Athletic Event Programs, and marketing funds to help promote sales on campus. Commission payments for the years ended June 30, 2025 and 2024 were \$26,397 and \$29,038, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2025 and 2024**

**NOTE 17. RELATED PARTY TRANSACTIONS**

The Corporation is involved in transactions with the CSU, the University, Otter Student Union, and the Foundation. Amounts at June 30, and transactions for the years ended are summarized below:

	<b>2025</b>	<b>2024</b>
<b>University:</b>		
Corporation receivable from the University	\$ 2,198,776	\$ 782,676
Corporation payable to the University	7,074,668	10,101,284
Payments for salaries of University personnel working on contracts, grants, and other programs	1,853,122	1,816,483
Payments for other than salaries of University personnel	11,751,278	6,507,265
Payments received from University for services, space, and programs	147,399	799,107
Interest to University under lease obligations	1,952,920	795,387
Principal to University under lease obligations	5,146,410	3,629,660
Gifts, grants, or capital contributions to the University	13,760,969	13,700,735
Gifts-in-kind to the University	101,775	776,767
Grants and contracts from University	593,676	673,253
<b>Foundation:</b>		
Corporation receivable from the Foundation	\$ 1,065	\$ 12,150
Corporation payable to the Foundation	68,585	186,491
Endowment distribution from Foundation	240,149	396,610
Net Contributions to Foundation	360,000	372,008
<b>CSU:</b>		
Corporation payable to CSU	\$ 512,442	\$ 525,150
Corporation receivable from CSU	19,355	19,355
Interest to CSU under note payable	3,112,775	3,165,354
Principal to CSU under note payable	1,525,000	1,205,000
<b>OSU:</b>		
Corporation receivable from the Otter Student Union	\$ 435,596	\$ 113,642
Corporation payable to the Otter Student Union	137,489	96,325
Expense reimbursements from the Otter Student Union	817,269	1,209,706

## **Supplemental Information**

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

**Assets:**

**Current assets:**

Cash and cash equivalents	9,993,169
Short-term investments	4,297,520
Accounts receivable, net	16,226,513
Lease receivable, current portion	532,511
P3 receivable, current portion	—
Notes receivable, current portion	10,430
Pledges receivable, net	819,774
Prepaid expenses and other current assets	1,413,176
<b>Total current assets</b>	<b>33,293,093</b>

**Noncurrent assets:**

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Lease receivable, net of current portion	4,515,675
P3 receivable, net of current portion	—
Notes receivable, net of current portion	194,542
Student loans receivable, net	—
Pledges receivable, net	282,356
Endowment investments	—
Other long-term investments	39,278,361
Capital assets, net	142,537,989
Other assets	40,000
<b>Total noncurrent assets</b>	<b>186,848,923</b>
<b>Total assets</b>	<b>220,142,016</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	16,958,694
Accrued salaries and benefits	1,110,076
Accrued compensated absences, current portion	556,547
Unearned revenues	6,891,907
Lease liabilities, current portion	4,536,517

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

SBITA liabilities - current portion	68,454
P3 liabilities - current portion	—
Long-term debt obligations, current portion	1,605,000
portion	—
Depository accounts	—
Other liabilities	72,734
<b>Total current liabilities</b>	<u>31,799,929</u>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Lease liabilities, net of current portion	35,330,140
SBITA liabilities, net of current portion	64,355
P3 liabilities, net of current portion	—
Long-term debt obligations, net of current portion	73,339,460
Claims liability for losses and loss adjustment expenses, net of current portion	—
Depository accounts	344,085
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
<b>Total noncurrent liabilities</b>	<u>109,078,040</u>
<b>Total liabilities</b>	<u>140,877,969</u>
<b>Deferred inflows of resources:</b>	
P3 service concession arrangements	—
Net pension liability	—
Net OPEB liability	—
Unamortized gain on debt refunding	—
Nonexchange transactions	—
Lease	4,879,059
P3	—
Others	—
<b>Total deferred inflows of resources</b>	<u>4,879,059</u>
<b>Net position:</b>	
Net investment in capital assets	35,530,883
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	28,918
Loans	—

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

Capital projects	—
Debt service	—
Others	7,175,446
Unrestricted	31,649,741
<b>Total net position</b>	<b><u>74,384,988</u></b>

**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	21,465,061
State	3,521,050
Local	88,853
Nongovernmental	3,157,119
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	18,733,691
Scholarship allowances	—
Other operating revenues	50,339,889
<b>Total operating revenues</b>	<u>97,305,663</u>

