

# University Corporation at Monterey Bay

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Audited Financial Statements  
and Supplementary Information

Years Ended June 30, 2024 and 2023



**University Corporation at Monterey Bay  
Annual Report  
For the Years Ended  
June 30, 2024 and 2023**

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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, 2024 and 2023, 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, 2024 and 2023 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 14 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 54 through 65 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 19, 2024, 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, 2024

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

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, 2024 and 2023. 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, 2024 and 2023**

***Financial Highlights***

- At June 30, 2024, the Corporation's total net position increased by 0.9 percent or \$656 thousand to \$70.9 million from \$70.2 million.
- Housing revenue increased 8.3 percent or \$3.6 million from \$43.5 million to \$47.1 million.
- Sales and services of auxiliary enterprises increased \$1.2 million or 13.5 percent to \$10.4 million from \$9.2 million.
- Contract services increased by \$3.9 million or 18.8 percent from \$20.9 million to \$24.8 million.
- Repairs and maintenance declined 16.4 percent or \$1.1 million from \$6.5 million to \$5.4 million.
- Cost of real estate sold increased to \$2.5 million from \$220 thousand for a 1,050.8 percent or \$2.3 million increase.
- Other nonoperating revenues, net increased 54.1 percent or \$2.1 million to \$6.0 million from \$3.9 million.
- Realized and unrealized gains on investments increased by 59.4 percent or \$1.5 million from \$2.5 million to a \$4.0 million gain on investments.
- University support, capital increased to \$4.2 million from \$598 thousand for a 607.8 percent or \$3.6 million increase.

***Condensed Financial Information***

The accompanying audited financial statements as of and for the years ended June 30, 2024 and 2023, 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, 2024 and 2023**

**Table 1: Condensed Statements of Net Position as of June 30, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Assets</b>			
Current assets	\$ 24,606,296	\$ 28,157,592	\$ 27,750,742
Noncurrent assets	197,554,832	195,446,141	201,074,497
Total Assets	<u>222,161,128</u>	<u>223,603,733</u>	<u>228,825,239</u>
<b>Liabilities</b>			
Current liabilities	35,956,135	30,541,411	34,788,074
Noncurrent liabilities	114,885,183	121,426,962	126,779,416
Total Liabilities	<u>150,841,318</u>	<u>151,968,373</u>	<u>161,567,490</u>
<b>Deferred Inflows of Resources:</b>			
Leases	417,298	1,389,299	472,810
<b>Net Position</b>			
Net investment in capital assets	29,556,059	26,529,983	27,824,230
Restricted for:			
Expendable	6,593,951	5,971,269	6,637,881
Unrestricted	34,752,502	37,744,808	32,322,828
Total Net Position	<u>\$ 70,902,512</u>	<u>\$ 70,246,060</u>	<u>\$ 66,784,939</u>

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.

Total net position in 2022/23 increased by 5.2 percent or \$3.5 million. This increase was primarily due to Operating income of \$805 thousand and Other nonoperating revenues of \$3.9 million, offset by University support, noncapital and capital, of \$1.2 million.

Net investment in capital assets represents capital assets, net of accumulated depreciation and amortization, and net of outstanding balances of related debt. 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.

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

Net investment in capital assets decreased in 2022/23 from \$27.8 million to \$26.5 million for a \$1.3 million or 4.7 percent change. This change is a result of the net addition of capital assets of \$6.0 million, annual debt payments of \$3.5 million, and amortization of bond premiums of \$396 thousand, offset by net accumulated depreciation and amortization of capital assets of \$11.2 million.

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. In 2023/24, Unrestricted net position increased \$1.1 million or 2.8 percent from \$37.7 million to \$38.8 million. Unrestricted net position in 2022/23 increased by 16.8 percent or \$5.4 million from \$32.3 million to \$37.7 million. For both years, 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, Prepaid expenses and other assets, and Real estate held for sale.

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. In 2022/23, Receivables, net decreased by 26.7 percent or \$4.9 million from \$18.3 million to \$13.4 million. This decrease was mostly attributable to the collection of outstanding housing rents from the University and previously postponed owner distributions from the property manager.

In 2023/24, Real estate held for sale decreased by \$1.1 million or 30.0 percent from \$3.7 million to \$2.6 million as a result of eight home sales during the year, offset by four repurchased homes added to inventory. Real estate held for sale increased in 2022/23 by 123.6% or \$2.0 million from \$1.7 million to \$3.7 million. The balance was attributable to the buyback of six additional homes in 2022/23 available for sale.

*Noncurrent assets* consist of Pledges receivable, net of current, Leases receivable, net of current, Long-term investments, Capital assets, net, and Other noncurrent assets.

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. Long-term investments in 2022/23 decreased minimally to \$48.7 million from \$49.4 million for a 1.4 percent or \$694 thousand decline. This change was due mostly to investment appreciation of \$4.0 million being offset by a \$5.0 million withdrawal for capital projects.

**University Corporation at Monterey Bay**  
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Capital assets, net decreased in 2023/24 by \$3.2 million or 2.0 percent from \$145.4 million to \$142.2 million as a result of net accumulated depreciation of \$11.2 million exceeding asset additions of \$8 million. In 2022/23, Capital assets, net, decreased \$5.2 million or 3.5 percent from \$150.6 million to \$145.4 million. This change was due to a net increase in new assets of \$6.0 million offset by depreciation expense of \$11.2 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, Notes payable-current, and Other liabilities.

Accounts payable increased in 2023/24 to \$10.3 million from \$4.3 million for a \$6 million or 140.3 percent change mostly due to significant invoices received or accrued for construction contracts, property insurance and a local foundation for the year ended June 30, 2024. In 2022/23, Accounts payable decreased \$3.0 million or 41.9 percent from \$7.3 million to \$4.3 million primarily due to stabilizing the Accounts Payable team and making concerted efforts to bring the vendors' balances current.

*Noncurrent liabilities* consist of Lease liability, net of current, Notes payable, net of current and Depository accounts.

Lease liability, net of current decreased in 2023/24 to \$39.2 million from \$43.8 million for a \$4.6 million or 10.5 percent decrease. In 2022/23, Lease liability, net of current decreased \$3.8 million or 7.9 percent from \$47.6 million to \$43.8 million. For both years, the reclassification of principal payments to current is the reason for the change. More detailed information on Lease liabilities can be found in Note 8 to the financial statements.

**Results of Operations**

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. In 2022/23, the Corporation's total net position increased to \$70.2 million from \$66.8 million for a 5.2 percent or \$3.5 million change. This increase was primarily due to Other nonoperating revenues of \$4.8 million offset by University support, noncapital and capital, of \$1.3 million.

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
**June 30, 2024 and 2023**

**Table 2: Condensed Summary of Changes in Net Position for  
Years Ended June 30, 2024, 2023 and 2022**

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>			
Housing	\$ 47,155,308	\$ 43,537,149	\$ 41,258,617
Grants and contracts	24,995,160	24,006,098	19,546,444
Sales and services of auxiliary enterprises	10,430,833	9,189,401	8,311,818
Other operating income	3,299,352	2,691,250	360,305
Total Operating Revenues	<u>85,880,653</u>	<u>79,423,898</u>	<u>69,477,184</u>
<b>Operating Expenses</b>			
Salaries and benefits	19,920,286	20,036,433	17,420,145
Contract services	24,863,528	20,922,302	17,095,570
Utilities	7,062,466	6,347,837	5,402,343
Supplies and services	1,376,109	1,560,604	1,155,076
Scholarships	4,356,185	3,612,340	2,876,812
Repairs and maintenance	5,440,609	6,509,837	6,813,250
Information Technology	866,567	904,292	845,553
Depreciation and amortization	11,532,667	11,408,590	10,796,215
Cost of real estate sold	2,527,796	219,662	1,626,845
Other operating expenses	8,034,570	7,097,017	5,619,730
Total Operating Expenses	<u>85,980,783</u>	<u>78,618,914</u>	<u>69,651,539</u>
<b>Operating Income/(Loss)</b>	<u>(100,130)</u>	<u>804,984</u>	<u>(174,355)</u>
<b>Nonoperating Revenues (Expenses)</b>			
University support, noncapital	(1,028,000)	(650,868)	(475,000)
Other nonoperating revenues, net	6,017,454	3,905,072	10,100,195
Total Nonoperating Revenues (Expenses)	<u>4,989,454</u>	<u>3,254,204</u>	<u>9,625,195</u>
<b>Other Changes in Net Position</b>			
University support, capital	(4,232,872)	(598,067)	(11,369,304)
Other changes in net position	-	-	17,250
Total Other Changes in Net Position	<u>(4,232,872)</u>	<u>(598,067)</u>	<u>(11,352,054)</u>
<b>Increase/(Decrease) in Net Position</b>	656,452	3,461,121	(1,901,214)
<b>Net Position</b>			
Net position — beginning of year	70,246,060	66,784,939	68,686,153
Net position — end of year	<u>\$ 70,902,512</u>	<u>\$ 70,246,060</u>	<u>\$ 66,784,939</u>

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
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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, make up most of this change. Total operating revenues increased in 2022/23 by 14.3 percent or \$9.9 million from \$69.5 million to \$79.4 million. This was attributed to the increases in Housing revenue, Grants and contracts revenue, and Other operating revenues.

