California State University San Marcos Foundation

FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION

Years Ended June 30, 2024 and 2023

Aldrich

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Financial Statements and Supplemental Information

Years Ended June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
California State University San Marcos Foundation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California State University San Marcos Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of California State University San Marcos Foundation as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 California State University San Marcos Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 California State University San Marcos Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

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

Auditor's Responsibility for the Audit of the Financial Statements, continued
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 California State University San Marcos Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California State University San Marcos Foundation's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information included on pages 21-29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, September 25, 2024 our consideration of California State University San Marcos Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of California State University San Marcos Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California State University San Marcos Foundation's internal control over financial reporting and compliance.

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Statements of Financial Position

June 30, 2024 and 2023

ASSETS	2024	2023
Current Assets:		
Cash and cash equivalents	$ 918,562	$ 2,745,608
Other receivables	21,275	22,753
Due from related parties	43,035	45,289
Prepaid expenses	14,345	4,705
Current portion of pledges receivable	4,212,405	1,355,192
Current portion of investments	3,044,336	3,152,781
Total Current Assets	8,253,958	7,326,328
Noncurrent Assets:		
Pledges receivable, less current portion, net of discount and allowance	7,162,290	2,014,245
Investments, less current portion	47,478,000	41,001,427
Property, land	480,000	480,000
Student loans receivable	29,998	50,000
Total Noncurrent Assets	55,150,288	43,545,672
Total Assets	$ 63,404,246	$ 50,872,000
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	$ 162,105	$ 141,865
Due to related parties	607,917	688,914
Deferred revenue	-	9,815
Total Current Liabilities	770,022	840,594
Net Assets:		
Without Donor Restrictions:		
Undesignated	14,263,460	12,717,079
Board designated	3,118,357	2,888,077
Total Without Donor Restrictions	17,381,817	15,605,156
With Donor Restrictions:		
Time restricted	11,374,695	3,369,437
Purpose restricted	9,416,768	6,966,703
Perpetual in nature	24,460,944	24,090,110
Total With Donor Restrictions	45,252,407	34,426,250
Total Net Assets	62,634,224	50,031,406
Total Liabilities and Net Assets	$ 63,404,246	$ 50,872,000

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Statement of Activities

Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	$ 1,308,221	$ 11,853,500	$ 13,161,721
Investment return	1,502,533	3,599,249	5,101,782
Other revenues	534,742	-	534,742
Net assets released from restriction satisfaction of program restrictions	4,626,592	(4,626,592)	-
Total Revenue and Other Support	7,972,088	10,826,157	18,798,245
Expenses:			
Program Services:			
Campus programs	3,960,684	-	3,960,684
Student scholarships	1,419,201	-	1,419,201
Total Program Services	5,379,885	-	5,379,885
Supporting Services:			
Management and general	663,396	-	663,396
Fundraising	152,146	-	152,146
Total Supporting Services	815,542	-	815,542
Total Expenses	6,195,427	-	6,195,427
Increase in Net Assets	1,776,661	10,826,157	12,602,818
Net Assets, beginning	15,605,156	34,426,250	50,031,406
Net Assets, ending	$ 17,381,817	$ 45,252,407	$ 62,634,224

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	$ 2,289,137	$ 3,367,745	$ 5,656,882
Investment return	999,529	2,904,889	3,904,418
Other revenues	885,328	-	885,328
Net assets released from restriction satisfaction of program restrictions	3,039,314	(3,039,314)	-
Total Revenue and Other Support	7,213,308	3,233,320	10,446,628
Expenses:			
Program Services:			
Campus programs	3,435,715	-	3,435,715
Student scholarships	1,271,554	-	1,271,554
Total Program Services	4,707,269	-	4,707,269
Supporting Services:			
Management and general	481,164	-	481,164
Fundraising	183,739	-	183,739
Total Supporting Services	664,903	-	664,903
Total Expenses	5,372,172	-	5,372,172
Increase in Net Assets	1,841,136	3,233,320	5,074,456
Net Assets, beginning	13,764,020	31,192,930	44,956,950
Net Assets, ending	$ 15,605,156	$ 34,426,250	$ 50,031,406

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2024

	Program Services			Supporting Services			
	Campus Programs	Student Scholarships	Total Programs	Management and General	Fundraising	Total Supporting	Total
Bank fees	$ 6,429	$ -	$ 6,429	$ 24,391	$ -	$ 24,391	$ 30,820
Benefits	172,024	-	172,024	446	2	448	172,472
Business service fees	-	-	-	317,034	-	317,034	317,034
Contractual services	391,464	-	391,464	59,486	35,447	94,933	486,397
Contributions to campus mission	585,658	-	585,658	-	-	-	585,658
Hospitality and events	451,787	-	451,787	23,008	100,966	123,974	575,761
Information technology	49,898	-	49,898	-	-	-	49,898
Library acquisitions	68,203	-	68,203	-	-	-	68,203
Membership and dues	85,679	-	85,679	13,849	-	13,849	99,528
Other	311,748	-	311,748	184,566	6,460	191,026	502,774
Salaries and wages	991,232	-	991,232	39,000	128	39,128	1,030,360
Scholarships	-	1,419,201	1,419,201	-	-	-	1,419,201
Stipends and awards	109,316	-	109,316	-	800	800	110,116
Supplies and services	500,278	-	500,278	727	8,343	9,070	509,348
Travel	236,968	-	236,968	889	-	889	237,857
	$ 3,960,684	$ 1,419,201	$ 5,379,885	$ 663,396	$ 152,146	$ 815,542	$ 6,195,427