**Expenses:**

**Operating expenses:**

Instruction	138,893
Research	7,016,733
Public service	8,336,718
Academic support	6,247,799
Student services	2,560,698
Institutional support	6,324,862
Operation and maintenance of plant	—
Student grants and scholarships	5,552,130
Auxiliary enterprise expenses	48,815,372
Depreciation and amortization	10,735,906
<b>Total operating expenses</b>	<u>95,729,111</u>
<b>Operating income (loss)</b>	<u>1,576,552</u>

**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	4,821,848
Investment income (loss), net	4,765,103
Endowment income (loss), net	—
Interest expense	(3,564,975)
Other nonoperating revenues (expenses)	(4,156,804)



**Schedule of Revenues, Expenses, and Changes in Net Position**  
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<b>Net nonoperating revenues (expenses)</b>	1,865,172
<b>Income (loss) before other revenues (expenses)</b>	<u>3,441,724</u>
State appropriations, capital	—
Grants and gifts, capital	40,752
Additions (reductions) to permanent endowments	<u>—</u>
<b>Increase (decrease) in net position</b>	3,482,476
<b>Net position:</b>	
Net position at beginning of year, as previously reported	70,902,512
Restatements	<u>—</u>
<b>Net position at beginning of year, as restated</b>	<u>70,902,512</u>
<b>Net position at end of year</b>	<u><u>74,384,988</u></u>

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**1 Cash and cash equivalents:**

Portion of restricted cash and cash equivalents related to endowments

All other restricted cash and cash equivalents

**Noncurrent restricted cash and cash equivalents**

Current cash and cash equivalents

**Total**

	-
	9993169
<b>\$</b>	<b>9,993,169</b>

**2.1 Composition of investments:**

<b>Investment Type</b>	<b>Current</b>	<b>Noncurrent</b>	<b>Total</b>
Money market funds	4297520		<b>4,297,520</b>
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		39278361	<b>39,278,361</b>
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)			-
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)			-
Commodities			-
Derivatives			-
Other alternative investment types			-
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:			

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Total Other investments	-	-	-
<b>Total investments</b>	<b>4,297,520</b>	<b>39,278,361</b>	<b>43,575,881</b>
Less endowment investments	-	-	-
<b>Total investments, net of endowments</b>	<b>\$ 4,297,520</b>	<b>39,278,361</b>	<b>43,575,881</b>

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	\$ 4,297,520				4297520
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	39,278,361	38749885	528476		
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	-				
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	-				
Commodities	-				
Derivatives	-				
Other alternative investment types	-				
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:					

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Total other investments:  
**Total investments**

-	-	-	-	-
<b>\$ 43,575,881</b>	<b>38,749,885</b>	<b>528,476</b>	<b>—</b>	<b>4,297,520</b>

**2.3 Investments held by the University under contractual agreements:**

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

Current	Noncurrent	Total
		<b>\$ -</b>

**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
<b>Non-depreciable/Non-amortizable capital assets:</b>									
Land and land improvements	2,000,734				2,000,734				2,000,734
Works of art and historical treasures	-				-				-
Construction work in progress (CWIP)	6,532,963				6,532,963	9839901		-11550961	4,821,903
Intangible assets:									
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Intangible assets in progress (PWIP)	-				-				-
Licenses and permits	148,349				148,349				148,349
Other intangible assets:									
	-				-				-
	-				-				-
	-				-				-
	-				-				-
	-				-				-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>148,349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,349</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>148,349</b>
<b>Total non-depreciable/non-amortizable capital assets</b>	<b>8,682,046</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,682,046</b>	<b>9,839,901</b>	<b>-</b>	<b>(11,550,961)</b>	<b>6,970,986</b>
<b>Depreciable/Amortizable capital assets:</b>									
Buildings and building improvements	86,425,890				86,425,890				86,425,890
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	55,253,827				55,253,827			11550961	66,804,788
Personal property:									
Equipment	5,866,447				5,866,447	306519	-544988		5,627,978
Library books and materials	-				-				-
Intangible assets:									
Software and websites	196,631				196,631				196,631
Rights and easements	-				-				-
Patents, copyrights and trademarks	-				-				-
Licenses and permits	-				-				-
Other intangible assets:									

