Foundation of California State University, Monterey Bay

Annual Report

For the Years Ended June 30, 2021 and 2020

Foundation of California State University, Monterey Bay
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For the Years Ended
June 30, 2021 and 2020

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GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying statements of net position of Foundation of California State University, Monterey Bay (the Foundation), a component unit of California State University, Monterey Bay, as of June 30, 2021 and 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foundation of California State University, Monterey Bay as of June 30, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 4 through 10 be presented to supplement the basic financial statements. Such information, although not a basic part of the financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Foundation of California State University, Monterey Bay's basic financial statements. The accompanying supplementary information for inclusion in the financial statements of the California State University on pages 33 through 39 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 supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 17, 2021, on our consideration of the Foundation of California State University, Monterey Bay'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation of California State University, Monterey Bay's internal control over financial reporting and compliance.

Glenn Burdette Attest Corporation

Glenn Burdette Attest Corporation
San Luis Obispo, California

September 17, 2021

Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2021 and 2020

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

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

As management of the Foundation, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Foundation for the fiscal years ended June 30, 2021 and 2020. We encourage readers to read the information presented here in conjunction with additional information that we have provided in the Foundation's financial statements, which follow this narrative. The Foundation's financial statements are presented here and are incorporated in the University's financial statements as a component unit.

Financial Highlights

- At June 30, 2021, the Foundation's total net position increased by 26.0 percent or $7.7 million from $29.5 million to $37.2 million.
- Scholarships decreased 9.4 percent or $106,000 from $1,133,000 to $1,027,000.
- Gifts and donations, noncapital, decreased by 49.2 percent or $396,000 from $804,000 to $408,000.
- Contributions from Corporation decreased 91.6 percent or $1.1 million from $1.2 million to $101,000.
- Realized and unrealized gains on investments, net increased by $8.0 million or 590.0 percent from a $1.4 million loss to a $6.6 million gain.

Overview of the Financial Statements

This annual report consists of a series of financial statements. The Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows (on pages 11 through 15) all provide information about the Foundation's activities and present a long-term view of its finances.

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

Condensed Comparative Financial Information

Net position in 2020/21 increased by $7.7 million or 26.0 percent, primarily as a result of realized and unrealized gains on investments and investment income. In fiscal year 2019/20, net position increased by 2.9 percent or $842,000 over 2018/19, primarily as a result of additions to permanent endowments and contributions from the Corporation.

The accompanying audited financial statements as of and for the years ended June 30, 2021 and 2020 are reported in accordance with standards and requirements of the GASB as are the following schedules.

Table 1: Condensed Summary of Net Position as of June 30, 2021, 2020, and 2019

	2021	2020	2019
Assets			
Current assets	$ 1,905,933	$ 1,921,581	$ 1,608,931
Noncurrent assets:			
Endowment investments	34,630,784	26,793,151	26,455,353
Other noncurrent assets	762,772	1,016,230	685,775
Total Assets	37,299,489	29,730,962	28,750,059
Liabilities			
Current liabilities	85,384	201,419	62,829
Total Liabilities	85,384	201,419	62,829
Net Position			
Restricted for:			
Nonexpendable – endowments	15,762,611	15,143,083	14,290,623
Expendable	21,447,965	14,379,878	14,391,575
Unrestricted	3,529	6,582	5,032
Total Net Position	$ 37,214,105	$ 29,529,543	$ 28,687,230

Assets

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

Restricted cash and cash equivalents consist of cash and money market balances associated with endowments. In 2020/21, restricted cash and cash equivalents decreased to $689,000 from $903,000 for a $214,000 or 23.7 percent change mostly as a result of two endowment contributions received in prior year that were transferred to long-term investments in early 2020/21. In 2019/20, restricted cash and cash equivalents increased to $903,000 from $668,000 for a $235,000 or 35.2 percent change. This was largely due to investments being liquidated to fund the endowment payout transfer to scholarship funds in June 2020.

Liabilities

Current liabilities, amounts owed within one year, consist of Accounts payable, Payable to Corporation, Due to University and Other liabilities.

The Payable to Corporation decreased in 2020/21 from $128,000 to $55,000 for a 57.2 percent or $73,000 decrease. This change was due to the decrease in the volume of transactions between the Foundation and Corporation. The Payable to Corporation increased in 2019/20 from $11,000 to $128,000 for a 1,112.9 percent or a $117,000 increase. The change was mostly due to funds deposited with the Foundation which have a second designation benefiting the Corporation.

Results of Operations

In fiscal year 2020/21, the Foundation's net position increased by 26.0 percent or $7.7 million as a result of $658,000 in endowment contributions, $362,000 in scholarship donations, $1.2 million in investment income and $6.6 million in investment gains, offset by a $1.1 million operating loss.