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. In 2022/23, Housing revenue increased from \$41.3 million to \$43.5 million for a \$2.2 million or 5.5 percent increase mostly due to students steadily returning to in person instruction and on-campus living.

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 make up this change. In 2022/23, Sales and services of auxiliary enterprises, net increased to \$9.2 million from \$8.3 million for a 10.6 percent or \$878 thousand increase. The steady return of students, increase in meal plan prices and the related food service commissions on these plans, were responsible for the 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. Total operating expenses in 2022/23 increased to \$78.6 million from \$69.7 million for a 12.9 percent or \$9.0 million change. Increases of Salaries and benefits, Contract services, Cost of real estate sold, and Other operating expenses accounted for most of this change.

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 is largely due to an increase in the cost of services provided by the University and the dining services contractor. In 2022/23, Contract services increased 22.4 percent or \$3.8 million from \$17.1 million to \$20.9 million. This increase can be attributed mostly to increased personnel hired by the Greystar property manager to take on additional maintenance duties on campus and the addition of the DART Initiative Drone training program.

In 2023/24, Repairs and maintenance decreased by 16.4 percent or \$1.1 million from \$6.5 million to \$5.4 million. This decline can mostly be attributed to the delay in project approvals for unit renovations in staff and faculty housing. Repairs and maintenance declined slightly in 2022/23 from \$6.8 million to \$6.5 million for a \$303 thousand or 4.5 percent decrease. The construction loan received in 2020/21 for improvements to existing facilities managed by the auxiliary was fully expended before the end of 2022/23.

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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. Cost of real estate sold decreased in 2022/23 from \$1.6 million to \$220 thousand, a \$1.4 million decrease or 86.5 percent change. The change was a result of selling one home in 2022/23 versus five homes in the prior year.

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 10). Table 3 below shows the noncapital and capital support for the last three fiscal years.

**Table 3: University Support**

	<b>2024</b>	<b>2023</b>	<b>2022</b>
University support, non-capital	\$ 1,028,000	\$ 650,868	\$ 475,000
University support, capital	4,232,872	598,067	11,369,304
Total University support	\$ 5,260,872	\$ 1,248,935	\$ 11,844,304

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. In 2023/24, the contribution was increased in order to supplement athletic scholarships and recruitment. University support, non-capital increased in 2022/23 from its annual contribution of \$475 thousand mostly due to IT support services.

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. 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. In 2022/23, University support, capital decreased by one-time support for the purchase of the Golden Gate University building and Otter Student Union construction overages totaling \$10.9 million made in 2021/22.

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

**Capital Assets**

At June 30, 2024, the Corporation had \$211.6 million in capital assets of which \$203 million are depreciable capital assets. The Corporation's net capital assets totaled \$142.2 million at the end of the fiscal year. Depreciable capital assets consist of buildings, leasehold improvements, equipment, leased assets and intangible assets. The Corporation had \$8.6 million in non-depreciable

**University Corporation at Monterey Bay**  
**Management's Discussion and Analysis**  
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assets as of June 30, 2024. 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, 2024, the Corporation had \$111.3 million in debt service and \$47.8 million in lease liabilities for a total of \$159.1 million in long-term debt. More detailed information can be found in Notes 8 and 9 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 2021, the University Corporation contracted Brailsford and Dunlavey to perform a market rate analysis. The findings are used to help inform current and future rate projections to help ensure housing rates are sufficient to support the Corporation's long-term debt obligations as well as remain affordable and competitive.

In 2022, Cal State Monterey Bay and the University Corporation announced that the "Rate Lock" program would sunset with the Spring 2024 student matriculating class. Students who matriculated prior to Spring 2024 and retain eligibility for Rate Lock are guaranteed a first-year residency base rate schedule for each type of housing. The rate schedule for that academic year is then offered for a maximum of four more consecutive years so long as the student remains in housing. The number of years is pro-rated for first time housing residents based on their class level for first year of residency.

**Grants and Contracts**

Due to the unpredictability of the grant funding climate and economy, we believe grant and contract revenues (based on expenditures incurred) will continue to stay about the same or possibly decline slightly.

**University Corporation at Monterey Bay  
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*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.

**Construction Commitments**

The original commitment made in 2021/22 by the Corporation to the \$11.0 million plumbing infrastructure and bathroom renovation project for the 8 student residence halls is partially completed and the work will be ongoing for the next year or two. The construction is occurring in phases, two or three 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. In 2024/25, the Corporation will increase its commitment by \$9.0 million for a total project cost of \$25.9 million.

**Market Conditions**

Investments account for 25.1 percent of the Corporation's total assets. Of the \$54.7 million, 0.7 percent is Short-term investments and 99.3 percent is Long-term investments. The Corporation continues to manage its investments via its Investment Committee, which works in conjunction with the investment consultant, Verus Investments. It is important to remember that the majority of the 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, 2024 and 2023**

**University Corporation at Monterey Bay**  
**Statements of Net Position**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
<b><u>Current Assets:</u></b>		
Cash and cash equivalents	\$ 9,536,319	\$ 9,791,700
Short-term investments	367,837	373,342
Receivables:		
Grants and contracts, net	7,674,429	7,348,085
Property manager	362,427	2,293,169
University	782,676	871,662
Foundation	12,150	30,839
Otter Student Union	113,642	282,138
CSU	19,355	52,455
Housing, net	279,892	143,836
Other, net	2,200,119	2,431,892
Pledges receivable, net	457,081	254,446
Leases receivable	20,643	317,110
Prepaid expenses and other assets	164,736	232,746
Real estate held for sale	2,614,990	3,734,172
Total Current Assets	24,606,296	28,157,592
<b><u>Noncurrent Assets:</u></b>		
Pledges receivable, net of current	606,666	193,973
Leases receivable, net of current	419,300	1,098,949
Long-term investments	54,315,359	48,744,466
Capital assets, net	142,173,507	145,368,753
Other noncurrent assets	40,000	40,000
Total Noncurrent Assets	197,554,832	195,446,141
Total Assets	222,161,128	223,603,733

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

**University Corporation at Monterey Bay**  
**Statements of Net Position (Continued)**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Liabilities</b>		
<b><u>Current Liabilities:</u></b>		
Accounts payable	\$ 10,255,292	\$ 4,268,107
Payable to University	10,101,284	11,009,376
Payable to Foundation	186,491	175,990
Payable to Otter Student Union	96,325	174,909
Payable to CSU	525,150	545,838
Accrued salaries and benefits payable	1,681,341	1,710,567
Unearned revenue:		
Housing	70,985	28,365
Other	6,894,148	6,869,656
Lease liability, current	4,415,635	4,427,218
Notes payable, current	1,525,000	1,205,000
Other liabilities	204,484	126,385
Total Current Liabilities	35,956,135	30,541,411
<b><u>Noncurrent Liabilities:</u></b>		
Lease liability, net of current	39,191,337	43,777,007
Notes payable, net of current	75,340,811	77,262,163
Depository accounts	353,035	387,792
Total Noncurrent Liabilities	114,885,183	121,426,962
Total Liabilities	150,841,318	151,968,373
<b><u>Deferred Inflows of Resources:</u></b>		
Leases	417,298	1,389,299
Total deferred inflows of resources	417,298	1,389,299