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	-			-				-
	-			-				-
	-			-				-
	-			-				-
	-			-				-
Total Other intangible assets	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>196,631</b>	-	-	-	<b>196,631</b>	-	-	<b>196,631</b>
<b>Total depreciable/amortizable capital assets</b>	<b>147,742,795</b>	-	-	-	<b>147,742,795</b>	<b>306,519</b>	<b>(544,988)</b>	<b>159,055,287</b>
<b>Total capital assets</b>	<b>156,424,841</b>	-	-	-	<b>156,424,841</b>	<b>10,146,420</b>	<b>(544,988)</b>	<b>166,026,273</b>
<b>Less accumulated depreciation/amortization:</b>								
Buildings and building improvements	(25,654,626)			(25,654,626)	-3006335			(28,660,961)
Improvements, other than buildings	-			-				-
Infrastructure	-			-				-
Leasehold improvements	(24,464,104)			(24,464,104)	-2427261			(26,891,365)
Personal property:								
Equipment	(4,871,690)			(4,871,690)	-305830	453762		(4,723,758)
Library books and materials	-			-				-
Intangible assets:								
Software and websites	(196,631)			(196,631)				(196,631)
Rights and easements	-			-				-
Patents, copyrights and trademarks	-			-				-
Licenses and permits	-			-				-
Other intangible assets:								
	-			-				-
	-			-				-
	-			-				-
	-			-				-
	-			-				-
Total Other intangible assets	-	-	-	-	-	-	-	-
<b>Total intangible assets</b>	<b>(196,631)</b>	-	-	<b>(196,631)</b>	-	-	-	<b>(196,631)</b>
<b>Total accumulated depreciation/amortization</b>	<b>(55,187,051)</b>	-	-	<b>(55,187,051)</b>	<b>(5,739,426)</b>	<b>453,762</b>	-	<b>(60,472,715)</b>
<b>Total capital assets, net excluding ROU assets</b>	<b>\$ 101,237,790</b>	-	-	<b>101,237,790</b>	<b>4,406,994</b>	<b>(91,226)</b>	-	<b>105,553,558</b>

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
<b>Composition of capital assets - Lease ROU, net:</b>									
<b>Non-depreciable/Non-amortizable lease assets:</b>									
Land and land improvements	—				—				—
<b>Total non-depreciable/non-amortizable lease assets</b>	<b>-</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-</b>

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<b>Depreciable/Amortizable lease assets:</b>									
Land and land improvements	14,629				14,629				14,629
Buildings and building improvements	54,133,109				54,133,109	824537			54,957,646
Improvements, other than buildings	—				—				—
Infrastructure	483,864				483,864				483,864
Personal property:									
Equipment	365,537				365,537				365,537
<b>Total depreciable/amortizable lease assets</b>	<b>54,997,139</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>54,997,139</b>	<b>824,537</b>	<b>—</b>	<b>—</b>	<b>55,821,676</b>
<b>Less accumulated depreciation/amortization:</b>									
Land and land improvements	(8,778)				(8,778)	-2926			(11,704)
Buildings and building improvements	(13,906,939)				(13,906,939)	-4773069			(18,680,008)
Improvements, other than buildings	—				—				—
Infrastructure	(107,523)				(107,523)	-35842			(143,365)
Personal property:									
Equipment	(100,088)				(100,088)	-52220			(152,308)
<b>Total accumulated depreciation/amortization</b>	<b>(14,123,328)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(14,123,328)</b>	<b>(4,864,057)</b>	<b>—</b>	<b>—</b>	<b>(18,987,385)</b>
<b>Total capital assets - lease ROU, net</b>	<b>40,873,811</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>40,873,811</b>	<b>(4,039,520)</b>	<b>—</b>	<b>—</b>	<b>36,834,291</b>

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
<b>Composition of capital assets - SBITA ROU, net</b>									
<b>Depreciable/Amortizable SBITA assets:</b>									
Software	222,993				222,993	220657		-89769	353,881
<b>Total depreciable/amortizable SBITA assets</b>	<b>222,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222,993</b>	<b>220,657</b>	<b>-</b>	<b>(89,769)</b>	<b>353,881</b>
<b>Less accumulated depreciation/amortization:</b>									
Software	(161,087)				(161,087)	-132423		89769	(203,741)
<b>Total accumulated depreciation/amortization</b>	<b>(161,087)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(161,087)</b>	<b>(132,423)</b>	<b>-</b>	<b>89,769</b>	<b>(203,741)</b>
<b>Total capital assets - SBITA ROU, net</b>	<b>61,906</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,906</b>	<b>88,234</b>	<b>-</b>	<b>-</b>	<b>150,140</b>