Table 2: Condensed Summary of Changes in Net Position for Years Ended June 30, 2021, 2020, and 2019

	2021	2020	2019
Operating Expenses			
Scholarships	$ 1,026,944	$ 1,132,949	$ 944,198
Other operating expenses	80,204	68,839	90,484
Total Operating Expenses	1,107,148	1,201,788	1,034,682
Operating Loss	(1,107,148)	(1,201,788)	(1,034,682)
Nonoperating Revenues (Expenses)			
Gifts and donations, noncapital	408,163	803,897	2,788,073
Endowment distribution	(846,563)	(848,403)	(801,930)
Other nonoperating revenues	8,616,919	1,519,401	1,962,600
Total Nonoperating Revenues (Expenses)	8,178,519	1,474,895	3,948,743
Other Changes in Net Position			
Additions to permanent endowments	613,191	569,206	239,668
Total Other Changes in Net Position	613,191	569,206	239,668
Increase in Net Position	7,684,562	842,313	3,153,729
Net Position			
Net position — beginning of year	29,529,543	28,687,230	25,533,501
Net position — end of year	$ 37,214,105	$ 29,529,543	$ 28,687,230

Operating expenses consist of Scholarships, Insurance, and Other operating expenses.

In 2020/21, Scholarships decreased 9.4 percent or $107,000 to $1.0 million from $1.1 million as fewer scholarships were distributed due to the COVID-19 pandemic. Scholarships increased 20.0 percent or $189,000 from $944,000 to $1.1 million in 2019/20 due to an increase in the endowment payout for 2019/20, as well as an increase in donations for immediate use scholarships.

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

Gifts and donations, noncapital decreased from $804,000 to $408,000 for a $396,000 or 49.2 percent decrease in 2020/21 due to a decrease in direct scholarship donations and fewer pledges. In 2019/20, Gifts and donations, noncapital decreased from $2.8 million to $804,000 for a $2.0 million or 71.2 percent decrease. This decrease was mostly due to no large gifts to replace the 2018/19 College of Science gift.

In 2020/21, the Contributions from Corporation decreased 91.6 percent or $1.1 million from $1.2 million to a $101,000. This decrease is due to no large transfers to replace the $1.0 million gift transferred in prior year. Contributions from Corporation in 2019/20 increased 14,714.7 percent or $1.2 million from $8,000 to $1.2 million. This increase was attributed to the transfer of a $1.0 million gift to a quasi-endowment for the planning of the Science Building.

Realized and unrealized gains increased in 2020/21 from a $1.4 million loss to a $6.6 million gain for a 590.0 percent or $8.0 million increase due to an economic recovery and the stock market reaching new highs. In 2019/20, Realized and unrealized gains declined from a $217,000 gain to a $1.4 million loss for a 724.1 percent or $1.6 million decrease due to market volatility caused by the COVID-19 pandemic.

Other Changes in Net Position

Additions to permanent endowments increased in 2020/21 to $613,000 from $569,000 for a 7.7 percent or $44,000 change. This is due mostly to a donation made to the Woolpert Endowed Mathematics Scholarships fund. In 2019/20, additions to permanent endowments increased in 2019/20 to $569,000 from $240,000 for a 137.5 percent or $329,000 change. This was due mostly to a donation made to the RISE Supplemental Scholarship fund prior to the end of the fiscal year and gifts made to the new College of Business endowment for agribusiness.

Foundation of California State University, Monterey Bay
Management's Discussion and Analysis
June 30, 2021 and 2020

Currently Known Facts, Decisions and Conditions

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

Market Conditions

Endowment investments account for 93.0 percent of the Foundation's total assets. The Foundation manages its investments via its Investment Committee, which works in conjunction with the investment consultant, Verus Investments. It is important to remember that the majority of the Foundation's investments participate in a long-term investment strategy and that there is a smoothing effect of returns over time. Future investment earnings will continue to fluctuate and be affected by interest rate fluctuations and uncertain market conditions.

Requests for Information

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

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

Foundation of California State University, Monterey Bay

Financial Statements

For the Years Ended June 30, 2021 and 2020

Foundation of California State University, Monterey Bay
Statements of Net Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,744,698	$ 1,762,230
Receivables:		
Corporation	11,305	11,992
Pledges receivable, net	149,930	147,359
Total Current Assets	1,905,933	1,921,581
Noncurrent Assets:		
Restricted cash and cash equivalents	689,381	903,211
Pledges receivable, net	73,391	113,019
Endowment investments	34,630,784	26,793,151
Total Noncurrent Assets	35,393,556	27,809,381
Total Assets	37,299,489	29,730,962
Liabilities		
Current Liabilities:		
Payable to Corporation	54,859	128,266
Due to University	28,260	72,147
Other liabilities	2,265	1,006
Total Current Liabilities	85,384	201,419
Total Liabilities	85,384	201,419
Net Position		
Net Position:		
Restricted for:		
Nonexpendable - endowments	15,762,611	15,143,083
Expendable:		
Pledges receivable	223,320	260,378
Scholarships	12,940,019	8,246,875
Other	8,284,626	5,872,625
Unrestricted	3,529	6,582
Total Net Position	$ 37,214,105	$ 29,529,543