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services			Supporting Services			
	Campus Programs	Student Scholarships	Total Programs	Management and General	Fundraising	Total Supporting	Total
Bank fees	$ 6,174	$ -	$ 6,174	$ 24,652	$ -	$ 24,652	$ 30,826
Benefits	64,478	-	64,478	926	-	926	65,404
Business service fees	-	-	-	307,800	-	307,800	307,800
Contractual services	390,441	-	390,441	54,992	112,470	167,462	557,903
Contributions to campus mission	231,297	-	231,297	-	-	-	231,297
Hospitality and events	247,114	-	247,114	22,849	65,165	88,014	335,128
Information technology	183,259	-	183,259	-	-	-	183,259
Library acquisitions	106,870	-	106,870	-	-	-	106,870
Membership and dues	22,077	-	22,077	12,377	-	12,377	34,454
Other	447,523	-	447,523	8,918	-	8,918	456,441
Salaries and wages	850,827	-	850,827	45,750	3,033	48,783	899,610
Scholarships	-	1,271,554	1,271,554	-	-	-	1,271,554
Stipends and awards	74,025	-	74,025	-	242	242	74,267
Supplies and services	614,812	-	614,812	1,310	2,829	4,139	618,951
Travel	196,818	-	196,818	1,590	-	1,590	198,408
	$ 3,435,715	$ 1,271,554	$ 4,707,269	$ 481,164	$ 183,739	$ 664,903	$ 5,372,172

See accompanying notes to financial statements.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Statements of Cash Flows

Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities:		
Increase in net assets	$ 12,602,818	$ 5,074,456
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Purpose and time restricted contributions	(11,228,961)	(2,977,950)
Endowment contribution	(624,539)	(389,795)
Net realized and unrealized gain on investments	(3,915,631)	(2,809,727)
Changes in operating assets and liabilities:		
Other receivables	1,478	(12,172)
Due from related parties	2,254	(38,763)
Prepaid expenses	(9,640)	(1,615)
Pledges receivable, net of discount and allowance	(8,005,258)	(1,271,602)
Student loans receivable	20,002	-
Accounts payable	20,240	(24,983)
Due to related parties	(80,997)	262,486
Deferred revenue	(9,815)	9,815
Net Cash Used by Operating Activities	(11,228,049)	(2,179,850)
Cash Flows from Investing Activities:		
Purchases of investments	(10,685,458)	(7,216,899)
Proceeds from sale of investments	8,232,961	8,037,226
Net Cash Provided (Used) by Investing Activities	(2,452,497)	820,327
Cash Flows from Financing Activities:		
Purpose and time restricted contribution	11,228,961	2,977,950
Endowment contribution	624,539	389,795
Net Cash Provided by Financing Activities	11,853,500	3,367,745
Net Increase (Decrease) in Cash and Cash Equivalents	(1,827,046)	2,008,222
Cash and Cash Equivalents, beginning	2,745,608	737,386
Cash and Cash Equivalents, ending	$ 918,562	$ 2,745,608

See accompanying notes to financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Nature of Activities

California State University San Marcos Foundation (the Foundation) is a nonprofit California corporation and an auxiliary organization of California State University San Marcos (the University), organized and operated in accordance with the California Code of Regulations and the Education Code of the State of California. The Foundation was formed in 2009 to focus on attracting gifts to the University and to assist the University in accumulating and managing endowment, student loan, and student scholarship funds.

The Foundation's financial statements are included as a component unit of the University's annual general-purpose financial statements. This is required by accounting principles generally accepted in the United States of America (U.S. GAAP) applicable to governmental entities.

New Accounting Standard

Effective July 1, 2023, the Foundation adopted the Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". This update requires the use of forward-looking expected credit loss model for instruments within its scope, including accounts receivable, and replaces the previous incurred loss impairment model. The expected credit loss model requires management to estimate current expected credit losses over the lifetime of the assets by considering all reasonable and supportable information, including historical experience, current conditions, and reasonable and supportable forecasts affecting collectability. Management has analyzed provisions contained in Topic 326 and determined that there is no impact on net assets as of July 1, 2023 due to the adoption of the new policy.