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

**University Corporation at Monterey Bay**  
**Statements of Net Position (Continued)**  
**June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Net Position</b>		
<b><u>Net Position:</u></b>		
Net investment in capital assets	\$ 29,556,059	\$ 26,529,983
Restricted for:		
Expendable:		
Pledges receivable	1,063,747	448,419
Net gifts and donations	5,401,635	5,342,520
Net sponsored programs	38,119	28,536
Other	90,450	151,794
Unrestricted	<u>34,752,502</u>	<u>37,744,808</u>
 Total Net Position	 <u><u>\$ 70,902,512</u></u>	 <u><u>\$ 70,246,060</u></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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Revenues:</b>		
Housing	\$ 47,155,308	\$ 43,537,149
Grants and contracts:		
Federal	17,439,992	17,365,257
State	4,136,306	3,627,917
Local	142,414	113,758
Nongovernmental	3,276,448	2,899,166
Sales and services of auxiliary enterprises, net	10,430,833	9,189,401
Other operating revenues	3,299,352	2,691,250
Total Operating Revenues	85,880,653	79,423,898
 <b>Operating Expenses:</b>		
Salaries and benefits	19,920,286	20,036,433
Contract services	22,954,380	19,185,127
Subawards	1,909,148	1,737,175
Utilities	7,062,466	6,347,837
Supplies and services	1,376,109	1,560,604
Travel	636,508	599,079
Scholarships	4,356,185	3,612,340
Professional services	215,466	228,447
Concessions	220,551	188,031
Repairs and maintenance	5,440,609	6,509,837
Rental expense	85,327	65,432
Equipment	404,832	715,987
Information technology	866,567	904,292
Insurance	3,105,266	2,024,455
Depreciation and amortization	11,532,667	11,408,590
Cost of real estate sold	2,527,796	219,662
Other operating costs	3,366,620	3,275,586
Total Operating Expenses	85,980,783	78,618,914
 <b>Operating Income/(Loss)</b>	<b>(100,130)</b>	<b>804,984</b>

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, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Nonoperating Revenues (Expenses):</b>		
Gifts and donations, noncapital	\$ 4,043,372	\$ 3,556,424
Investment income	1,640,003	1,463,168
Realized and unrealized gains on investments	4,038,143	2,533,726
University support, noncapital	(1,028,000)	(650,868)
Contributions to Foundation	(372,365)	(269,464)
Interest on capital-related debt	(3,755,290)	(3,819,872)
Gain on disposal of assets	7,562	-
Other nonoperating revenues, net	416,029	441,090
Total Nonoperating Revenues (Expenses)	<u>4,989,454</u>	<u>3,254,204</u>
 <b>Income before other changes to Net Position</b>	 <u>4,889,324</u>	 <u>4,059,188</u>
 <b>Other Changes in Net Position:</b>		
<b>Other Changes in Net Position:</b>		
University support, capital	(4,232,872)	(598,067)
Total Other Changes in Net Position	<u>(4,232,872)</u>	<u>(598,067)</u>
 <b>Increase in Net Position</b>	 656,452	 3,461,121
 <b>Net Position:</b>		
Net position - beginning of the year	<u>70,246,060</u>	<u>66,784,939</u>
 Net position - end of year	 <u>\$ 70,902,512</u>	 <u>\$ 70,246,060</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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities:</b>		
Receipts from housing	\$ 48,957,857	\$ 45,935,786
Receipts from sales of houses	2,527,796	219,662
Receipts from grants and contracts	24,668,816	23,969,937
Receipts from sales and services of auxiliary enterprises	10,406,455	8,771,404
Payments to suppliers	(31,638,015)	(41,761,549)
Payments to employees	(15,582,664)	(15,808,160)
Payments to/Receipts from University, net	(19,134,786)	(11,587,754)
Payments to/Receipts from Foundation, net	29,190	171,171
Payments to/Receipts from OSU, net	89,912	(57,381)
Payments to/Receipts from CSU, net	(20,688)	27,727
Payments for house purchases	(1,408,614)	(2,283,544)
Other receipts	3,450,942	2,071,961
Other payments	(2,381,687)	(196,488)
Net Cash Provided by Operating Activities	19,964,514	9,472,772
 <b>Cash Flows from Noncapital Financing Activities:</b>		
Gifts and donations	3,463,644	3,416,858
University support	(1,028,000)	(650,868)
Foundation support	(372,365)	(269,464)
Other receipts	416,029	441,090
Net Cash Provided by Noncapital Financing Activities	2,479,308	2,937,616
 <b>Cash Flows from Capital Related Financing Activities:</b>		
University support - capital	(4,355,703)	(1,533,131)
Acquisition of capital assets	(8,469,853)	(6,169,512)
Proceeds of sale on capital assets	7,562	916,489
Principal payments on lease liabilities and note payable	(6,066,326)	(4,519,743)
Interest paid on lease liabilities and note payable	(3,960,741)	(3,616,879)
Proceeds of note payable issuance	33,100	488,924
Net Cash Used in Capital Related Financing Activities	(22,811,961)	(14,433,852)

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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Investing Activities:</b>		
Proceeds from sale of investments	\$ 4,503,402	\$ 12,473,718
Purchase of investments	(6,030,647)	(9,245,774)
Investment income received	1,640,003	1,463,168
Net Cash Provided by Investing Activities	112,758	4,691,112
Net Increase/(Decrease) in Cash	(255,381)	2,667,648
<b>Cash and Cash Equivalents - Beginning of Year</b>	9,791,700	7,124,052
<b>Cash and Cash Equivalents - End of Year</b>	\$ 9,536,319	\$ 9,791,700
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</b>		
Operating (loss)	\$ (100,130)	\$ 804,984
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	11,532,667	11,408,590
Change in operating assets and liabilities:		
Receivables, net	2,103,384	4,402,094
Prepaid expenses and other assets	68,010	20,617
Real estate held for sale	1,119,182	(2,063,882)
Accounts payable	5,987,185	(3,079,287)
Payable to University	(702,641)	(1,738,667)
Payable to Foundation	10,501	127,080
Payable to Otter Student Union	(78,584)	(24,942)
Payable to CSU	(20,688)	1,104
Accrued salaries and benefits payable	(29,226)	85,184
Unearned revenue	31,512	(498,366)
Other liabilities	43,342	28,263
Net Cash Provided by Operating Activities	\$ 19,964,514	\$ 9,472,772

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, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Supplemental Schedule of Noncash Financing and Investing Activities:</b>		
Contributions of investments	\$ 59,629	\$ 4,256
Increase in fair value of investments	4,038,143	2,533,726
Amortization of loss on debt refunding	-	1,308,553
Amortization of premium on long-term debt	396,352	389,977

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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**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.

***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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

***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 \$1,627,199 and \$1,608,626 at June 30, 2024 and 2023, 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 \$32,899 and \$13,869 at June 30, 2024 and 2023, 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.

***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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

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.

***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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

*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.

*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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

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, 2024 and 2023 is presented below:

	<b>2024</b>	<b>2023</b>
Federally sponsored programs	\$ 1,435,403	\$ 1,679,163
All other sponsors	682,294	665,886
Total	\$ 2,117,697	\$ 2,345,049

**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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

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, 2024 and 2023, the application of valuation techniques applied to the Corporation's financial statements has been consistent.

***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, 2024, 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, 2025. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2021, and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2020.

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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

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

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

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Implementation of this Statement did have a material impact on the Organization's financial statements. See Notes 7 and 8 for more detailed information.

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.



**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

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

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The 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. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its 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. Earlier application is encouraged. Management has not yet determined the impact of this Statement on its 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, 2024 and 2023**

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

*Subsequent Events* – Events subsequent to June 30, 2024 have been evaluated through September 19, 2024, which is the date the financial statements were available to be issued. Management did not identify any subsequent events requiring disclosure.

**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, 2024 and 2023, 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, 2024 and 2023, the Corporation had uninsured cash deposits of \$5,127,843 and \$4,337,624, respectively.

**NOTE 3. INVESTMENTS**

Investments comprised the following at June 30:

	<b>2024</b>	<b>2023</b>
	<b>Noncurrent</b>	<b>Noncurrent</b>
Mutual Funds:		
Equity Funds	\$ 29,205,720	\$ 25,297,906
Bond Funds	25,109,639	23,446,560
Total *	\$ 54,315,359	\$ 48,744,466

\*Total at June 30, 2024 and 2023 excludes Money Market fund balances of \$1,984 and \$2,095 respectively.