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

Foundation of California State University, Monterey Bay
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Expenses:		
Scholarships	$ 1,026,944	$ 1,132,949
Insurance	50,000	50,000
Other operating expenses	30,204	18,839
Total Operating Expenses	1,107,148	1,201,788
Operating Loss	(1,107,148)	(1,201,788)
Nonoperating Revenues (Expenses):		
Gifts and donations, noncapital	408,163	803,897
Endowment distribution	(846,563)	(848,403)
Interagency transfer for scholarships	669,446	625,081
Contributions from Corporation	101,541	1,213,178
Investment income	1,219,399	1,033,609
Realized and unrealized gains/(losses) on investments, net	6,626,533	(1,352,467)
Net Nonoperating Revenues	8,178,519	1,474,895
Other Changes in Net Position:		
Additions to permanent endowments	$ 613,191	569,206
Net Other Changes in Net Position	613,191	569,206
Increase in Net Position	7,684,562	842,313
Net Position:		
Net position - beginning of year	29,529,543	28,687,230
Net position - end of year	$ 37,214,105	$ 29,529,543

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

Foundation of California State University, Monterey Bay
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities:		
Payments to vendors	$ (118,241)	$ (145,980)
Payments/Receipts from Corporation, net	(73,407)	117,691
Payments to University	(1,001,331)	(1,009,090)
Other payments	(30,204)	(24,819)
Net Cash Used in Operating Activities	(1,223,183)	(1,062,198)
Cash Flows from Noncapital Financing Activities:		
Gifts and donations	445,907	637,691
Additions to permanent endowments	613,191	569,206
Endowment distribution to Corporation	(846,563)	(848,403)
Interagency transfer for scholarships	669,446	625,081
Contributions from Corporation	101,541	1,213,178
Net Cash Provided by Noncapital Financing Activities	983,522	2,196,753
Cash Flows from Investing Activities:		
Proceeds from sale of investments	-	3,898,436
Purchase of investments	(1,211,100)	(5,588,701)
Investment income received	1,219,399	1,033,609
Net Cash Provided by (Used in) Investing Activities	8,299	(656,656)
Net Increase (Decrease) in Cash	(231,362)	477,899
Cash and Cash Equivalents - Beginning of year	2,665,441	2,187,542
Cash and Cash Equivalents - End of year	$ 2,434,079	$ 2,665,441

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

Foundation of California State University, Monterey Bay
Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
Reconciliation of Cash and Cash Equivalents to Statements of Net Position:		
Cash and cash equivalents	$ 1,744,698	$ 1,762,230
Restricted cash and cash equivalents	689,381	903,211
Cash and Cash Equivalents - End of Year	$ 2,434,079	$ 2,665,441
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (1,107,148)	$ (1,201,788)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Change in assets and liabilities:		
Prepaid expenses and other assets	-	1,000
Accounts payable	-	(5,480)
Payable to Corporation	(73,407)	117,691
Due to University	(43,887)	33,359
Other liabilities	1,259	(6,980)
Net Cash Used in Operating Activities	$ (1,223,183)	$ (1,062,198)
Supplemental Schedule of Noncash Financing and Investing Activities:		
Increase/(Decrease) in fair value of investments	$ 6,626,533	$ (1,352,467)

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Reporting Entity

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

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

The activities administered by the Foundation include the following:

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

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

Other Accounting Policies

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Pledges Receivable – Pledges are unconditional promises to make future payments to the Foundation. Pledges receivable are recognized as gift revenue in the period pledged when all applicable eligibility requirements are met. Multi-year pledges are recorded at the discounted net present value of expected future cash flows shown net of the allowance for doubtful accounts of $6,908 and $8,053 at June 30, 2021 and 2020, respectively. Conditional pledges which depend on the occurrence of a specified future or uncertain event are recognized as gift revenue when the conditions are substantially met.