Basis of Presentation

The financial statements of the Foundation have been prepared in accordance with U.S. GAAP, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of directors.

- *Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Income Taxes
The Foundation is a qualified nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. However, the Foundation remains subject to taxes on any net income which is derived from a trade or business, regularly carried on, and unrelated to its exempt purpose. The Foundation is not a private foundation.

The Foundation follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Foundation recognizes accrued interest and penalties associated with uncertain tax positions as part of the statement of activities, when applicable. Management has determined that the Foundation has no uncertain tax positions as of June 30, 2024 and 2023, therefore no amounts have been accrued.

Cash and Cash Equivalents
The Foundation considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Other Receivables
Other receivables arise in the normal course of operations. It is the policy of management to review the outstanding accounts receivable at year-end, as well as the bad debt write-offs experienced in the past, and establish an allowance for credit losses to provide for the estimated amount of receivables that may not be collected. Management considers other receivables to be fully collectible. Accordingly, no allowance for credit losses is considered necessary for the years ended June 30, 2024 and 2023.

Related Parties
The Foundation is related to other auxiliaries of the University, including the California State University San Marcos Corporation (SM Corp) and Associated Students, Inc. of California State University San Marcos (ASI). Although independent, these auxiliaries and the University periodically provide various services to one another.

Pledges Receivable
Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are discounted to their estimated net present value. After pledges are originally recorded, an allowance for uncollectible pledges may be established based on specific circumstances. Contributions, including unconditional promises to give (pledges), are recognized in the year the promise is made as opposed to when the assets are received. Management determined an allowance for uncollectible pledges of $12,500 and $0 for years ended June 30, 2024 and 2023, respectively.

Investments
The Foundation has significant investments in equity securities, fixed income securities, and mutual funds, and is therefore subject to concentrations of credit risk. The investments in equity securities, fixed income securities, and mutual funds with readily determinable fair values, based on daily share prices and daily provided net asset values, are reported at fair value with gains and losses included in the statements of activities.

Investments in alternative investments represent shares in hedge funds that hold, among other investments, bonds, bank loans, busted converts, mezzanine debt, distressed assets, equity and real estate. The Foundation accounted for its investments in these hedge funds at fair value, using net asset value per share of the hedge funds

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Property, Land
In July 2021, a donor gave a gift of real estate (8.19 acres of vacant land) to the Foundation. The land's appraised fair market value is $480,000. The purpose of the gift is to support the University and the Foundation. The Foundation may retain the asset for University use or may sell the property and apply proceeds to area(s) of greatest need on campus.

Risks and Uncertainties
The investments of the Foundation are exposed to interest rate and market risk. Economic conditions can impact these risks and resulting fair values can be either positively or adversely affected. If the level of risk increases in the near term, it is possible that the investment balances and the amounts reported in the financial statements could be materially affected by market fluctuations. Although the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

Revenue Recognition
Contributions - Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are satisfied within the same reporting period are reported without donor restricted support in that period.

Other Revenues - Revenue received from various programs offered by the Foundation. Revenue is recognized when earned for the services performed.

Subsequent Events
The Foundation has evaluated subsequent events through September 25, 2024, which is the date the financial statements were available to be issued.

Note 2 - Concentrations of Credit Risk

The Foundation maintains cash and cash equivalents in bank deposit and investment accounts. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of $250,000 and investment accounts are insured by the Securities Investor Protection Corporation (SIPC) up to a limit of $500,000. The Foundation's account balances may, at times, exceed the limits. The Foundation has not experienced any such losses in these accounts.

Note 3 - Financial Assets and Liquidity Resources

Board Designations

The Foundation's governing board has designated, from net assets without donor restrictions, net assets for the following purposes as of June 30:

	2024	2023
Quasi-endowment	$ 2,718,357	$ 2,538,077
Liquidity reserve	400,000	350,000
	$ 3,118,357	$ 2,888,077

Liquidity

The following reflects the Foundation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

The Foundation's liquidity consisted of the following at June 30:

	2024	2023
Financial assets available to be used within one year:		
Cash and cash equivalents	$ 918,562	$ 2,745,608
Other receivables	21,275	22,753
Due from related parties	43,035	45,289
Current portion of pledges receivable, net	4,212,405	1,355,192
Investments	3,044,336	3,152,781
Total financial assets	8,239,613	7,321,623
Less amounts not available for general use within one year:		
Restricted by donor with purpose restrictions (scholarships)	(118,588)	(52,648)
Financial assets available to meet cash needs for general expenditure within one year	$ 8,121,025	$ 7,268,975

The Foundation is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of daily requirements in short-term investments. Occasionally, the board designates a portion of any operating surplus to its liquidity reserve, which was $400,000 and $350,000 as of June 30, 2024 and 2023, respectively. There is a fund established by the governing board that may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

Note 4 - Pledges Receivable

Pledges receivable consist of the following as of June 30:

	2024	2023
Due in less than one year	$ 4,224,905	$ 1,355,192
Due in one to five years	8,262,007	2,208,187
Gross pledges receivable	12,486,912	3,563,379
Less provisions for doubtful accounts	(12,500)	-
Less unamortized present value discount at rates ranging from 1.91% to 4.90%	(1,099,717)	(193,942)
Pledges receivable, net	$ 11,374,695	$ 3,369,437

Note 5 - Investments and Fair Value Measurement

Fair Value Measurements

The Foundation defines fair value as the exchange price that would be received for an asset or paid for a liability in the principal or most advantageous market. The Foundation applies fair value measurements to assets and liabilities that are required to be recorded at fair value under generally accepted accounting principles. Fair value measurement techniques maximize the use of observable inputs and minimize the use of unobservable inputs and are categorized in a fair value hierarchy based on the transparency of inputs. In addition, the Foundation reports certain investments using the net asset value (NAV) per share as determined by investment managers, allowing the net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met. The three levels are defined as follows:

Level 1 - Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As a practical expedient, certain financial instruments may be valued using NAV per share. NAV is the amount of net assets attributable to each share of outstanding capital stock at the end of the period.

Note 5 - Investments and Fair Value Measurement, continued

Fair Value Measurements, continued

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

Mutual funds and equity securities: Valued at the closing price reported on the active market on which the individual securities are traded.

Hedge funds: Valued at the partner's reported capital account balance, which approximates fair value.

Private equity funds: Valued on the reported market values by the management of the funds held.

Investments at fair value according to the fair value hierarchy are as follows as of June 30, 2024:

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Net Asset Value	
	Level 1	Level 2	Level 3	NAV	Total
Current portion					
Core fixed income institutional mutual funds	$ 3,044,336	$ -	$ -	$ -	$ 3,044,336
Long term portion					
Core fixed income institutional mutual funds	15,438,186	-	-	-	15,438,186
Domestic equity securities	3,896,726	-	-	-	3,896,726
Domestic equity mutual funds	13,352,230	-	-	-	13,352,230
International equity mutual funds	10,223,385	-	-	-	10,223,385
Private equity funds	-	-	-	2,699,567	2,699,567
Hedge funds	-	-	-	1,867,906	1,867,906
	42,910,527	-	-	4,567,473	47,478,000
	$ 45,954,863	$ -	$ -	$ 4,567,473	$ 50,522,336

Note 5 - Investments and Fair Value Measurement, continued

Fair Value Measurements, continued
Investments at fair value according to the fair value hierarchy are as follows as of June 30, 2023:

	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	Total
Current portion					
Core fixed income institutional mutual funds	$ 1,930,088	$ -	$ -	$ -	$ 1,930,088
US treasury securities	1,222,693	-	-	-	1,222,693
	3,152,781	-	-	-	3,152,781
Long term portion					
Core fixed income institutional mutual funds	12,528,847	-	-	-	12,528,847
Domestic equity securities	3,369,993	-	-	-	3,369,993
Domestic equity mutual funds	11,087,858	-	-	-	11,087,858
International equity mutual funds	9,209,140	-	-	-	9,209,140
Real asset mutual funds	1,632,325	-	-	-	1,632,325
Private equity funds	-	-	-	1,471,973	1,471,973
Hedge funds	-	-	-	1,701,291	1,701,291
	37,828,163	-	-	3,173,264	41,001,427
	$ 40,980,944	$ -	$ -	$ 3,173,264	$ 44,154,208

The Foundation uses the net asset value to determine the fair value of all the underlying investments that (a) do not have readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company.

Note 5 - Investments and Fair Value Measurement, continued

Commitments and redemptions schedule for those investments valued based on net asset values are as follows:

	Net asset value at June 30, 2024	Unfunded commitments	Redemption frequency	Redemption notice period
Private equity funds:				
Canterbury consulting PC fund I [a]	$ 1,049,534	$ 449,966	N/A	N/A
Canterbury consulting PC fund II [a]	209,016	1,319,598	N/A	N/A
Canterbury private income fund I [b]	651,351	1,363,034	N/A	N/A
Neuberger Berman Private Debt fund IV [c]	789,666	212,263	N/A	N/A
Hedge funds:				
Blackstone hedge funds [d]	1,867,906	None	Semi-Annual	95 days

	Net asset value at June 30, 2023	Unfunded commitment	Redemption frequency	Redemption notice period
Private equity funds:				
Canterbury consulting PC fund I [a]	$ 791,472	$ 592,088	N/A	N/A
Canterbury consulting PC fund II [a]	80,690	1,425,000	N/A	N/A
Neuberger Berman Private Debt fund IV [c]	599,811	405,771	N/A	N/A
Hedge funds:				
Blackstone hedge funds [d]	1,701,291	None	Semi-Annual	95 days

[a] Canterbury consulting PC fund I and II are relative value and are event driven.
[b] Canterbury private income fund I is relative and is event driven.
[c] Neuberger Berman Private Debt Fund IV are relative value and are event driven.
[d] Blackstone hedge funds are relative value and are event driven.