***Investment Fair Values***

The Corporation categorizes its fair values measurements within the fair value hierarchy established by generally accepted accounting principles. At June 30, 2024, the Corporation’s investments were valued using quoted market prices in active markets and are classified within Level 1 of the fair value hierarchy.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 3. INVESTMENTS (Continued)**

***Investment Policies***

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

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

The fixed income portion of the investments may include both domestic and international securities, along with common bond substitutes. Investment guidelines establish set ranges for the percentage of the total bond portfolio that can be invested in U.S. government, investment grade, non-investment grade and foreign bonds. The fixed income portfolio is measured against the Barclays Capital Aggregate Bond, Barclays Capital US TIPS and Barclays 1-5 year credit indices.

The All Asset Fund portion includes funds which seek to achieve a real rate of return in excess of U.S. inflation. These funds can be made up of a mixture of stocks, bonds and other assets such as commodities. The portfolio is measured against the HFRI Fund of Funds index.

***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 funds comprised \$29,205,720 or 53.8 percent of the total investments of the Corporation at June 30, 2024. 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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 3. INVESTMENTS (Continued)**

The Corporation addresses unsystematic risk by investing in widely diversified equity mutual funds. Equity securities are also subject to systematic risk or market risk. Systematic risk recognizes that equity securities, as an asset class, can change in value as a result of such factors as inflation, exchange rates, political instability, war, economic conditions, and interest rates. This type of risk is not specific to a particular company or industry and cannot be substantially mitigated by diversification.

**Credit Risk**

Fixed income securities are subject to credit risk, which is the chance that a bond issue will fail to pay interest or principal in a timely manner, or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. The following schedule of credit risk profile of 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 and their investment advisor monitor 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 investment advisor.

The credit ratings of the Corporation's fixed income securities held in investments and money market funds at June 30, 2024, were as follows:

	<b>Fair Value</b>	<b>Rating</b>
Bond Mutual Funds:		
Vanguard Inflation-Protected Securities Adm	\$ 7,471,038	AAA
Vanguard Short-Term Bond Adm	5,050,669	(1)
Met West Total Return Bond I	6,261,028	(2)
Dodge & Cox Income	6,326,904	(3)
Money Market Fund:		
Charles Schwab Bank	1,984	Not Rated
	<b>\$ 25,111,623</b>	

- (1) Credit ratings range from AAA to Not Rated with 87% at a rating of A or above.
- (2) Credit ratings range from AAA to below Not Rated with 91% at rating of BBB or above.
- (3) Credit ratings range from AAA to B with 95% at a BBB rating or above.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 3. INVESTMENTS (Continued)**

**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 and brokers, 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, 2024.

**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, 2024, were as follows:

	<u>Fair Value</u>	<u>Weighted Average</u>
Bond Mutual Funds:		
Vanguard Inflation-Protected Securities Adm	\$ 7,471,038	7.7
Vanguard Short-Term Bond Adm	5,050,669	3.4
Met West Total Return Bond I	6,261,028	9.0
Dodge & Cox Income	6,326,904	9.9
Money Market Fund:		
Charles Schwab Bank	1,984	0.1
Total	<u>\$ 25,111,623</u>	

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 3. INVESTMENTS (Continued)**

**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 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.

The Corporation's exposure to foreign currency risk at June 30, 2024 was as follows:

<u>Currency</u>	<u>Fair Value</u>
Euro	\$ 3,152,611
Japanese Yen	1,725,847
British Pound	1,501,084
Swiss Franc	730,285
Canadian Dollar	916,231
Danish Krone	434,339
Swedish Krona	227,485
Korean Won	206,912
Brazilian Real	197,627
Mexican Peso	4,859
Taiwan Dollar	155,658
Indian Rupee	145,886
South African Rand	281
Australian Dollar	359,631
Chinese Yuan	76,217
Hong Kong Dollar	79,385
Other Currencies	1,191,866
Total International Funds Subject to Foreign Currency Risk	<u>\$ 11,106,200</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, 2024 and 2023**

**NOTE 4. RECEIVABLES**

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

	<u>2024</u>	<u>2023</u>
A/R – University	\$ 782,676	\$ 871,662
A/R – Foundation	12,150	30,839
A/R – Otter Student Union	113,642	282,138
A/R – CSU	19,355	52,455
A/R – Grants & Contracts	7,674,429	7,348,085
A/R – Property Manager	362,427	2,293,169
A/R – Housing Rents	279,892	143,836
A/R – Other	3,382,390	4,076,465
A/R – Commissions	130,476	16,394
A/R – Underwriting for KAZU	146,978	115,660
Allowance for doubtful accounts	<u>(1,459,725)</u>	<u>(1,776,627)</u>
Receivables, net	<u>\$ 11,444,690</u>	<u>\$ 13,454,076</u>

**NOTE 5. PLEDGES RECEIVABLE**

Pledges receivable at June 30 were as follows:

	<u>2024</u>	<u>2023</u>
Campus programs support	\$ 1,205,730	\$ 473,500
Less: Allowance for doubtful accounts	(32,899)	(13,869)
Less: Unamortized discount	<u>(109,084)</u>	<u>(11,212)</u>
Pledges receivable, net	<u>\$ 1,063,747</u>	<u>\$ 448,419</u>
Pledges due in:		
One year or less	\$ 471,218	\$ 260,500
One to five years	<u>734,512</u>	<u>213,000</u>
Total	<u>\$ 1,205,730</u>	<u>\$ 473,500</u>

**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, 2024 there were seven homes in inventory totaling \$2,614,990.

As of June 30, 2023, repurchased homes in inventory consisted of eleven homes with a value totaling \$3,734,172.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 7. CAPITAL ASSETS**

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

	2024			Ending Balance
	Beginning Balance	Additions/ Reclassifications	Reductions/ Transfers	
<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, 2024 and 2023**

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

	2023			
	<u>Beginning Balance</u>	<u>Additions/ Reclassifications</u>	<u>Reductions/ Transfers</u>	<u>Ending Balance</u>
<b>Nondepreciable Capital Assets:</b>				
Land and land improvements	\$ 2,000,734	\$ -	\$ -	\$ 2,000,734
Construction in progress	5,138,130	5,000,635	(7,350,184)	2,788,581
Intangible assets	148,349	-	-	148,349
Total Nondepreciable Capital Assets	<u>7,287,213</u>	<u>5,000,635</u>	<u>(7,350,184)</u>	<u>4,937,664</u>
<b>Depreciable Capital Assets:</b>				
Buildings	86,425,890	-	-	86,425,890
Leasehold improvements	43,796,329	-	7,222,156	51,018,485
Equipment	5,284,109	311,366	(110,433)	5,485,042
Leased land and land improvements	14,629	-	-	14,629
Leased buildings	54,133,109	397,010	-	54,530,119
Leased infrastructure	483,864	-	-	483,864
Leased equipment	50,196	365,537	(50,196)	365,537
Intangible assets	196,631	-	-	196,631
Leased SBITA-software arrangements	-	222,993	-	222,993
Total Depreciable Capital Assets	<u>190,384,757</u>	<u>1,296,906</u>	<u>7,061,527</u>	<u>198,743,190</u>
Total Capital Assets	<u>197,671,970</u>	<u>6,297,541</u>	<u>(288,657)</u>	<u>203,680,854</u>
<b>Less Accumulated Depreciation and Amortization:</b>				
Buildings	19,275,403	3,185,623	-	22,461,026
Leasehold improvements	18,491,854	2,905,244	-	21,397,098
Equipment	4,401,336	356,681	(110,433)	4,647,584
Leased assets	4,702,750	4,876,664	(50,196)	9,529,218
Intangible assets	192,797	3,834	-	196,631
Leased SBITA-software arrangements	-	80,544	-	80,544
Total Accumulated Depreciation	<u>47,064,140</u>	<u>11,408,590</u>	<u>(160,629)</u>	<u>58,312,101</u>
Total Capital Assets, Net	<u>\$ 150,607,830</u>	<u>\$ (5,111,049)</u>	<u>\$ (128,028)</u>	<u>\$ 145,368,753</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

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

The Corporation implemented GASB No 96: *Subscription-Based Information Technology Arrangements*, in Fiscal Year 2022/23. The Corporation had two software arrangements that required recognition under GASB No 96. The software amortization expense is included on the Statement of Revenues, Expenses and Changes in Net Position related to the Corporation's intangible asset of two software systems, which is included in the above table as Leased Software Arrangements. The Corporation now recognizes a subscription-based information technology arrangement (SBITA) liability and an intangible right-to use asset for the Point of Sale (POS) software used in commercial services and Auxiliary Operations Management Software used in Accounting.