Endowments – Endowments are managed in a unitized investment pool. Investment earnings and related expenses are allocated based upon each individual endowment's unit market value. Endowment investments include cash and money market funds. In January 2009, California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and therefore the Foundation has the ability to spend from endowments that are underwater. Under UPMIFA, there is elimination of the "historic dollar value" rule and the Foundation may spend from these endowments as it determines is prudent after considering donor intent, the purpose of the fund and relevant economic factors. Also, there is broader investment freedom as long as decisions are made with regard to the overall resources of the institution and its charitable purpose. In April 2011, the Foundation Board approved a 70/30 hybrid spending policy. 70% of the spending rate is determined by last year's spending adjusted for inflation as calculated by CPI (Consumer Price Index) as of December and the remaining 30% is determined by 4.5% of the average of the endowment's market value for the last twelve quarters. This spending policy was used to determine the payout rate for the 2021/22 academic year, resulting in $847 thousand. For the 2020/21 academic year, the hybrid spending policy was used in the calculation and the resulting payout was $848 thousand. Endowment reserves (accumulated net appreciation) on true endowments totaling $8.7 million as of June 30, 2021, were included in restricted-expendable net position.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with GASB Statement No. 35, certain significant revenues relied upon and budgeted for fundamental operational support of the core mission of the Foundation are mandated to be recorded as Nonoperating revenues. Nonoperating revenues and expenses include the Foundation's net investment income, private gifts for other than capital purposes and endowment distributions to the Corporation. Capital gifts and additions to permanent endowments are classified as Other changes in net position.

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

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

Fair Value Measurements – As defined in GASB Statement No. 72, *Fair Value Measurement and Application,* fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Foundation uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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

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

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

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

For fiscal year ended June 30, 2021, the application of valuation techniques applied to the Foundation's financial statements has been consistent.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Foundation follows accounting standards generally accepted in the United States of America, which requires, among other things, the recognition and measurement of tax positions based on a "more likely than not" (likelihood greater than 50%) approach. As of June 30, 2021, 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, 2022. However, tax returns remain subject to examination by the Internal Revenue Service for fiscal years ending on or after June 30, 2018, and by the California Franchise Tax Board for fiscal years ending on or after June 30, 2017.

Recent Pronouncements **–** In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. Activities meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the entity to disburse fiduciary resources. The provisions of Statement No. 84 are effective for fiscal years beginning after December 15, 2019. Implementation of this Statement did not have a material impact on the Organization's financial statements.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In August 2018, GASB issued Statement No 90, *Majority Equity Interests*. Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The provisions of Statement No. 90 are effective for fiscal years beginning after December 15, 2019 with earlier application encouraged. Implementation of this Statement did not have a material impact on the Organization's financial statements.

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

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

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates.* Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of the interbank offered rate. The provisions of Statement No. 93 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Management has not yet determined the impact of this Statement on its financial statements

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

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements for government end users. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2022 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

In June 2020, GASB issued Statement No 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. Statement No. 97 will result in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The provisions of Statement 96 are effective for fiscal years beginning after June 15, 2021 with earlier application encouraged. Management has not yet determined the impact of this Statement on its financial statements.

Subsequent Events **–** Events subsequent to June 30, 2021 have been evaluated through September 17, 2021, which is the date the financial statements were available to be issued. Management did not identify any subsequent events that required disclosure.

NOTE 2. DEPOSITS

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

At June 30, 2021 and 2020, the Foundation's checking, deposit and money market accounts were insured by the FDIC up to $250,000. At June 30, 2021 and 2020, the Foundation had $1,855,079 and $2,217,420 respectively, in uninsured cash deposits.

NOTE 3. INVESTMENTS

Investments comprised the following at June 30, 2021 and 2020:

	2021	2020
Mutual Funds:		
Equity Funds	$ 21,935,672	$ 14,966,661
Bond Funds	6,974,597	6,779,523
Alternative Funds:		
ASB Real Estate	1,219,291	1,161,094
Private Assets:		
Private Credit Funds	4,501,224	3,885,873
Total *	$ 34,630,784	$ 26,793,151

* Total excludes Cash and Bank Sweep balance of $641,881 and Money Market fund balance of $704,398 at June 30, 2021 and 2020, respectively.

Investment Fair Values

The Foundation categorizes its fair values measurements within the fair value hierarchy established by generally accepted accounting principles. At June 30, 2021 and 2020, the Foundation's mutual funds were valued using quoted market prices in active markets and are all classified within Level 1 of the fair value hierarchy. At June 30, 2021 and 2020, the Foundation's alternative funds and private assets were valued by the administrator of the fund using net book value to value the investments and are classified within Level 3 of the fair value hierarchy.

NOTE 3. INVESTMENTS (Continued)

For the year ended June 30, 2021, the table below sets forth a summary of changes in the fair value of the Foundation's Level 3 investment:

Balance - beginning of year	$	5,046,967
Purchases		650,000
Unrealized gains relating to instruments held at the reporting date		252,685
Distributions		(614,600)
Income/realized gains		437,431
Fees		(51,968)
Balance - end of year	$	5,720,515

Investment Policies

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

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

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

NOTE 3. INVESTMENTS (Continued)

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

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

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

Investment Risk Factors

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

Equity securities held by the Foundation through mutual funds comprised $21,935,672 or 62.8% of the total investments of the Foundation. Equities are subject to both unsystematic and systematic risk. Unsystematic risk is the risk of a price change due to the unique circumstances of a specific security or group of related securities. The Foundation addresses unsystematic risk by investing in widely diversified equity mutual funds. Equity securities are also subject to systematic risk or market risk. Systematic risk recognizes that equity securities, as an asset class, can change in value as a result of such factors as inflation, exchange rates, political instability, war, economic conditions and interest rates. This type of risk is not specific to a particular company or industry and cannot be substantially mitigated by diversification.