Note 6 - Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	2024	2023
Net assets with time restrictions:		
Student scholarships	$ 230,168	$ 164,241
Campus programs	11,144,527	3,205,196
	11,374,695	3,369,437
Net assets with purpose restrictions:		
Student scholarships	6,486,074	4,751,615
Campus programs	2,924,972	2,198,670
Capital improvements	5,722	16,418
	9,416,768	6,966,703
Earnings from these endowments are restricted to be used:		
Student scholarships	15,065,164	14,940,975
Campus programs	8,069,746	7,823,101
Student loans	1,326,034	1,326,034
	24,460,944	24,090,110
	$ 45,252,407	$ 34,426,250

Note 6 - Net Assets with Donor Restrictions, continued

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30:

	2024	2023
Satisfaction of donor restrictions:		
Other Events	$ 253,705	$ -
Capital improvements	13,484	277,611
Appropriation of earnings for use:		
Campus programs	376,076	355,092
Student scholarships	706,841	649,282
Student loans	55,571	50,981
Satisfaction of time restrictions	3,220,915	1,706,348
	$ 4,626,592	$ 3,039,314

Note 7 - Endowments

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds while supporting the operations of the Foundation through a set spending rate. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Foundation and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Foundation
7) The investment policies of the Foundation

As of June 30, 2024, the endowments' net asset composition by type of fund consisted of the following:

	Without donor Restrictions	With donor Restrictions	Total
Donor-restricted endowment funds:			
Historical gift value	$ -	$ 24,460,944	$ 24,460,944
Appreciation	-	9,381,046	9,381,046
Board-designated endowment funds	2,718,357	-	2,718,357
	$ 2,718,357	$ 33,841,990	$ 36,560,347

Note 7 - Endowments, continued

Changes in endowment net assets for the year ended June 30, 2024, consisted of the following:

	Without donor Restrictions	With donor Restrictions	Total
Endowment net assets, beginning	$ 2,538,077	$ 31,010,395	$ 33,548,472
Investment return:			
Investment income, net of fees	-	526,751	526,751
Net realized and unrealized gains	273,037	3,072,498	3,345,535
Total Investment Return	273,037	3,599,249	3,872,286
Contributions	-	624,539	624,539
Appropriations for investment earnings for expenditures	(346,462)	(1,138,488)	(1,484,950)
Released from restrictions	253,705	(253,705)	-
Endowment net assets, ending	$ 2,718,357	$ 33,841,990	$ 36,560,347

The investment management and advisory fees paid were $250,242 for the year ended June 30, 2024.

As of June 30, 2023, the endowments' net assets composition by type of fund consisted of the following:

	Without donor Restrictions	With donor Restrictions	Total
Donor-restricted endowment funds:			
Historical gift value	$ -	$ 24,090,110	$ 24,090,110
Appreciation	-	6,920,285	6,920,285
Board-designated endowment funds	2,538,077	-	2,538,077
	$ 2,538,077	$ 31,010,395	$ 33,548,472

Changes in endowment net assets for the year ended June 30, 2023, consisted of the following:

	Without donor Restrictions	With donor Restrictions	Total
Endowment net assets, beginning	$ 2,416,587	$ 28,771,066	$ 31,187,653
Investment return:			
Investment income, net of fees	-	663,602	663,602
Net realized and unrealized gains	206,912	2,241,287	2,448,199
Total Investment Return	206,912	2,904,889	3,111,801
Contributions	-	389,795	389,795
Appropriations for investment earnings for expenditures	(85,422)	(1,055,355)	(1,140,777)
Endowment net assets, ending	$ 2,538,077	$ 31,010,395	$ 33,548,472

Note 7 - Endowments, continued

The investment management and advisory fees paid were $171,789 for the year ended June 30, 2023.

Funds with Deficiencies Included in Net Assets With Donor Restrictions

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with U.S. GAAP, there were no deficiencies of this nature as of June 30, 2024 ($15,593 as of June 30, 2023). These deficiencies resulted from unfavorable market fluctuations.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide funding for programs supported by its endowment and increase the value of the original contributed capital by an amount not less than the annual increase in inflation. In order to meet this objective, the endowment asset portfolio is structured to achieve a compounded annual return, net of investment management expenses, of 5% plus the annual rate of inflation (Target Return).

The appreciated endowment earnings are structured to provide liquidity for short-term cash needs and safety of principal while seeking to enhance the portfolio's return. In achieving the Target Return, the Foundation seeks to maintain a level of portfolio risk by allocating investments to core fixed-income mutual funds, domestic equity securities, domestic and international equity mutual funds, hedge funds and cash instruments in a ratio similar to other peer university endowments of similar size, as surveyed annually by the National Association of College and University Business Officers.