The POS software arrangement is a 38-month agreement, initiated in fiscal year 2022/23 with an annual payment of \$42,945. The Corporation has used a 3.61% Incremental Borrowing Rate for this arrangement. No options exist to extend this arrangement.

The Auxiliary Operations Management software arrangement is a 28-month agreement, initiated in fiscal year 2022/23 with an annual payment of \$39,460. The Corporation has used a 3.58% Incremental Borrowing Rate for this arrangement. No options exist to extend this arrangement.

**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. As of June 30, 2024, a new agreement with a term of June 1, 2024 through May 31, 2034 was being finalized. 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.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 8. LEASES (Continued)**

**OSU Facilities**

The Corporation entered into a lease with the Otter Student Union on July 1, 2022 with a term end date of June 30, 2023. It describes the exclusive use and common areas to be utilized for commercial operations. This lease was terminated on June 30, 2024 and will be replaced in 2024/25 with a new agreement to include additional space.

**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 \$70,842 and \$59,355 for the years ended June 30, 2024 and 2023, respectively.

**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 \$56,583 and \$64,723 for the years ended June 30, 2024 and 2023, respectively. Of these amounts, \$45,027 and 52,818 were for tower lease payments for the years ended June 30, 2024 and 2023, 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. Payments of \$1,500 for both 2023/24 and 2022/23 were paid semi-annually for a total of \$3,000 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 \$776,767 and \$743,744 for the years ended June 30, 2024 and 2023, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 8. LEASES (Continued)**

**SBITA – Software arrangements**

The implementation of GASB Statement 96 (SBITAs) resulted in the recording of two software subscriptions in 2022/23. The POS software for managing meal plans and the Auxiliary Operations Management software to manage contracts met the criteria of a SBITA, therefore, requiring both to be recorded as intangible right of use assets and SBITA liabilities. These assets were recorded with a historical value of \$222,993 and will be amortized over the lease terms. There are no residual value guarantees in the arrangement provisions.

At June 30, 2024, future maturities of lease liabilities under GASB 87-Leases were as follows:

<b><u>For the Years Ending June 30,</u></b>	<b><u>Principal Only</u></b>	<b><u>Interest Only</u></b>	<b><u>Principal and Interest</u></b>
2025	\$ 4,374,211	\$ 848,248	\$ 5,222,459
2026	4,414,716	751,447	5,166,163
2027	4,535,415	648,322	5,183,737
2028	4,649,678	550,967	5,200,645
2029	4,761,745	451,279	5,213,024
2030 - 2034	18,518,343	937,579	19,455,922
2035	2,311,440	20,243	2,331,683
<b>Total future maturities</b>	<b><u>\$ 43,565,548</u></b>	<b><u>\$ 4,208,085</u></b>	<b><u>\$ 47,773,633</u></b>

At June 30, 2024, the future payment of lease liabilities under GASB 96-SBITAs was a principal payment of \$41,424 and interest of \$1,520.

***As Lessor***

The Corporation leases building exterior space at Ryan Ranch to Verizon with an initial lease term of five years that expired March 2023 and was extended an additional five years beginning April 1, 2023 through March 31, 2028 with the option to renew for an additional two 5-year terms. Rental income of \$23,177 and 22,495 was received for the years ended June 30, 2024 and 2023, respectively.

The Corporation leases classroom space at CSUMB @ North Salinas to Legacy Education. Effective July 1, 2023, a new lease was entered into for a period of three years ending June 30, 2026. No renewal options were included in the lease agreement. Rental income of

**University Corporation at Monterey Bay**  
**Notes to Financial Statements June 30,**  
**2024 and 2023**

**NOTE 8. LEASES (Continued)**

\$405,663 and \$156,685 was received for the years ended June 30, 2024 and 2023. This lease was terminated on June 30, 2024, but will be replaced with a new lease in 2024/25.

**Homeowner Land Subleases**

The Corporation sells housing units and subleases the underlying land to the homeowners under long-term operating leases. In FY 2023/2024, 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, 2024, as follows:

<b><u>For the Years Ending June 30,</u></b>	
2025	\$ 152,745
2026	153,730
2027	157,312
2028	159,211
2029	162,621
Therafter through 2097	33,179,186
	<u>\$ 33,964,805</u>

Included in Housing revenue is \$100,129 and \$101,317 related to these land rents for the years ended June 30, 2024 and 2023, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 8. LEASES (Continued)**

**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 Park and 892 bed spaces in Frederick Park. The annual rental income collected for Schoonover Park and Frederick Park for the years ended June 30, 2024 and 2023 was \$12,249,410 and \$7,848,746, respectively.

**Child Development Center Sublease**

The Child Development Center (CDC) was managed by Early Development Services (EDS) for the years ended June 30, 2024 and 2023. 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 lease is set to expire on December 31, 2047, however, the NSC has the option to extend the term for one additional forty-nine-year period. The amounts received as additional rent were \$178,091 and \$162,693 for the years ended June 30, 2024 and 2023, respectively.

**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,

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 8. LEASES (Continued)**

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.

The implementation of GASB Statement 87, *Leases*, in 2021/22, resulted in the conversion of SRB's 2015 and 2020 into lease liabilities and Right of Use assets with the University.

At June 30, 2024, the future minimum lease liability payments related to Systemwide Revenue Bonds were as follows:

<b><u>For the Years Ending June 30,</u></b>	<b><u>Principal Only</u></b>	<b><u>Interest Only</u></b>	<b><u>Principal and Interest</u></b>
2025	\$ 3,665,542	\$ 728,686	\$ 4,394,228
2026	3,677,184	646,254	4,323,438
2027	3,771,159	558,070	4,329,229
2028	3,854,828	476,228	4,331,056
2029	3,935,384	392,669	4,328,053
2030 - 2034	15,874,993	852,491	16,727,484
2035	2,291,043	20,120	2,311,163
<b>Total minimum lease payments</b>	<b><u>\$ 37,070,133</u></b>	<b><u>\$ 3,674,518</u></b>	<b><u>\$ 40,744,651</u></b>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 9. LONG-TERM LIABILITIES (Continued)**

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

	2024				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Long-term debt obligations:</b>					
Notes payable related to SRB's	\$ 68,760,000	\$ -	\$ (1,205,000)	\$ 67,555,000	\$ 1,525,000
Unamortized bond premium	9,707,163	-	(396,352)	9,310,811	-
Total long-term debt obligations	<u>78,467,163</u>	<u>-</u>	<u>(1,601,352)</u>	<u>76,865,811</u>	<u>1,525,000</u>
 Total long-term liabilities	 <u>\$ 78,467,163</u>	 <u>\$ -</u>	 <u>\$ (1,601,352)</u>	 <u>\$ 76,865,811</u>	 <u>\$ 1,525,000</u>
	2023				
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Long-term debt obligations:</b>					
Notes payable related to SRB's	69,905,000	-	(1,145,000)	68,760,000	1,205,000
Unamortized bond premium	10,103,515	-	(396,352)	9,707,163	-
Total long-term debt obligations	<u>80,008,515</u>	<u>-</u>	<u>(1,541,352)</u>	<u>78,467,163</u>	<u>1,205,000</u>
 Total long-term liabilities	 <u>\$ 80,008,515</u>	 <u>\$ -</u>	 <u>\$ (1,541,352)</u>	 <u>\$ 78,467,163</u>	 <u>\$ 1,205,000</u>

**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, 2024 and 2023, the amount of bond premium amortization is \$319,859.



**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 9. 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, 2024 and 2023, the amount of bond premium amortization is \$76,493.