NOTE 3. INVESTMENTS (Continued)

Credit Risk

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

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

	Fair Value	Rating
Bond Mutual Funds:		
Met West Total Return Bond I	$ 3,006,340	(1)
Dodge & Cox Income	3,142,453	(2)
JP Morgan Emerging ETF	825,804	(3)
Money Market Fund:		
Schwab Premier Bank	641,881	Not Rated
Total	$ 7,616,478	

(1) Credit ratings range from AAA to below CCC with 95% at rating of BBB or above.
(2) Credit ratings range from AAA to below BB with 99% at a BB rating or above.
(3) Credit ratings range from AA to below B with 58% at a BBB rating or above.

Custodial Credit Risk

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

NOTE 3. INVESTMENTS (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers; thereby exposing the organization to greater risks resulting from adverse conditions or developments. The Foundation maintains investment policies that limit the holdings of any individual security (except those issued or guaranteed by the federal government) to 10% of invested funds. GASB requires disclosure of investments in any one individual issuer that represent 5% or more of total investments. The Foundation had no investments that exceeded this threshold at June 30, 2021 or 2020.

Interest Rate Risk

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

The weighted average maturities of the Foundation's fixed income securities and money market funds at June 30, 2021, were as follows:

	Fair Value	Weighted Average Maturity (Years)
Bond Mutual Funds:		
Met West Total Return Bond I	$ 3,006,340	8.0
Dodge & Cox Income	3,142,453	9.4
JP Morgan Emerging ETF	825,804	13.6
Money Market Fund:		
Schwab Premier Bank	641,881	0.1
Total	$ 7,616,478	

Foreign Currency Risk

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

NOTE 3. INVESTMENTS (Continued)

As of June 30, 2021, the exposure to foreign currency risk of the International Equity Funds was as follows:

Currency	Fair Value
Euro	$ 1,366,047
Japanese Yen	936,942
Hong Kong Dollar	851,704
British Pound	738,398
Korean Won	712,492
Swiss Franc	586,004
Taiwan Dollar	567,476
Chinese Yuan	556,437
Indian Rupee	464,529
Canadian Dollar	439,409
Brazilian Real	342,790
Australian Dollar	243,414
Mexican Peso	242,005
Russian Ruble	156,842
Indonesian Rupiah	128,779
Swedish Krona	124,144
South African Rand	103,370
Malaysian Ringgit	68,901
Thai Baht	64,636
Danish Krone	56,930
Saudi Arabian Riyal	48,925
Argentine Peso	45,100
Phillipine Peso	28,425
Chilean Peso	28,425
Other Currencies	141,870
Total International Funds Subject to Foreign Currency Risk	$ 9,043,994

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

NOTE 4. PLEDGES RECEIVABLE

Pledges receivable at June 30 were as follows:

	2021	2020
Academic scholarships	$ 235,566	$ 276,066
Less: Allowance for doubtful accounts	(6,908)	(8,053)
Less: Unamortized discount	(5,337)	(7,635)
Pledges receivable, net	$ 223,321	$ 260,378
Pledges due in:		
One year or less	$ 154,566	$ 151,916
One to five years	81,000	124,150
Total	$ 235,566	$ 276,066

NOTE 5. OPERATING AGREEMENTS

CSU

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

Corporation

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

NOTE 6. RISK MANAGEMENT

The Foundation 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

NOTE 6. RISK MANAGEMENT (Continued)

Employment Practices Liability claim. Reinsurance insurance for AORMA's $5,000,000 layer is purchased from Markel Global Reinsurance Company (50%) and Great American Insurance (50%) (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 Argonaut (AM Best Rating: A-, XIV Rating) and $10,000,000 excess of $10,000,000 from Everest Re (AM Best Rating: A+, XV Rating).

AORMA's "All Risk" property insurance program coverage is through the Alliant Property Insurance Program (APIP). This program, including Flood, Boiler and Machinery, Cyber Liability, & Pollution Liability coverage, provides replacement cost coverage for all buildings and contents, subject to a limit of liability per occurrence of $1 billion. Members' deductibles are $5,000 for business personal property and business interruption / loss of rents. The member deductible for real property is based on the Total Insurance Value (TIV) of the building as shown below:

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

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

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

NOTE 6. RISK MANAGEMENT (Continued)

The Foundation of Monterey Bay Insurance coverages meet the requirement of the CSURMA and, as such, present no significant inadequacies in coverage. The California State University Board of Trustees has been named as an additional insured as respects the activities of the Auxiliary Organization. CSURMA/AORMA provides self-insured risk with purchase of excess insurance. The Foundation maintains general liability insurance coverage for individual claims up to $20,000,000 per occurrence. Errors and omission claims under $25,000 are self-insured. There have been no settlements in the past three years that have exceeded insurance limits. There are no self-insurance claims liabilities recorded in the accompanying financial statements because any amounts at June 30, 2021 are expected to be minimal. Likewise, no amounts have been paid to CSURMA/AORMA by June 30, 2021, related to the Foundation's estimated future funding for claims liability.