Investment Strategy

The investment strategy of the Foundation is to develop a diversified portfolio of passive investments. For core fixed-income mutual funds and equity funds, the selection of such holdings is based on the merits of long-term ownership without the intent of short-term trading. To achieve the Target Return, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends), less expenses.

Spending Policy

The Foundation has a policy of appropriating for expenditure each year a percentage of the prior three-year average endowment balance by taking into account investment performance from the prior year. In establishing this policy, the Foundation considered the long-term expected return on its endowment. For the years ended June 30, 2024 and 2023, the Board approved a spending rate of 3.75% and 3.50%, respectively. The rate is reviewed annually and may or may not change in future years depending on investment performance. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at the average annual rate of inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity as well as provide additional real growth through new gifts and investment return.

Note 8 - Transactions with Related Parties

The Foundation reimburses the University for salaries and various services. These amounts are paid by SM Corp on behalf of the Foundation as part of their operating agreement.

Transactions as of and for the years ended June 30, 2024 and 2023, with related parties are reflected in the accompanying financial statements as follows:

Related party	Description	Reported in	2024	2023
Expenses to:				
University	Programs, services and other	Various expenses	$ 3,961,769	$ 3,217,521
ASI	Programs, services and other	Various expenses	113,316	229,104
SM Corp	Programs, services and other	Expenses	84,431	60,797
			$ 4,159,516	$ 3,507,422
Revenue from:				
University	Services and cost reimbursement	Revenue and expenses	$ 514,894	$ 735,351
ASI	Services and cost reimbursement	Revenue and expenses	9,358	-
SM Corp	Services and cost reimbursement	Campus programs	97,510	11,347
			$ 621,762	$ 746,698
Due from:				
University	Reimbursed services	Due from related parties	$ 29,534	$ 44,289
SM Corp	Reimbursed services	Due from related parties	13,501	1,000
			$ 43,035	$ 45,289
Due to:				
University	Salaries, benefits, and other expenses	Due to related parties	$ 446,938	$ 535,567
SM Corp	Cost reimbursement	Due to related parties	160,979	153,347
			$ 607,917	$ 688,914

Note 9 - Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates and time and effort. All other expenses are attributed directly to a program or supporting service.

Note 10 - Contingencies

Legal Proceedings

The Foundation may periodically be a party in litigation cases incidental to its activities. While any litigation or investigation has an element of uncertainty, management believes that the outcome of any of these matters will not have a materially adverse effect on its financial position, results of operations or liquidity.

SUPPLEMENTAL INFORMATION

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Schedule of Net Position

June 30, 2024

(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	$ 918,562
Short-term investments	3,044,336
Accounts receivable, net	64,310
Lease receivable, current portion	-
P3 receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	4,212,405
Prepaid expenses and other current assets	14,345
Total current assets	8,253,958
Noncurrent assets:	
Restricted cash and cash equivalents	-
Accounts receivable, net	-
Lease receivable, net of current portion	-
P3 receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	29,998
Pledges receivable, net	7,162,290
Endowment investments	36,560,347
Other long-term investments	10,917,653
Capital assets, net	480,000
Other assets	-
Total noncurrent assets	55,150,288
Total assets	63,404,246
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Leases	-
P3	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	701,682
Accrued salaries and benefits	-
Accrued compensated absences, current portion	68,340
Unearned revenue	-
Lease liabilities, current portion	-
SBITA liabilities - current portion	-
P3 liabilities - current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	-
Total current liabilities	770,022
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenue	-
Grants refundable	-
Lease liabilities, net of current portion	-
SBITA liabilities, net of current portion	-
P3 liabilities, net of current portion	-
Long-term debt obligations, net of current portion	-
Claims liability for losses and loss adjustment expenses, net of current portion	-
Depository accounts	-
Net other postemployment benefits liability	-
Net pension liability	-
Other liabilities	-
Total noncurrent liabilities	-
Total liabilities	770,022
Deferred inflows of resources:	
P3 service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Lease	-
P3	-
Others	-
Total deferred inflows of resources	-
Net Position:	
Net investment in capital assets	480,000
Restricted for:	
Nonexpendable – endowments	24,460,944
Expendable:	
Scholarships and fellowships	6,716,242
Research	-
Loans	-
Capital projects	5,722
Debt service	-
Others	14,069,499
Unrestricted	16,901,817
Total net position	$ 62,634,224

See independent auditor’s report.