	Balance June 30, 2024	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2024 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2025
<b>Composition of capital assets - P3 ROU, net:</b>									
<b>Non-depreciable/Non-amortizable P3 assets:</b>									
Land and land improvements	—				—				—
<b>Total non-depreciable/non-amortizable P3 assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**Depreciable/Amortizable P3 assets:**

Land and land improvements	—	—	—
Buildings and building improvements	—	—	—
Improvements, other than buildings	—	—	—
Infrastructure	—	—	—
Personal property:			
Equipment	—	—	—
<b>Total depreciable/amortizable P3 assets</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Less accumulated depreciation/amortization:**

Land and land improvements	—	—	—
Buildings and building improvements	—	—	—
Improvements, other than buildings	—	—	—
Infrastructure	—	—	—
Personal property:			
Equipment	—	—	—
<b>Total accumulated depreciation/amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Total capital assets - P3 ROU, net**

—	—	—	—	—	—	—	—	—	—
---	---	---	---	---	---	---	---	---	---

**Total capital assets, net including ROU assets**

**142,537,989**

**3.2 Detail of depreciation and amortization expense:**

Depreciation and amortization expense related to capital assets	\$ 5,739,426
Amortization expense - Leases ROU	4,864,057
Amortization expense - SBITA ROU	132,423
Amortization expense - P3 ROU	-
Depreciation and Amortization expense - Others	-
<b>Total depreciation and amortization</b>	<b><u>\$ 10,735,906</u></b>

**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
<b>1. Accrued compensated absences</b>	<b>589,865</b>		<b>589,865</b>	598722	(632,040)	<b>556,547</b>	556547	-
<b>2. Claims liability for losses and loss adjustment expenses</b>	-		-			-		-
<b>3. Capital lease obligations (pre-ASC 842):</b>								
Gross balance	-		-			-		-
Unamortized net premium/(discount)	-		-			-	-	-

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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)	67,555,000	67,555,000	-1525000	66,030,000	1605000	64,425,000		
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	67,555,000	-	67,555,000	-	(1,525,000)	66,030,000	1,605,000	64,425,000
4.6 Unamortized net bond premium/(discount)	9,310,811	9,310,811	-396351	8,914,460	-	8,914,460		
Total long-term debt obligations	76,865,811	-	76,865,811	-	(1,921,351)	74,944,460	1,605,000	73,339,460

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	43,565,548		824537		-4523428	39,866,657	4536517	35,330,140
SBITA liabilities	41,424		220656		-129271	132,809	68454	64,355
P3 liabilities - SCA	-					-	-	-
P3 liabilities - non-SCA	-					-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	\$ 43,606,972	-	1,045,193	-	(4,652,699)	39,999,466	4,604,971	35,394,495
Total long-term liabilities						\$ 115,500,473	\$ 6,766,518	\$ 108,733,955

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

	Lease Liabilities			SBITA liabilities			Public-Private or Public-Public Partnerships (P3)			Total Leases, SBITA, P3 liabilities		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:												
2026	4536517	786360	5,322,877	68454	6342	74,796	-	-	-	4,604,971	792,702	5,397,673
2027	4663514	676939	5,340,453	32054	3165	35,219	-	-	-	4,695,568	680,104	5,375,672
2028	4784399	572962	5,357,361	32301	1618	33,919	-	-	-	4,816,700	574,580	5,391,280
2029	4903431	466309	5,369,740			-	-	-	-	4,903,431	466,309	5,369,740
2030	4970290	357667	5,327,957			-	-	-	-	4,970,290	357,667	5,327,957
2031 - 2035	16008506	607859	16,616,365			-	-	-	-	16,008,506	607,859	16,616,365
2036 - 2040	-	-	-	-	-	-	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-	-	-	-	-	-	-
2046 - 2050	-	-	-	-	-	-	-	-	-	-	-	-
2051 - 2055	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
Total minimum lease payments	\$ 39,866,657	3,468,096	43,334,753	132,809	11,125	143,934	-	-	-	39,999,466	3,479,221	43,478,687



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Less: amounts representing interest  
**Present value of future minimum lease payments**  
**Total Leases, SBITA, P3 liabilities**  
Less: current portion  
**Leases, SBITA, P3 liabilities, net of current portion**