NOTE 7. RELATED PARTY TRANSACTIONS

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

	2021	2020
University:		
Foundation payable to the University	$ 28,260	$ 72,147
Gifts, grants, or capital contributions to the Universit	1,001,831	999,808

	2021	2020
Corporation:		
Foundation receivable from the Corporation	$ 11,305	$ 11,992
Foundation payable to the Corporation	54,859	128,266
Expense reimbursements to Corporation	-	696
Endowment distribution to Corporation	177,117	223,322
Net contributions from Corporation	101,541	1,213,178

NOTE 8. COVID-19 PANDEMIC

As noted in Management's Discussion and Analysis, the Foundation has been impacted by the recent Covid-19 pandemic. Due to the uncertainty surrounding the pandemic, the length and severity of the outbreak, and the volatility in the world investment markets, there is uncertainty as to how these events will affect results of operations and investment fund income in the future.

Supplemental Information

Foundation of California State University, Monterey Bay
Schedule of Net Position
June 30, 2021
(for inclusion in the California State University)

Assets:	
Current assets:	
Cash and cash equivalents	$ 1,744,698
Short-term investments	-
Accounts receivable, net	11,305
Capital lease receivable, current portion	-
Notes receivable, current portion	-
Pledges receivable, net	149,930
Prepaid expenses and other current assets	-
Total current assets	1,905,933
Noncurrent assets:	
Restricted cash and cash equivalents	689,381
Accounts receivable, net	-
Capital lease receivable, net of current portion	-
Notes receivable, net of current portion	-
Student loans receivable, net	-
Pledges receivable, net	73,391
Endowment investments	34,630,784
Other long-term investments	-
Capital assets, net	-
Other assets	-
Total noncurrent assets	35,393,556
Total assets	37,299,489
Deferred outflows of resources:	
Unamortized loss on debt refunding	-
Net pension liability	-
Net OPEB liability	-
Others	-
Total deferred outflows of resources	-
Liabilities:	
Current liabilities:	
Accounts payable	83,119
Accrued salaries and benefits	-
Accrued compensated absences, current portion	-
Unearned revenues	-
Capital lease obligations, current portion	-
Long-term debt obligations, current portion	-
Claims liability for losses and loss adjustment expenses, current portion	-
Depository accounts	-
Other liabilities	2,265
Total current liabilities	85,384
Noncurrent liabilities:	
Accrued compensated absences, net of current portion	-
Unearned revenues	-
Grants refundable	-
Capital lease obligations, 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	85,384
Deferred inflows of resources:	
Service concession arrangements	-
Net pension liability	-
Net OPEB liability	-
Unamortized gain on debt refunding	-
Nonexchange transactions	-
Others	-
Total deferred inflows of resources	-
Net position:	
Net investment in capital assets	-
Restricted for:	
Nonexpendable – endowments	15,762,611
Expendable:	
Scholarships and fellowships	13,163,339
Research	-
Loans	-
Capital projects	-
Debt service	-
Others	8,284,626
Unrestricted	3,529
Total net position	$ 37,214,105

Foundation of California State University, Monterey Bay
Schedule of Revenues, Expenses, and Changes in Net Position
Year ended June 30, 2021
(for inclusion in the California State University)

Revenues:	
Operating revenues:	
Student tuition and fees, gross	$ -
Scholarship allowances (enter as negative)	-
Grants and contracts, noncapital:	
Federal	-
State	-
Local	-
Nongovernmental	-
Sales and services of educational activities	-
Sales and services of auxiliary enterprises, gross	-
Scholarship allowances (enter as negative)	-
Other operating revenues	-
Total operating revenues	**-**
Expenses:	
Operating expenses:	
Instruction	-
Research	-
Public service	1,520
Academic support	27,773
Student services	-
Institutional support	50,911
Operation and maintenance of plant	-
Student grants and scholarships	1,026,944
Auxiliary enterprise expenses	-
Depreciation and amortization	-
Total operating expenses	1,107,148
Operating income (loss)	(1,107,148)
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	408,163
Investment income (loss), net	1,893
Endowment income (loss), net	1,217,506
Interest expense	-
Other nonoperating revenues (expenses) - excl. interagency transfers	6,550,957
Net nonoperating revenues (expenses)	8,178,519
Income (loss) before other revenues (expenses)	7,071,371
State appropriations, capital	-
Grants and gifts, capital	-
Additions (reductions) to permanent endowments	613,191
Increase (decrease) in net position	7,684,562
Net position:	
Net position at beginning of year, as previously reported	29,529,543
Restatements	-
Net position at beginning of year, as restated	29,529,543
Net position at end of year	$ 37,214,105

See accompanying independent auditors' report.