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Schedule of Revenues, Expenses, and Changes in Net Position

June 30, 2024

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees, gross	$	-
Scholarship allowances		-
Grants and contracts, noncapital:		
Federal		-
State		-
Local		-
Nongovernmental		-
Sales and services of educational activities		534,742
Sales and services of auxiliary enterprises, gross		-
Scholarship allowances		-
Other operating revenues		-
Total operating revenues		534,742
Expenses:		
Operating expenses:		
Instruction		547,551
Research		191,711
Public service		497,579
Academic support		1,144,486
Student services		1,086,110
Institutional support		645,393
Operation and maintenance of plant		-
Student grants and scholarships		1,419,201
Auxiliary enterprise expenses		663,396
Depreciation and amortization		-
Total operating expenses		6,195,427
Operating income (loss)		(5,660,685)
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		12,537,182
Investment income (loss), net		1,229,496
Endowment income (loss), net		3,872,286
Interest expense		-
Other nonoperating revenues (expenses)		-
Net nonoperating revenues (expenses)		17,638,964
Income (loss) before other revenues (expenses)		11,978,279
State appropriations, capital		-
Grants and gifts, capital		-
Additions (reductions) to permanent endowments		624,539
Increase (decrease) in net position		12,602,818
Net position:		
Net position at beginning of year, as previously reported		50,031,406
Restatements		-
Net position at beginning of year, as restated		50,031,406
Net position at end of year	$	62,634,224

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

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		918,562
Total	$	918,562

2.1 Composition of investments:

	Current	Noncurrent	Total
Money Market funds	$ -	$ -	$ -
Repurchase agreements	-	-	-
Certificates of deposit	-	-	-
U.S. agency securities	-	-	-
U.S. treasury securities	-	-	-
Municipal bonds	-	-	-
Corporate bonds	-	-	-
Asset backed securities	-	-	-
Mortgage backed securties	-	-	-
Commercial paper	-	-	-
Supranational	-	-	-
Mutual funds	3,044,336	39,013,801	42,058,137
Exchange-traded funds	-	-	-
Equity securities	-	3,896,726	3,896,726
Alternative investments:			
Private equity (including limited partnerships)	-	2,699,567	2,699,567
Hedge funds	-	1,867,906	1,867,906
Managed futures	-	-	-
Real estate investments (including REITs)	-	-	-
Commodities	-	-	-
Derivatives	-	-	-
Other alternative investments	-	-	-
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 investments	3,044,336	47,478,000	50,522,336
Less endowment investments	-	(36,560,347)	(36,560,347)
Total investments, net of endowments	$ 3,044,336	$ 10,917,653	$ 13,961,989

2.2 Fair value hierarchy in investments:

Investment Type	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	$ -	$ -	$ -	$ -	$ -
Repurchase agreements	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
U.S. agency securities	-	-	-	-	-
U.S. treasury securities	-	-	-	-	-
Municipal bonds	-	-	-	-	-
Corporate bonds	-	-	-	-	-
Asset backed securities	-	-	-	-	-
Mortgage backed securities	-	-	-	-	-
Commercial paper	-	-	-	-	-
Mutual funds	42,058,137	42,058,137	-	-	-
Exchange traded funds	-	-	-	-	-
Equity securities	3,896,726	3,896,726	-	-	-
Alternative investments:					
Private equity (including limited partnerships)	2,699,567	-	-	-	2,699,567
Hedge funds	1,867,906	-	-	-	1,867,906
Managed futures	-	-	-	-	-
Real estate investments (including REITs)	-	-	-	-	-
Commodities	-	-	-	-	-
Derivatives	-	-	-	-	-
Other alternative investment types	-	-	-	-	-
Other external investment pools (excluding SWIFT)	-	-	-	-	-
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 investments	$ 50,522,336	$ 45,954,863	$ -	$ -	$ 4,567,473

2.3 Investments held by the University under contractual agreements: Not Applicable

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

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	Balance June 30, 2024
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	$ 480,000	$ -	$ -	$ -	$ 480,000	$ -	$ -	$ -	$ 480,000
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-	-
Intangible assets:									
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Intangible assets in progress (PWIP)	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	480,000	-	-	-	480,000	-	-	-	480,000
Depreciable/Amortizable capital assets:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	480,000	-	-	-	480,000	-	-	-	480,000
Less accumulated depreciation/amortization:									
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Software and websites	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets, net excluding ROU assets	$ 480,000	$ -	$ -	$ -	$ 480,000	$ -	$ -	$ -	$ 480,000

CALIFORNIA STATE UNIVERSITY SAN MARCOS FOUNDATION

Other Information, continued

June 30, 2024

(for inclusion in the California State University)

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	Remeasure-ments	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable lease assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable lease assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable lease assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-	-
Personal property:	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital asseets - lease ROU, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Capital Assets, Right of Use

Composition of capital assets - SBITA ROU, net	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasure-ments	Reductions	Balance June 30, 2024
Depreciable/Amortizable SBITA assets:									
Software	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable SBITA assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Software	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - SBITA ROU, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