At June 30, 2024, the future minimum payments for Notes payable to the CSU were as follows:

<u>For the Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	1,525,000	3,112,775	\$ 4,637,775
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 - 2034	10,865,000	12,335,875	23,200,875
2035 - 2039	13,880,000	9,320,175	23,200,175
2040 - 2044	17,530,000	5,667,600	23,197,600
2045 - 2049	13,950,000	1,500,300	15,450,300
2050 - 2054	2,870,000	175,500	3,045,500
Total	<u>\$ 67,555,000</u>	<u>\$ 43,739,200</u>	<u>\$ 111,294,200</u>

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 10. 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:

	<u>2024</u>	<u>2023</u>
Current operations reserve	\$ 29,447,117	\$ 27,515,200
Audit disallowance reserve	417,297	417,297
Capital replacement reserve	12,646,917	8,350,244
Future operations reserve	8,000,000	10,000,000
CEHI reserve	100,000	100,000
Total	<u>\$ 50,611,331</u>	<u>\$ 46,382,741</u>

**NOTE 11. 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, 2024. 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, 2024 and 2023 were \$946,434 and \$958,018, respectively. As of June 30, 2024, there was \$111,540 in unremitted pension contributions. Employee contributions for the years ended June 30, 2024 and 2023 were \$646,361 and \$576,522, 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 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, 2024 and 2023 were \$34,141 and \$42,931, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 12. 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 2023/24, the Corporation Board made a commitment to support the construction of the Taylor Engineering Building with a \$2.0 million gift and \$2.0 million loan to the University. In addition, a gift not to exceed \$2.5 million was made towards the construction of the Student Recreation Center.

**Construction Commitment**

The Residential Halls plumbing project is being completed in phases with a new construction company. Buildings are being upgraded two to three at a time and as of June 30, 2024, only Residential Hall 202 was completed. The Corporation has committed an additional \$9.0 million to the project bringing the total commitment to \$25.9 million with completion dates in 2025/26.

**NOTE 13. 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 layer is purchased from Great American Insurance (AM Best Rating: A, XV Rating; A+ XV) in the amount of \$4,500,000 each occurrence. AORMA also purchases \$5,000,000 excess of \$5,000,000 from Continental Indemnity (AM Best Rating: A, XV Rating), Upland (AM Best Rating: A-, VIII), and Sirius Bermuda (AM Best Rating: A+, XV) and \$5,000,000 excess of \$10,000,000 from Everest Re (AM Best Rating: A+, XV Rating).

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 13. RISK MANAGEMENT (Continued)**

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: Shari Huff  
 PO Box 2411  
 Tustin, CA 92781  
 Tel: 818-265-6765

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

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 13. RISK MANAGEMENT (Continued)**

because any amounts at June 30, 2024 are expected to be minimal. Likewise, no amounts have been paid to CSURMA/AORMA by June 30, 2024, related to the Corporation's estimated future funding for claims liability.

**NOTE 14. 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 both Schoonover and Frederick Park properties for each month. 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, 2024 and 2023, were \$639,646 and \$907,245 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, 2024, and 2023, the accounts receivable from the property manager amounted to \$362,427 and \$2,293,169, respectively.

**NOTE 15. 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, 2024 and 2023 were \$497,138 and \$444,104, respectively.

**University Corporation at Monterey Bay**  
**Notes to Financial Statements**  
**June 30, 2024 and 2023**

**NOTE 15. CONTRACTED SERVICES REVENUE**

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, 2024 and 2023 were \$155,234 and \$154,190, respectively.

**NOTE 16. RELATED PARTY TRANSACTIONS**

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

	2024	2023
<b>University:</b>		
Corporation receivable from the University	\$ 782,676	\$ 871,662
Corporation payable to the University	10,101,284	11,009,376
Payments for salaries of University personnel working on contracts, grants, and other programs	1,816,483	2,038,654
Payments for other than salaries of University personnel	6,507,265	4,391,913
Payments received from University for services, space, and programs	799,107	70,947
Interest to University under lease obligations	795,387	868,647
Principal to University under lease obligations	3,629,660	3,017,573
Gifts, grants, or capital contributions to the University	14,477,502	6,935,180
Grants and contracts from University	673,253	481,069
<b>Foundation:</b>		
Corporation receivable from the Foundation	\$ 12,150	\$ 30,839
Corporation payable to the Foundation	186,491	175,990
Endowment distribution from Foundation	396,610	171,716
Net Contributions to Foundation	372,365	269,464
<b>CSU:</b>		
Corporation payable to CSU	\$ 525,150	\$ 545,838
Corporation receivable from CSU	19,355	52,455
Interest to CSU under note payable	3,165,354	2,721,609
Principal to CSU under note payable	1,205,000	1,145,000
<b>OSU:</b>		
Corporation receivable from the Otter Student Union	\$ 113,642	\$ 282,138
Corporation payable to the Otter Student Union	96,325	174,909
Expense reimbursements from the Otter Student Union	1,209,706	989,887

## **Supplemental Information**

**Schedule of Net Position**

June 30, 2024

(for inclusion in the California State University Financial Statements)

**Assets:**

**Current assets:**

Cash and cash equivalents	9,536,319
Short-term investments	367,837
Accounts receivable, net	11,444,690
Lease receivable, current portion	20,643
P3 receivable, current portion	—
Notes receivable, current portion	—
Pledges receivable, net	457,081
Prepaid expenses and other current assets	2,779,726
<b>Total current assets</b>	<b>24,606,296</b>

**Noncurrent assets:**

Restricted cash and cash equivalents	—
Accounts receivable, net	—
Lease receivable, net of current portion	419,300
P3 receivable, net of current portion	—
Notes receivable, net of current portion	—
Student loans receivable, net	—
Pledges receivable, net	606,666
Endowment investments	—
Other long-term investments	54,315,359
Capital assets, net	142,173,507
Other assets	40,000
<b>Total noncurrent assets</b>	<b>197,554,832</b>
<b>Total assets</b>	<b>222,161,128</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	21,164,542
Accrued salaries and benefits	1,091,476
Accrued compensated absences, current portion	589,865
Unearned revenues	6,965,133
Lease liabilities, current portion	4,374,211



**Schedule of Net Position**

June 30, 2024

(for inclusion in the California State University Financial Statements)

SBITA liabilities - current portion	41,424
P3 liabilities - current portion	—
Long-term debt obligations, current portion	1,525,000
portion	—
Depository accounts	—
Other liabilities	204,484
<b>Total current liabilities</b>	<u>35,956,135</u>
<b>Noncurrent liabilities:</b>	
Accrued compensated absences, net of current portion	—
Unearned revenues	—
Grants refundable	—
Lease liabilities, net of current portion	39,191,337
SBITA liabilities, net of current portion	—
P3 liabilities, net of current portion	—
Long-term debt obligations, net of current portion	75,340,811
current portion	—
Depository accounts	353,035
Net other postemployment benefits liability	—
Net pension liability	—
Other liabilities	—
<b>Total noncurrent liabilities</b>	<u>114,885,183</u>
<b>Total liabilities</b>	<u>150,841,318</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	417,298
P3	—
Others	—
<b>Total deferred inflows of resources</b>	<u>417,298</u>
<b>Net position:</b>	
Net investment in capital assets	29,556,059
Restricted for:	
Nonexpendable – endowments	—
Expendable:	
Scholarships and fellowships	—
Research	28,196
Loans	—

**Schedule of Net Position**

June 30, 2024

(for inclusion in the California State University Financial Statements)

Capital projects	—
Debt service	—
Others	6,565,755
Unrestricted	34,752,502
<b>Total net position</b>	<b><u>70,902,512</u></b>

**Schedule of Revenues, Expenses, and Changes in Net Position**  
Year ended June 30, 2024  
(for inclusion in the California State University Financial Statements)

**Revenues:**

**Operating revenues:**

Student tuition and fees, gross	—
Scholarship allowances (enter as negative)	—

**Grants and contracts, noncapital:**

Federal	17,439,992
State	4,136,306
Local	142,414
Nongovernmental	3,276,448
Sales and services of educational activities	—
Sales and services of auxiliary enterprises, gross	25,828,925
Scholarship allowances (enter as negative)	—
Other operating revenues	35,056,568
<b>Total operating revenues</b>	<b>85,880,653</b>