1 Cash and cash equivalents:

Portion of restricted cash and cash equivalents related to endowments	$ 689,381
All other restricted cash and cash equivalents	-
Noncurrent restricted cash and cash equivalents	**689,381**
Current cash and cash equivalents	1,744,698
Total	**$ 2,434,079**

2.1 Composition of investments:

Investment Type	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 securities			-
Commercial paper			-
Mutual funds		28,910,269	**28,910,269**
Exchange traded funds			-
Equity securities			-
Alternative investments:			
Private equity (including limited partnerships)		4,501,224	**4,501,224**
Hedge funds			-
Managed futures			-
Real estate investments (including REITs)		1,219,291	**1,219,291**
Commodities			-
Derivatives			-
Other alternative investment			-
Other external investment pools			-
CSU Consolidated Investment Pool (formerly SWIFT)			-
State of California Local Agency Investment Fund (LAIF)			-
State of California Surplus Money Investment Fund (SMIF)			-
Other investments:			
			-
Total Other investments	-	-	-
Total investments	-	**34,630,784**	**34,630,784**
Less endowment investments (enter as negative number)		**(34,630,784)**	**(34,630,784)**
Total investments, net of endowments	$ -	-	-

2.2 Fair value hierarchy in investments:

Investment Type	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value (NAV)
Money market funds	$ -				
Repurchase agreements	-				
Certificates of deposit	-				
U.S. agency securities	-				
U.S. treasury securities	-				
Municipal bonds	-				
Corporate bonds	-				
Asset backed securities	-				
Mortgage backed securities	-				
Commercial paper	-				
Mutual funds	**28,910,269**	28,910,269			
Exchange traded funds	-				
Equity securities	-				
Alternative investments:					
Private equity (including limited partnerships)	**4,501,224**			4,501,224	
Hedge funds	-				
Managed futures	-				
Real estate investments (including REITs)	**1,219,291**			1,219,291	
Commodities	-				
Derivatives	-				
Other alternative investment	-				
Other external investment pools	-				
CSU Consolidated Investment Pool (formerly SWIFT)	-				
State of California Local Agency Investment Fund (LAIF)	-				
State of California Surplus Money Investment Fund (SMIF)	-				
Other investments:					
	-				
Total Other investments	$ -	-	-	-	-
Total investments	**34,630,784**	**28,910,269**	-	**5,720,515**	-

2.3 Investments held by the University under contractual agreements: N/A

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

3.1 Composition of capital assets: N/A

	Balance June 30, 2020	Reclassifications	Prior Period Additions	Prior Period Retirements	Balance June 30, 2020 (Restated)	Additions	Retirements	Transfer of completed CWIP/PWIP	Balance June 30, 2021
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements					$ -				$ -
Works of art and historical treasures					-				-
Construction work in progress (CWIP)					-				-
Intangible assets:									
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Intangible assets in progress (PWIP)					-				-
Licenses and permits					-				-
Other intangible assets:									
	-				-				
Total Other intangible assets	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total non-depreciable/non-amortizable capital assets	$ -	-	-	-	$ -	-	-	-	$ -
Depreciable/Amortizable capital assets:									
Buildings and building improvements					-				-
Improvements, other than buildings					-				-
Infrastructure					-				-
Leasehold improvements					-				-
Personal property:									
Equipment					-				-
Library books and materials					-				-
Intangible assets:									
Software and websites					-				-
Rights and easements					-				-
Patents, copyrights and trademarks					-				-
Licenses and permits					-				-
Other intangible assets:									
					-				-
Total Other intangible assets:	-	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-	-
Total capital assets	$ -	-	-	-	$ -	-	-	-	$ -
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)									
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	$ -	-	-	-	$ -	-	-	-	-

3.2 Detail of depreciation and amortization expense: N/A

Depreciation and amortization expense related to capital assets	$ -
Amortization expense related to other assets	
Total depreciation and amortization	**$ -**

4 Long-term liabilities: N/A

	Balance June 30, 2020	Prior Period Adjustments/Reclassifications	Balance June 30, 2020 (Restated)	Additions	Reductions	Balance June 30, 2021	Current Portion	Noncurrent Portion
1. Accrued compensated absences	$ -		-			$ -		$ -
2. Claims liability for losses and loss adjustment expenses	-		-			-		-
3. Capital lease obligations:								
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 Others:								
	-		-			-		-
Total others	-	-	-	-	-	-	-	-
Sub-total long-term debt	$ -	-	-	-	-	$ -	-	-
4.5 Unamortized net bond premium/(discount)	-		-			-	-	-
Total long-term debt obligations	-	-	-	-	-	-	-	-
Total long-term liabilities	$ -	-	-	-	-	$ -	-	$ -