(3,479,221)  
39,999,466  
39,999,466  
(4,604,971)  
**\$ 35,394,495**

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

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
<b>Year ending June 30:</b>									
2026			-	1605000	3034525	4,639,525	1,605,000	3,034,525	4,639,525
2027			-	1690000	2952150	4,642,150	1,690,000	2,952,150	4,642,150
2028			-	1770000	2865650	4,635,650	1,770,000	2,865,650	4,635,650
2029			-	1870000	2774650	4,644,650	1,870,000	2,774,650	4,644,650
2030			-	1960000	2678900	4,638,900	1,960,000	2,678,900	4,638,900
2031 - 2035			-	11420000	11780875	23,200,875	11,420,000	11,780,875	23,200,875
2036 - 2040			-	14555000	8645125	23,200,125	14,555,000	8,645,125	23,200,125
2041 - 2045			-	18355000	4845075	23,200,075	18,355,000	4,845,075	23,200,075
2046 - 2050			-	10620000	949800	11,569,800	10,620,000	949,800	11,569,800
2051 - 2055			-	2185000	99675	2,284,675	2,185,000	99,675	2,284,675
Thereafter			-			-	-	-	-
<b>Total minimum payments</b>	<b>\$</b>	<b>-</b>	<b>-</b>	<b>66,030,000</b>	<b>40,626,425</b>	<b>106,656,425</b>	<b>66,030,000</b>	<b>40,626,425</b>	<b>106,656,425</b>
Less: amounts representing interest									(40,626,425)
<b>Present value of future minimum payments</b>									66,030,000
Unamortized net premium/(discount)									8,914,460
<b>Total long-term debt obligations</b>									74,944,460
Less: current portion									(1,605,000)
<b>Long-term debt obligations, net of current portion</b>									<b>\$ 73,339,460</b>

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1853122
Payments to University for other than salaries of University personnel	11751278
Payments received from University for services, space, and programs	147399
Gifts-in-kind to the University from discretely presented component units	101775
Gifts (cash or assets) to the University from discretely presented component units	13760969
Accounts (payable to) University	-7074668
Other amounts (payable to) University	
Accounts receivable from University	2198776
Other amounts receivable from University	

**8 Restatements**

**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)

Restatement #2

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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	55,043.00	5,000.00	—	—		78,850.00		138,893
Research	2,955,073.00	598,605.00	120,314.00	—		3,342,741.00		7,016,733
Public service	3,601,545.00	1,050,937.00	226,324.00	—		3,457,912.00		8,336,718
Academic support	2,082,024.00	516,640.00	100,571.00	—		3,548,564.00		6,247,799
Student services	1,131,597.00	422,400.00	80,931.00	—		925,770.00		2,560,698
Institutional support	2,427,026.00	937,471.00	228,776.00	—		2,731,589.00		6,324,862
Operation and maintenance of plant	—	—	—	—		—		-
Student grants and scholarships					5,552,130.00			5,552,130
Auxiliary enterprise expenses	2,176,922.00	760,347.00	156,538.00	—		45,721,565.00		48,815,372
Depreciation and amortization							10,735,906.00	10,735,906
<b>Total operating expenses</b>	<b>\$ 14,429,230</b>	<b>4,291,400</b>	<b>913,454</b>	<b>-</b>	<b>5,552,130</b>	<b>59,806,991</b>	<b>10,735,906</b>	<b>95,729,111</b>

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**

	-
<b>\$</b>	<b>-</b>

2. Deferred Inflows of Resources

Deferred inflows - service concession arrangements  
Deferred inflows - net pension liability

**University Corporation at Monterey Bay**  
**Other Information**  
**June 30, 2025**  
**(for inclusion in the California State University)**

Deferred inflows - net OPEB liability	
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
Deferred inflows - leases	4879059
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>
<b>Total deferred inflows of resources</b>	<b><u><u>\$ 4,879,059</u></u></b>

**11 Other nonoperating revenues (expenses)**

Other nonoperating revenues	407310
Other nonoperating (expenses)	<u>-4564114</u>
Total other nonoperating revenues (expenses)	<b><u><u>(4,156,804)</u></u></b>



**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  
University Corporation at 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 University Corporation at Monterey Bay (the Corporation), a component unit of California State University, Monterey Bay, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 19, 2025.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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. 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 or significant deficiencies may exist that were not identified.

Board of Directors  
University Corporation at Monterey Bay  
Seaside, California  
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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Corporation'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 cursive script that reads "Glenn Burdette Attest Corporation".

Glenn Burdette Attest Corporation  
San Luis Obispo, California

September 19, 2025