**Expenses:**

**Operating expenses:**

Instruction	175,814
Research	6,589,128
Public service	8,786,697
Academic support	5,006,489
Student services	2,421,614
Institutional support	5,507,647
Operation and maintenance of plant	259,942
Student grants and scholarships	—
Auxiliary enterprise expenses	41,344,600
Depreciation and amortization	11,532,667
<b>Total operating expenses</b>	<b>81,624,598</b>
<b>Operating income (loss)</b>	<b>4,256,055</b>

**Nonoperating revenues (expenses):**

State appropriations, noncapital	—
Federal financial aid grants, noncapital	—
State financial aid grants, noncapital	—
Local financial aid grants, noncapital	—
Nongovernmental and other financial aid grants, noncapital	—
Other federal nonoperating grants, noncapital	—
Gifts, noncapital	(1,713,178)
Investment income (loss), net	5,678,146
Endowment income (loss), net	—
Interest expense	(3,755,290)
Other nonoperating revenues (expenses)	423,591

**Schedule of Revenues, Expenses, and Changes in Net Position**  
Year ended June 30, 2024  
(for inclusion in the California State University Financial Statements)

<b>Net nonoperating revenues (expenses)</b>	633,269
<b>Income (loss) before other revenues (expenses)</b>	4,889,324
State appropriations, capital	—
Grants and gifts, capital	(4,232,872)
Additions (reductions) to permanent endowments	—
<b>Increase (decrease) in net position</b>	656,452
<b>Net position:</b>	
Net position at beginning of year, as previously reported	70,246,060
Restatements	—
<b>Net position at beginning of year, as restated</b>	70,246,060
<b>Net position at end of year</b>	70,902,512

University Corporation at Monterey Bay  
Other Information  
June 30, 2024  
(for inclusion in the California State University)

**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

-
9,536,319
\$ 9,536,319

**2.1 Composition of investments:**

Investment Type	Current	Noncurrent	Total
Money market funds	-	-	-
Repurchase agreements	-	-	-
Certificates of deposit	267,101	-	267,101
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securities	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	-	54,315,359	54,315,359
Exchange traded funds	100,736	-	100,736
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:	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
Total Other investments	-	-	-
<b>Total investments</b>	<b>367,837</b>	<b>54,315,359</b>	<b>54,683,196</b>
Less endowment investments (enter as negative number)	-	-	-
<b>Total investments, net of endowments</b>	<b>\$ 367,837</b>	<b>54,315,359</b>	<b>54,683,196</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	\$ -	-	-	-	-
Repurchase agreements	-	-	-	-	-
Certificates of deposit	267,101	267,101	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Supranational	-	-	-	-	-
Mutual funds	54,315,359	54,315,359	-	-	-
Exchange traded funds	100,736	100,736	-	-	-
Equity securities	-	-	-	-	-
Alternative investments:	-	-	-	-	-
Private equity (including limited partnerships)	-	-	-	-	-
Hedge funds	-	-	-	-	-
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-

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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:	-			
	-			
	-			
	-			
	-			
	-			
Total other investments:	-	-	-	-
<b>Total investments</b>	<u>\$ 54,683,196</u>	<u>54,683,196</u>	<u>--</u>	<u>--</u>

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

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

**3.1 Capital Assets, excluding ROU assets:**

**Composition of capital assets, excluding ROU assets:**

	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2023 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2024
<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)	2,788,581				2,788,581	7,979,724		(4,235,342)	6,532,963
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>	<u>148,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,349</u>
<b>Total non-depreciable/non-amortizable capital assets</b>	<u>4,937,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,937,664</u>	<u>7,979,724</u>	<u>-</u>	<u>(4,235,342)</u>	<u>8,682,046</u>
<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	51,018,485				51,018,485			4,235,342	55,253,827
Personal property:									
Equipment	5,485,042				5,485,042	490,128	(108,723)		5,866,447
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>	<u>196,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,631</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>196,631</u>
<b>Total depreciable/amortizable capital assets</b>	<u>143,126,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,126,048</u>	<u>490,128</u>	<u>(108,723)</u>	<u>4,235,342</u>	<u>147,742,795</u>

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Total capital assets	148,063,712	-	-	-	148,063,712	8,469,852	(108,723)	-	156,424,841
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
Buildings and building improvements	(22,461,026)				(22,461,026)	(3,193,600)			(25,654,626)
Improvements, other than buildings	-				-				-
Infrastructure	-				-				-
Leasehold improvements	(21,397,098)				(21,397,098)	(3,067,006)			(24,464,104)
Personal property:									
Equipment	(4,647,584)				(4,647,584)	(332,829)	108,723		(4,871,690)
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	-	-	-	-	-	-	-	-	-
Total intangible assets	(196,631)	-	-	-	(196,631)	-	-	-	(196,631)
Total accumulated depreciation/amortization	(48,702,339)	-	-	-	(48,702,339)	(6,593,435)	108,723	-	(55,187,051)
Total capital assets, net excluding ROU assets	\$ 99,361,373	-	-	-	\$ 99,361,373	1,876,417	-	-	101,237,790

Capital Assets, Right of Use

Composition of capital assets - Lease ROU, net:	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
<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>
<b>Depreciable/Amortizable lease assets:</b>									
Land and land improvements	14,629				14,629				14,629
Buildings and building improvements	54,530,119				54,530,119		(397,010)		54,133,109
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>55,394,149</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>55,394,149</b>	<b>—</b>	<b>—</b>	<b>(397,010)</b>	<b>54,997,139</b>
<b>Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)</b>									
Land and land improvements	(5,852)				(5,852)	(2,926)			(8,778)
Buildings and building improvements	(9,403,814)				(9,403,814)	(4,767,704)		264,579	(13,906,939)
Improvements, other than buildings	—				—				—
Infrastructure	(71,684)				(71,684)	(35,839)			(107,523)
Personal property:									
Equipment	(47,868)				(47,868)	(52,220)			(100,088)
<b>Total accumulated depreciation/amortization</b>	<b>(9,529,218)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(9,529,218)</b>	<b>(4,858,689)</b>	<b>—</b>	<b>264,579</b>	<b>(14,123,328)</b>
<b>Total capital assets - lease ROU, net</b>	<b>45,864,931</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>45,864,931</b>	<b>(4,858,689)</b>	<b>—</b>	<b>(132,431)</b>	<b>40,873,811</b>

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
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<b>Depreciable/Amortizable SBITA assets:</b>								
Software	222,993				222,993			222,993
<b>Total depreciable/amortizable SBITA assets</b>	<b>222,993</b>	-	-	-	<b>222,993</b>	-	-	<b>222,993</b>
<b>Less accumulated depreciation/amortization:</b>								
Software	(80,544)				(80,544)	(80,543)		(161,087)
<b>Total accumulated depreciation/amortization</b>	<b>(80,544)</b>	-	-	-	<b>(80,544)</b>	<b>(80,543)</b>	-	<b>(161,087)</b>
<b>Total capital assets - SBITA ROU, net</b>	<b>142,449</b>	-	-	-	<b>142,449</b>	<b>(80,543)</b>	-	<b>61,906</b>

Composition of capital assets - P3 ROU, net:	Balance June 30, 2023	Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasurements	Reductions	Balance June 30, 2024
<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>Depreciable/Amortizable P3 assets:</b>									
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>
<b>Less accumulated depreciation/amortization:</b>									
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>
<b>Total capital assets - P3 ROU, net</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total capital assets, net including ROU assets</b>									<b>142,173,507</b>

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

Depreciation and amortization expense related to capital assets	\$ 6,593,435	
Amortization expense - Leases ROU	4,858,689	
Amortization expense - SBITA ROU	80,543	
Amortization expense - P3 ROU	-	
Depreciation and Amortization expense - Others		Provide explanation for others:
<b>Total depreciation and amortization</b>	<b>\$ 11,532,667</b>	

**4 Long-term liabilities:**

	Balance June 30, 2023	Prior Period Adjustments/Recla ssifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
<b>1. Accrued compensated absences</b>	<b>678,338</b>		<b>678,338</b>	632,346	(720,819)	<b>589,865</b>	589,865	-
<b>2. Claims liability for losses and loss adjustment expenses</b>	<b>-</b>		<b>-</b>			<b>-</b>		<b>-</b>
<b>3. Capital lease obligations (pre-ASC 842):</b>								
Gross balance	-		-			-		-