Capital Assets, Right of Use

Composition of capital assets - P3 ROU, net	Balance June 30, 2023	Prior Period Reclassifications	Prior Period Additions	Prior Period Reductions	Balance June 30, 2023 (Restated)	Additions	Remeasure-ments	Reductions	Balance June 30, 2024
Non-depreciable/Non-amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable P3 assets	-	-	-	-	-	-	-	-	-
Depreciable/Amortizable P3 assets:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable P3 assets	-	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:									
Land and land improvements	-	-	-	-	-	-	-	-	-
Buildings and building improvements	-	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Personal property:									
Equipment	-	-	-	-	-	-	-	-	-
Total accumulated depreciation/amortization	-	-	-	-	-	-	-	-	-
Total capital assets - P3 ROU, net	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total capital assets, net including ROU assets									$ 480,000

3.2 Detail of depreciation and amortization expense: Not Applicable

4 Long-term liabilities:

	Balance June 30, 2023	Prior Period Adjustments/ Reclassifications	Balance June 30, 2023 (Restated)	Additions	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
1. Accrued compensated absences	$ 46,539	$ -	$ 46,539	$ 61,608	$ (39,807)	$ 68,340	$ 68,340	$ -
2. Claims liability for losses and loss adjustment expenses	-	-	-	-	-	-	-	-
3. Capital lease obligations (pre-ASC 842)								
Gross balance	-	-	-	-	-	-	-	-
Unamortized net premium/(discount)	-	-	-	-	-	-	-	-
Total capital lease obligations	-	-	-	-	-	-	-	-
4. Long-term debt obligations:								
4.1 Auxiliary revenue bonds (non-SRB related)	-	-	-	-	-	-	-	-
4.2 Commercial paper	-	-	-	-	-	-	-	-
4.3 Notes payable (SRB related)	-	-	-	-	-	-	-	-
4.4 Finance purchase of capital assets	-	-	-	-	-	-	-	-
4.5 Others:								
	-	-	-	-	-	-	-	-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	-	-	-	-	-	-	-	-
4.6 Unamortized net bond premium/(discount)	-	-	-	-	-	-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term debt obligation	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -

5. Lease, SBITA, P3 liabilities:	Balance June 30, 2023	Prior Period Adjustments/Reclassifications	Additions	Remeasurements	Reductions	Balance June 30, 2024	Current Portion	Noncurrent Portion
Lease liabilities	-	-	-	-	-	-	-	-
SBITA liabilities	-	-	-	-	-	-	-	-
P3 liabilities - SCA	-	-	-	-	-	-	-	-
P3 liabilities - non-SCA	-	-	-	-	-	-	-	-
Sub-total P3 liabilities	-	-	-	-	-	-	-	-
Total Lease, SBITA, P3 liabilities	-	-	-	-	-	-	-	-

Total long-term liabilities	$ 68,340	$ 68,340	$ -

5 Future minim payments schedule - leases, SBITA, P3: Not Applicable

6 Future minimum payments schedule - Long-term debt obligations: Not Applicable

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	178,157
Payments to University for other than salaries of University personnel	2,086,301
Payments received from University for services, space, and programs	514,894
Gifts-in-kind to the University from discretely presented component units	
Gifts (cash or assets) to the University from discretely presented component units	1,697,311
Accounts (payable to) University	(446,938)
Other amounts (payable to) University	
Accounts receivable from University	29,534
Other amounts receivable from University	

8 Restatements: Not Applicable

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	$ 227,903	$ 70,836	$ -	$ -	$ -	$ 248,812	$ -	$ 547,551
Research	48,064	9,591	-	-	-	134,056	-	191,711
Public service	80,630	22,254	-	-	-	394,695	-	497,579
Academic support	29,836	2,691	-	-	-	1,111,959	-	1,144,486
Student services	222,090	15,287	-	-	-	848,733	-	1,086,110
Institutional support	18,189	187	-	-	-	627,017	-	645,393
Operation and maintenance of plant	-	-	-	-	-	-	-	-
Student grants and scholarships	-	-	-	-	1,419,201		-	1,419,201
Auxiliary enterprise expenses	-	-	-	-	-	663,396	-	663,396
Depreciation and amortization	-	-	-	-	-	-	-	-
Total operating expenses	$ 626,712	$ 120,846	$ -	$ -	$ 1,419,201	$ 4,028,668	$ -	$ 6,195,427

10 Deferred outflows/inflows of resources: Not Applicable

11 Other nonoperating revenues (expenses): Not Applicable

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
California State University San Marcos Foundation

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of California State University San Marcos Foundation, (nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered California State University San Marcos Foundation's internal control over financial reporting (internal control) to determine the 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 California State University San Marcos Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the California State University San Marcos Foundation's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether California State University San Marcos Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

INDEPENDENT AUDITOR'S 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,* CONTINUED

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

Aldrich CPAs + Advisors LLP

San Diego, California
September 25, 2024