5 Capital lease obligations schedule: N/A

	Capital lease obligations related to SRB			All other capital lease obligations			Total capital lease obligations		
	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
Year ending June 30:									
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026			-			-	-	-	-
2027 - 2031			-			-	-	-	-
2032 - 2036			-			-	-	-	-
2037 - 2041			-			-	-	-	-
2042 - 2046			-			-	-	-	-
2047 - 2051			-			-	-	-	-
Thereafter			-			-	-	-	-
Total minimum lease payments	$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum lease payments									-
Unamortized net premium/(discount)									-
Total capital lease obligations									-
Less: current portion									-
Capital lease obligations, net of current portion									$ -

6 Long-term debt obligations schedule: N/A

	Auxiliary revenue bonds (non-SRB related)			All other long-term debt obligations			Total long-term debt obligations		
	Principal	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**
Year ending June 30:									
2022			-			-	-	-	-
2023			-			-	-	-	-
2024			-			-	-	-	-
2025			-			-	-	-	-
2026			-			-	-	-	-
2027 - 2031			-			-	-	-	-
2032 - 2036			-			-	-	-	-
2037 - 2041			-			-	-	-	-
2042 - 2046			-			-	-	-	-
2047 - 2051			-			-	-	-	-
Thereafter			-			-	-	-	-
Total minimum payments	$ -	-	-	-	-	-	-	-	-
Less: amounts representing interest									-
Present value of future minimum payments									-
Unamortized net premium/(discount)									-
Total long-term debt obligations									-
Less: current portion									-
Long-term debt obligations, net of current portion									-

7 Transactions with related entities:

Payments to University for salaries of University personnel working on contracts, grants, and other programs	-
Payments to University for other than salaries of University personnel	-
Payments received from University for services, space, and programs	-
Gifts-in-kind to the University from discretely presented component units	-
Gifts (cash or assets) to the University from discretely presented component units	1,001,831
Accounts (payable to) University	(28,260)
Other amounts (payable to) University	-
Accounts receivable from University	-
Other amounts receivable from University	-

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

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

9 Natural classifications of operating expenses:

	Salaries	Benefits - Other	Benefits - Pension	Benefits - OPEB	Scholarships and fellowships	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	-	-	-	-		-		-
Research	-	-	-	-		-		-
Public service	-	-	-	-		1,520		**1,520**
Academic support	-	-	-	-		27,773		**27,773**
Student services	-	-	-	-		-		-
Institutional support	-	-	-	-		50,911		**50,911**
Operation and maintenance of plant	-	-	-	-		-		-
Student grants and scholarships					1,026,944			**1,026,944**
Auxiliary enterprise expenses	-	-	-	-		-		-
Depreciation and amortization							-	-
Total operating expenses	$ -	-	-	-	**1,026,944**	**80,204**	-	**1,107,148**

10 Deferred outflows/inflows of resources: N/A	
1. Deferred Outflows of Resources	
Deferred outflows - unamortized loss on refunding(s)	
Deferred outflows - net pension liability	
Deferred outflows - net OPEB liability	
Deferred outflows - others:	
Sales/intra-entity transfers of future revenues	
Gain/loss on sale leaseback	
Loan origination fees and costs	
Change in fair value of hedging derivative instrument	
Irrevocable split-interest agreements	
Total deferred outflows - others	-
Total deferred outflows of resources	$ -
2. Deferred Inflows of Resources	
Deferred inflows - service concession arrangements	
Deferred inflows - net pension liability	
Deferred inflows - net OPEB liability	
Deferred inflows - unamortized gain on debt refunding(s)	
Deferred inflows - nonexchange transactions	
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	-
Total deferred inflows of resources	$ -
11 Other nonoperating revenues (expenses)	
Other nonoperating revenues	7,397,520
Other nonoperating (expenses)	(846,563)
Total other nonoperating revenues (expenses)	**$ 6,550,957**

GLENN BURDETTE
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with 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 statements of net position and related statements of revenues, expenses and changes in net position and cash flows of Foundation of California State University, Monterey Bay (the Foundation), a component unit of California State University, Monterey Bay, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Foundation's basic financial statements, and have issued our report thereon dated September 17, 2021.

Internal Control Over Financial Reporting

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

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

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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.

Compliance and Other Matters

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

Purpose of this Report

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

Glenn Burdette Attest Corporation

Glen Burdette Attest Corporation
San Luis Obispo, California

September 17, 2021