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Unamortized net premium/(discount)	-	-	-	-	-	-	-
<b>Total capital lease obligations (pre ASC 842)</b>	-	-	-	-	-	-	-
<b>4. Long-term debt obligations:</b>							
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	68,760,000	68,760,000	(1,205,000)	67,555,000	1,525,000	66,030,000	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-
4.5 Others:	-	-	-	-	-	-	-
<b>Total others</b>	-	-	-	-	-	-	-
<b>Sub-total long-term debt</b>	68,760,000	68,760,000	(1,205,000)	67,555,000	1,525,000	66,030,000	-
4.6 Unamortized net bond premium/(discount)	9,707,163	9,707,163	(396,352)	9,310,811	-	9,310,811	-
<b>Total long-term debt obligations</b>	78,467,163	78,467,163	(1,601,352)	76,865,811	1,525,000	75,340,811	-

	Balance June 30, 2023	Prior Period Adjustments/Recla ssifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
5. Lease, SBITA, P3 liabilities:								
Lease liabilities	48,084,769	-	-	-	(4,519,221)	43,565,548	4,374,211	39,191,337
SBITA liabilities	119,456	-	-	-	(78,032)	41,424	41,424	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
<b>Sub-total P3 liabilities</b>	-	-	-	-	-	-	-	-
<b>Total Lease, SBITA, P3 liabilities</b>	<u>\$ 48,204,225</u>	-	-	-	<u>(4,597,253)</u>	<u>43,606,972</u>	<u>4,415,635</u>	<u>39,191,337</u>
<b>Total long-term liabilities</b>						<u>\$ 121,062,648</u>	<u>\$ 6,530,500</u>	<u>\$ 114,532,148</u>

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
<b>Year ending June 30:</b>												
2025	4,374,211	848,248	5,222,459	41,424	1,520	42,944	-	-	-	4,415,635	849,768	5,265,403
2026	4,414,716	751,447	5,166,163	-	-	-	-	-	-	4,414,716	751,447	5,166,163
2027	4,535,415	648,322	5,183,737	-	-	-	-	-	-	4,535,415	648,322	5,183,737
2028	4,649,678	550,967	5,200,645	-	-	-	-	-	-	4,649,678	550,967	5,200,645
2029	4,761,745	451,279	5,213,024	-	-	-	-	-	-	4,761,745	451,279	5,213,024
2030 - 2034	18,518,343	937,579	19,455,922	-	-	-	-	-	-	18,518,343	937,579	19,455,922
2035 - 2039	2,311,440	20,243	2,331,683	-	-	-	-	-	-	2,311,440	20,243	2,331,683
2040 - 2044	-	-	-	-	-	-	-	-	-	-	-	-
2045 - 2049	-	-	-	-	-	-	-	-	-	-	-	-
2050 - 2054	-	-	-	-	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total minimum lease payments</b>	<u>\$ 43,565,548</u>	<u>4,208,085</u>	<u>47,773,633</u>	<u>41,424</u>	<u>1,520</u>	<u>42,944</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,606,972</u>	<u>4,209,605</u>	<u>47,816,577</u>
Less: amounts representing interest												<u>(4,209,605)</u>
<b>Present value of future minimum lease payments</b>												<u>43,606,972</u>
<b>Total Leases, SBITA, P3 liabilities</b>												<u>43,606,972</u>
Less: current portion												<u>(4,415,635)</u>
<b>Leases, SBITA, P3 liabilities, net of current portion</b>												<u>\$ 39,191,337</u>

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>									
2025	-	-	-	1,525,000	3,112,775	4,637,775	1,525,000	3,112,775	4,637,775
2026	-	-	-	1,605,000	3,034,525	4,639,525	1,605,000	3,034,525	4,639,525
2027	-	-	-	1,690,000	2,952,150	4,642,150	1,690,000	2,952,150	4,642,150
2028	-	-	-	1,770,000	2,865,650	4,635,650	1,770,000	2,865,650	4,635,650

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2029	-	1,870,000	2,774,650	4,644,650	1,870,000	2,774,650	4,644,650
2030 - 2034	-	10,865,000	12,335,875	23,200,875	10,865,000	12,335,875	23,200,875
2035 - 2039	-	13,880,000	9,320,175	23,200,175	13,880,000	9,320,175	23,200,175
2040 - 2044	-	17,530,000	5,667,600	23,197,600	17,530,000	5,667,600	23,197,600
2045 - 2049	-	13,950,000	1,500,300	15,450,300	13,950,000	1,500,300	15,450,300
2050 - 2054	-	2,870,000	175,500	3,045,500	2,870,000	175,500	3,045,500
Thereafter	-	-	-	-	-	-	-
<b>Total minimum payments</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>67,555,000</b>	<b>43,739,200</b>	<b>111,294,200</b>	<b>67,555,000</b>
Less: amounts representing interest							(43,739,200)
<b>Present value of future minimum payments</b>							<b>67,555,000</b>
Unamortized net premium/(discount)							9,310,811
<b>Total long-term debt obligations</b>							<b>76,865,811</b>
Less: current portion							(1,525,000)
<b>Long-term debt obligations, net of current portion</b>							<b>\$ 75,340,811</b>

**7 Transactions with related entities:**

Payments to University for salaries of University personnel working on contracts, grants, and other programs	1,816,483
Payments to University for other than salaries of University personnel	6,507,265
Payments received from University for services, space, and programs	799,107
Gifts-in-kind to the University from discretely presented component units	776,767
Gifts (cash or assets) to the University from discretely presented component units	13,700,735
Accounts (payable to) University (enter as negative number)	(10,101,284)
Other amounts (payable to) University (enter as negative number)	-
Accounts receivable from University (enter as positive number)	782,676
Other amounts receivable from University (enter as positive number)	-

**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

Debit/(Credit)

Restatement #1  
Enter transaction description  
Select the reason for restatement:  
Select net position category:

Restatement #2  
Enter transaction description  
Select the reason for restatement:  
Select net position category:

**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	83,292.00	7,611.00	-	-	-	84,911.00	-	175,814
Research	2,617,727.00	577,221.00	134,280.00	-	-	3,259,900.00	-	6,589,128
Public service	3,892,722.00	1,102,229.00	246,415.00	-	-	3,545,331.00	-	8,786,697
Academic support	1,699,345.00	403,469.00	77,922.00	-	-	2,825,753.00	-	5,006,489
Student services	1,101,476.00	455,430.00	91,708.00	-	-	773,000.00	-	2,421,614
Institutional support	2,523,210.00	916,639.00	222,846.00	-	-	1,844,952.00	-	5,507,647
Operation and maintenance of plant	6,467.00	1,544.00	206.00	-	-	251,725.00	-	259,942
Student grants and scholarships	-	-	-	-	-	-	-	-
Auxiliary enterprise expenses	1,690,968.00	628,160.00	113,477.00	-	-	38,911,995.00	-	41,344,600
Depreciation and amortization	-	-	-	-	-	-	11,532,667.00	11,532,667
<b>Total operating expenses</b>	<b>\$ 13,615,207</b>	<b>4,092,303</b>	<b>886,854</b>	<b>-</b>	<b>-</b>	<b>51,497,567</b>	<b>11,532,667</b>	<b>81,624,598</b>

Select type of pension plan >>

**Defined Contribution Plan** Explanation for check error:

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June 30, 2024  
(for inclusion in the California State University)

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	-
<b>Total deferred outflows of resources</b>	<b>\$ -</b>

2. Deferred Inflows of Resources

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

Total deferred inflows - others	-
<b>Total deferred inflows of resources</b>	<b>\$ 417,298</b>

11 Other nonoperating revenues (expenses)

Other nonoperating revenues  
Other nonoperating (expenses)  
Total other nonoperating revenues (expenses)

Other nonoperating revenues	423,591
Other nonoperating (expenses)	-
<b>Total other nonoperating revenues (expenses)</b>	<b>423,591</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, 2024, 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, 2024.

**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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, during our audit we did identify a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-001, that we consider to be a material weakness.

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*.

**University Corporation at Monterey Bay’s Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the University Corporation at Monterey Bay’s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. University Corporation at Monterey Bay’s response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

**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.



Glenn Burdette Attest Corporation  
San Luis Obispo, California

September 19, 2024